

A Study of Elasticity Co-efficient of Loans and Recovery of Bhutan Development Bank Limited

L.S. Sharma*

Abstract

Bhutan is a small developing country with agriculture being the primary source of livelihood. Among the financial institutions, Bhutan Development Bank Limited (BDBL) is the only the development bank in the country. BDBL plays an important role in the economic development of the country. It fosters growth and supports the industry and other sectors of the country by providing loans, advances, technical assistance to the potential entrepreneurs. The study is an attempt to analyse the loans and recovery of BDBL by using elasticity co-efficient. The study finds that investment in industry sectors covering construction sector is increasing in comparison to agriculture sector. It also finds that the loan recovery of the BDBL has been satisfactory over the period of study.

Key Words : BDBL, BDFC, Elasticity Co-efficient, Recovery Elasticity, Outstanding Elasticity

Introduction:

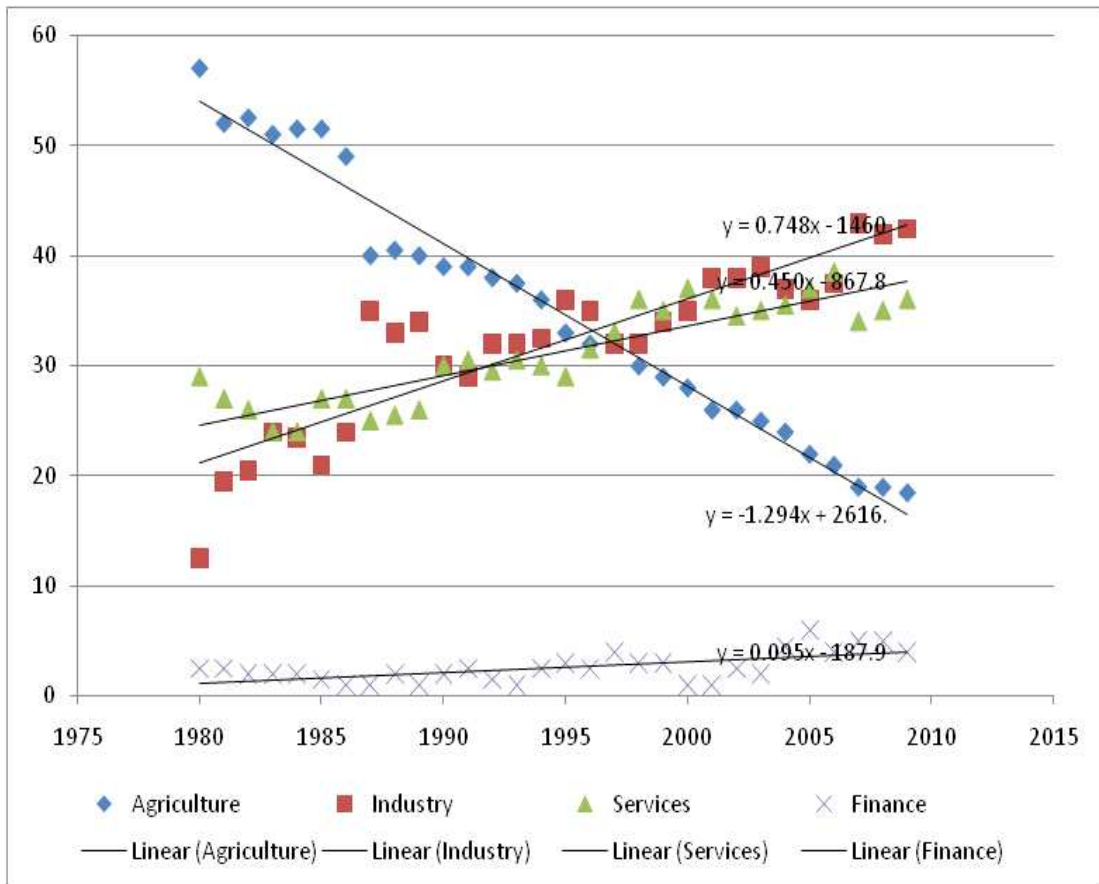
Bhutan is a small country, with a small population of 7.4 lakh people and being about the size of Switzerland. Situated in the eastern Himalayan range and surrounded by autonomous region of Tibet, China and Indian states. Bhutan is governed through three levels of administration – the central government agencies, district administrations, and block administrations. The country is currently divided into 20 districts (Dzongkhag), which are further divided into blocks (Gewogs) (Bhutan, Planning Commission, 2005). Agriculture is the main source of livelihood for an estimated 80 percent of the population in Bhutan and with a total arable land of 7.8 percent which contributes some 25.6 percent to the national GDP. The country being a landlocked land, with difficult terrain and a widely dispersed population, the economy of Bhutan witnessed steady economic growth of 7 to 8 per cent annually over the last two decades, mainly supported by the secondary sector (see Table 1). The economy is estimated to a growth of 9.7 percent in 2012 which is mainly due to impressive contribution from the hydropower generation. But this increased economic activity has been translated into corresponding improved employment opportunities for the general population, as the unemployment rate 4.0 percent in 2010 has decreased to 3.3 percent as in 2012.

Table No.1. Structure and Growth of Bhutanese Economy: 1980-2010

Year	Primary	Secondary	Tertiary	Finance	Growth rate (%)
1980-1985	43.73	17.07	39.22	2.25	8.05
1986-1990	38.66	21.8	39.56	3.00	10.14
1991-1995	35.08	26.24	38.66	2.54	4.7
1996-2000	31.56	30.68	37.76	3.38	6.34
2001-2005	26.52	34.88	38.62	3.92	7.64
2006-2010	21.01	39.47	36.37	5.74	9.32

Source: National Statistical Bureau of Bhutan.

Figure 1: Share and trend of Different Sectors: 1980-2009

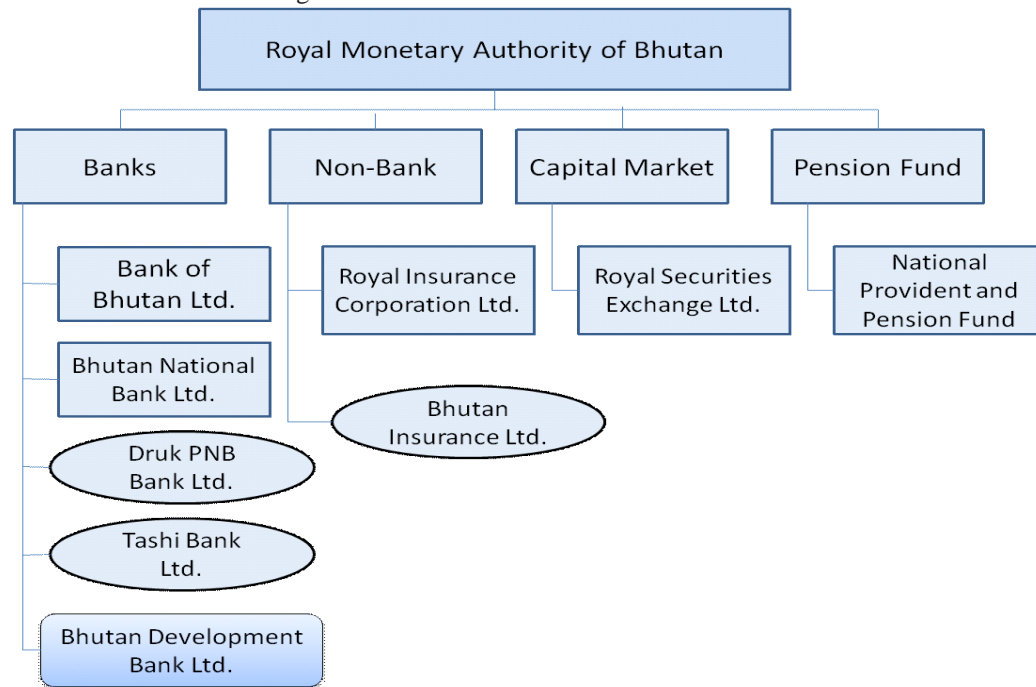


Source: National Statistical Bureau of Bhutan (1980-2009)

The financial sector is regulated through the central bank which was established in 1982 under the name of Royal Monetary Authority of Bhutan. Its primary function is to regulate the financial sector and the monetary market. The currency used in Bhutan is called Ngultrum. The country has five banks and two non-bank financial institutions. The country has one stock exchange viz., the Royal Securities Exchange of Bhutan and one pension fund viz., the National Pension and Provident Fund. The five banks comprise of Bhutan National Bank (BNB), Bank of Bhutan (BOB), Druk PNB Bank Ltd., Tashi Bank Ltd., and Bhutan Development Bank Ltd., along with two non-bank financial institutions; the Royal Insurance Corporation of Bhutan (RICB) and the Bhutan Insurance Ltd. (Figure 2). The Bhutan Development Bank Ltd. is the country's only development bank which was earlier known as Bhutan Development Finance Corporation (BDFC) which was licensed to operate as a Specialized Deposit taking Bank (Domestic) from March 2, 2010. The development bank was established through an Article of Incorporation and commenced its operation from 1988. Its primary aim was to promote the industrial, agricultural and commercial development of Bhutan. Its role was of a multipurpose development of the country. The Government holds 87 percent of BDFC's paid-up capital, while the other three financial institutions share the remaining 13 percent equally. The main sources of funds are external concessional

loans and grants from international agencies, such as the United Nations Capital Development Fund (UNCDF), Helvetas Swiss Association for International Co-operation, Kuwait Fund for Arab Economic Development (KFAED), Swiss Development Corporation (SDC), Schweizerische Normen Vereinigung, Netherlands (SNV) and Asian Development Bank (ADB). Currently, the BDFC has total staff strength of 320.

Figure 2. Structure of the Financial Sector in Bhutan



Statement of the Problem

According to the report on the *Assessment of the Impact of the World Trade Organization on Bhutan*; financial intermediation in the country is minimal, consisting of simple lending and deposit operations. The development banks play an important role in the economic development of a country. It fosters growths and supports the industry and other sectors of the economy. Although monetary resources alone cannot ensure business success, it also requires competencies on several other areas like human resources, technology and a conducive environment. However, the contribution of development banks can be studied by analyzing the distribution of loans and recovery to indicate the direction in which the economy is moving.

Since BDBL (erstwhile BDFC) is the only development bank in the country, apart from taking its important role as a catalytic agent for private sector development, it also has to provide financial services to the needy rural population. To achieve these objectives, BDFC operates through its two main divisions i.e., Agricultural Lending Department and Industrial Lending Department. In the agriculture sector, lending has been primarily related to micro-finance through the Group Guarantee Lending Scheme, Mobile Banking, Simplification of the Lending System and Decentralisation of the branch operations. The UNCDF/IFAD agricultural credit programme, which was initially implemented by the Royal Monetary Authority (RMA), was transferred to the BDFC in March 1988, along with all assets and staff of the former Agricultural Credit Division of the RMA. Industrial lending activities dominate erstwhile BDFC's profitability. Industrial lending consisted of various sectors viz., trade and commerce,

housing, manufacturing/industry, service and tourism, and transport(heavy). From the year 2004 onwards, the Agriculture Lending Department and the Industrial Lending Department has been consolidated and decentralized its operations.

According to a survey in 2002 with the technical assistance of ADB which conducted a comprehensive review of the financial sector of Bhutan highlighted several constraints which impeded the development of financial sector (Annual Report, RMA, 2003-04). It emphasized the need and lack of private sector development which has been outlined as the main constraint to the development of financial sector in Bhutan. Thus the financial services provided by the various financial institutions are the very catalyst which brings growth to the country. So the loans provided by BDBL in various sectors of the economy play an important role in overall development. The issues, reasons and problems relating to the repayment and recovery of loans will be highlighted.

Review of Literature

In this section an attempt is made to review studies relating to credit lending by financial institutions. Limited studies have been carried out in financial sector lending in Bhutan. Rahut, Castellanos and Sahoo(2012) studied the financial performance of financial institutions in Bhutan. The paper analysed the performance, development and growth of financial institutions in Bhutan during 1999 to 2008. Their analysis showed that Bhutan Development Bank (BNB) was the most efficient among the financial institutions. The paper also finds that a large majority of the Bhutanese people do not have access to the financial services, such as e-loans, deposits and insurance. It suggested some of the banks to target this section of population. The study also suggested for establishment of more private banks to offer specialized financial services.

Banerjee, Singh, Khan and Sharma (2010) studied the need for specialized financial institutions for development agriculture sector in Bhutan. The study emphasized on the opportunities of agriculture sector on the brand of organic farming. It suggested robust infrastructure and easy credit for farmers along with ancillary services for the agriculture sector. Some of the recommendations given were to provide flexible loans both for lending and repayment as well as structuring of loans according to the seasonal requirements for crops and cattle.

Prakash and Jeyairaj(2013) found in their study of the Trend and Growth in Advances, Outstanding and Recovery Position of Bhutan Development Finance Corporation Limited that competition, no market for the products, price hike of essential commodities and unforeseen domestic expenditure made it difficult to repay loan by the beneficiaries. The study also observed that the reasons for low recovery were mis-utilisation, diversion of funds, lack of follow up in recovering the loans etc. The study suggested financial education for masses to build confidence for financial institutions.

It can be seen that from the above studies that financial institutions plays a vital role in the development of the economy. Therefore, the study makes an effort to explore the financing of the BDBL and analyze the recovery of these advances.

Objectives of the Study

The specific objectives of the study are:

1. To analyze advances made by the BDBL
2. To find out the recovery position of the BDBL
3. To offer suggestions on the basis of the findings of the study.

Period of Study and Limitations

The study encompasses the period of 15 year viz., 2006 till 2010. The data is primarily based on loans and repayments of the above period. The limitation of the study was that the study is focused only on BDBL's lending policy. The entire analysis is based on lending and recovery of loans while other factors were not considered for analysis.

Research Method

Only secondary data have been used for the present study. The study is based on the Annual Reports of BDBL and RMA. Data for the period 1996 to 2004 were based on the published and unpublished reports and records of the BDFCL. The study uses elasticity Co-efficient for analysis of data.

Elasticity Co-efficient is a dynamic ratio which helps in judging the efficiency of management of funds. The ratio indicates the relationship with the scale of operations i.e., the inflow and the outflow of funds to examine the mobility of funds. If the change is uniform in both the disbursements and recovery of loans, then the elasticity will be unity. If the two do not go hand in hand, then it indicates some problems in the management of funds.

Based on the elasticity concept, it can be determined whether change in recoveries from loans by BDFC corresponds to change in the loans disbursed. This is also studied under the sectoral disbursement of agricultural division and industrial division of BDFC. Recovery elasticity is calculated as follows:

$$R_e = \frac{\delta R_1/R_1}{\delta R_2/R_2}$$

$$= \frac{\delta R_1}{\delta R_2} \times \frac{R_2}{R_1}$$

where, R_e = Recovery Elasticity Co efficient
 δR_1 = Change in Disbursement
 δR_2 = Change in Recovery
 R_1 = Disbursement
 R_2 = Recovery

Analysis of Disbursements, Repayment and Outstanding Loans

The data collected over the period of 1996-2010 shows loans disbursed, recovered and outstanding of BDFC is given as Table 2. A visual analysis shows that withdrawals have been uniformly increasing along with the recovery of loans. Analysing the whole BDFC's loan disbursement over the period 1996 to 2004, it can be seen that disbursements has increased from Nu. 99.68 million to Nu. 2059.00 million an overall increase of Nu. 1959.32million over the period from 1996 to 2010. Repayment has been satisfactory over the period and increasing at an increasing rate. The repayment improved from the year 1997 till 2010 (1.38 percent to 24.51 percent of the total). Loans outstanding increased from 1.93 percent in 1996 to 18.61 percent in 2010 which also indicates the increasing trend of loan outstanding.

Table No. 2. Loans Disbursed, Repayment and Outstanding of BDBL
(Amount in Nu. Millions)

Year	Disbursement	Repayment	Outstanding
1996	99.68 (1.19)	0.00 (0.00)	377.59 (1.93)
1997	98.35 (1.17)	69.87 (1.38)	406.07 (2.08)
1998	113.62 (1.35)	97.64 (1.93)	422.05 (2.16)
1999	139.51 (1.66)	111.21 (2.20)	450.35 (2.30)
2000	171.40 (2.04)	121.63 (2.41)	500.12 (2.56)
2001	286.59 (3.41)	144.16 (2.86)	642.55 (3.29)
2002	451.20 (5.37)	185.67 (3.68)	908.08 (4.64)
2003	484.64 (5.76)	278.65 (5.52)	1114.07 (5.70)
2004	436.84 (5.19)	399.82 (7.92)	1151.09 (5.88)
2005	450.00 (5.35)	341.09 (6.76)	1260.00 (6.44)
2006	754.00 (8.97)	434.00 (8.60)	1580 (8.08)
2007	939.00 (11.17)	728.00 (14.42)	1791 (9.16)
2008	926.00 (11.01)	218.00 (4.32)	2499 (12.78)
2009	1000.00 (11.89)	681.00 (13.49)	2818 (14.41)
2010	2059.00 (24.48)	1237.00 (24.51)	3640 (18.61)
Total	8409.83	5047.74	19559.97
%	(100.00)	(100.00)	(100.00)

Source: Annual Report BDBL 1996 to 2010

Analysis of the Elasticity Co-efficient

Table 3 shows the details of the computation of the elasticity co-efficient from 1996 to 2010. From the table, it can be seen that the year 2002, the registered ' R_e ' factor was more than 1. This shows that the rate of change in disbursement is more than the rate of change in recovery by BDFC which shows that the loan collection was more efficient and so the flow of funds was more than satisfactory. For the years 1999, 2000, 2002, 2003, 2004 and 2007, the ' R_e ' factor are positive and less than 1. In these financial years, the flow of funds was moderate and requires detailed investigation for improvement. The years 1997, 1998, 2005, 2006, 2008, 2009 and 2010 are having ' R_e ' negative value. Here the mobility of the funds is unsatisfactory and there is a need for improving the fund management in those years. The year 2010 shows the highest ' R_e ' has the highest negative value which is due to the conversion from BDFC to BDBL and additional loans were provided.

Table No. 3. Recovery Elasticity of BDBL

Year	Disbursement (R_1)	Repayment (R_2)	Change in Disbursement (ΔR_1)	Change in Recovery (ΔR_2)	Recovery Elasticity (R_e)
1996	99.68	N.A.	12.51	N.A.	N.A.
1997	98.35	112.19	-1.33	112.19	-0.01
1998	113.62	97.02	15.27	-15.17	-0.86
1999	139.51	128.89	25.89	31.87	0.75
2000	171.40	165.40	31.89	36.51	0.84
2001	286.59	203.29	115.19	37.89	2.16
2002	451.20	401.78	164.61	198.49	0.74
2003	484.64	615.81	33.44	214.03	0.20
2004	436.84	518.08	-47.80	-97.73	0.58
2005	450.00	470.28	13.16	-47.80	-0.29
2006	754.00	402.20	304.00	-68.08	-2.38
2007	939.00	767.16	185.00	364.96	0.41
2008	926.00	1243.00	-13.00	475.84	-0.04
2009	1000.00	1111.00	74.00	-132.00	-0.62
2010	2059.00	987.00	1059.00	-124.00	-4.09

Source: Annual Report BDBL 1996 to 2010

On the other hand, under the outstanding elasticity (Table 4), it is the year 1997, 2004 and 2008 which shows the ' R_e ' factor less than one which shows that the change in outstanding was more than the change in disbursement. The years 1998, 1999, 2000, 2001, 2002, 2003, 2005, 2006, 2007, 2009 and 2010 showed positive ' R_e ' factor which means the change in outstanding is higher than change in disbursement over the years. This also indicates that the flow of funds have been poor.

Table. No. 4. Outstanding Elasticity of BDBL

Year	Disbursement (R_1)	Outstanding (R_2)	Change in Outstanding (ΔR_1)	Change in Outstanding (ΔR_2)	Disbursement Elasticity (R_e)
1996	99.68	377.59	12.51	N.A	N.A.
1997	98.35	406.07	-1.33	28.48	-0.19
1998	113.62	422.05	15.27	15.98	3.55
1999	139.51	450.35	25.89	28.30	2.95
2000	171.40	500.12	31.89	49.77	1.87
2001	286.59	642.55	115.19	142.43	1.81
2002	451.20	908.08	164.61	265.53	1.25
2003	484.64	1114.07	33.44	205.99	0.37
2004	436.84	1151.09	-47.80	37.02	-3.40
2005	450.00	1260.00	13.16	108.91	0.34
2006	754.00	1580.00	304.00	320.00	1.99
2007	939.00	1791.00	185.00	211.00	1.67
2008	926.00	2499.00	-13.00	708.00	-0.05
2009	1000.00	2818.00	74.00	319.00	0.65
2010	2059.00	3640.00	1059.00	822.00	2.28

Source: Annual Report BDBL 1996 to 2010

On the basis of the above analyses, it can be observed that the performance of the BDFC has been satisfactory except for the years where the ' R_e ' factor is negative. This also reflects that the borrower has been repaying loans but the repayments are not high, except for the years 2005 and 2010 which

shows spiked non-recovery of loans. It also means that further efficient management of funds is required in the sectors where loans have been provided.

Conclusions

The study of the erstwhile Bhutan Development Financial Corporation currently Bhutan Development Bank Limited reveals that the performance of the bank has been satisfactory over the period 1996 to 2010. The analysis studied under the recovery and outstanding loans reveals that distributions had been proportionately carried out. The analysis of the data showed that the loan repayment is highest in the year 2001 and other years at a moderate rate. The recovery elasticity analysis reveals that BDFC's loan recovery for the period has been dismal for the period 1996 to 2010 except few years with moderate results. The loan recovery during the period from 1999 to 2004 has been satisfactory except for the year 2001 which had been exceptionally good. On further analysis, it was revealed that agricultural sector had been more satisfactory in management of funds compared to industrial sector. It means that the management of the funds needs to re-examine both in the agriculture sector and industrial sector lending so that BDBL can achieve its goal of growth and development of the country.

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Good Governance and Factors that Effect Performance of Self Help Group: Findings from Tripura on SGSY

Chinmoy Roy*
Basudeb Bhattacharya**

Abstract:

The paper attempts to examine the attainment and triumph of the Government of India sponsored scheme Swarnjayanti Gram Swarozgar Yojana (SGSY) against the background of good governance and identifies some of the factors that have constrained its advancement. The main focus of the study is to critically analyze and assess how far SGSY, one of the major initiatives of the Government of India for poverty alleviation has been achieved the desired criterions as envisaged in the policy documents relating to good governance principles like participation of the rural people, involvement of civil society and application of management principles on everyday functional activities. The data obtained from both primary and secondary sources in terms of their values are statistically evaluated and compared with the criteria for admissible explanations. In the whole process right from identification of members to supporting them to develop a sustainable income generation enterprise, SGSY is beset with problems like faulty selection, improper identification of legitimate members, viable schemes, sidelining of capacity building and above all lack of integration among different agencies involved in implementation of the scheme. Our empirical results show that the main purpose of the programme in the implementation phases taken the wrong way in numerous cases resulting a disruption in welfare effect on both the axes- productivity and distribution dimensions. The paper concludes that good governance for poverty alleviation programmes seems to be more of rhetoric than a reality. The challenge is to ascertain ways of avoiding these practices more extensively and immediately.

Keywords: good governance, abundance and distribution welfare, rural empowerment, self-employment.

Introduction:

With the changing scenario the Government of India also introduced the scheme “Swarnajayanti Gram Swarozgar Yojana (SGSY)” in 1999 to help poor by providing subsidy and other facilities especially to the BPL group by forming Self Help Group (SHG) which mainly emphasis to uplift or upraise them from their existing breadline milieus with adopting a process involving microfinance and micro credit flows through social mobilisation and group formation towards self-employment and income generation. This programme is considered as a holistic programme which covers all aspects of self-employment which includes organization of the weaker people into self-help groups, training, credit, technology, infrastructure and marketing. The purpose of Swarnajayanti Gram Swarozgar Yojana is to make available sustainable income to the rural poor. The programme aspires at establishing a huge number of micro-enterprises in rural areas, based upon the potential of the rural weaker people.

It is admitted by Government of India that continued deprivation and inequality is the result of poor governance in the country (GOI, 2002). ‘Good governance’ has been identified as an instrument which would help overcome the challenges of poverty and insufficiency. To the government, governance means the ‘management of all such processes that, in any society, define the environment which permits and enables the individual to raise their capability levels, on one hand, and provide opportunities to realize their potential and enlarge the set of available choices, on the other. Governance, it is identified,

* Associate Professor, Dept. of Commerce, Tripura University, Agartala, Tripura. Email: chinmoy68@gmail.com

** Research Scholar, Tripura University & Assistant Manager, Tripura Gramin Bank.

would become 'good governance' if it goes with certain universally accepted features like exercise of legitimate political power, and formulation and implementation of policies and programmes that are equitable, transparent, non-discriminatory, socially sensitive, participatory, and above all accountable to people at large. A close relationship is established between 'good governance' and the success or failure of poverty alleviation efforts in India. The Tenth Five Year plan specifically takes up the case of rural development programmes to illustrate how governance affects any process. It has identified that excessive compartmentalization of executive into ministries/departments has ensured that such programmes are not only spread over host of ministries which encourages a narrow sectoral approach to conceiving, formulating and implementing schemes, but also prevents mutual synergies that are inherent in most social sector programmes to benefit the plan initiatives'. Large-scale leakage and the resultant continuation of poverty and deprivation are identified as the fallout of the poor governance of the rural development programmes. The GOI goes further and has identified the following strategies, among others, as part of its 'good governance' agenda to improve the functioning of the poverty alleviation programmes: (i) ensuring participation of the rural people at all stages of the programme implementation;(ii) formulation of developmental programmes in a more systematic and professional manner, and (iii)empowerment of the marginal and the excluded poor. It is identified that the 'good governance' approach to development is part of the overall new governance paradigm which is emerging recently in response to the changing role of state in relation to development (Shylendra, 2004).

A key requirement for the new governance to work is the harmonizing of the relationships between different actors so that common goals could be attained smoothly without any conflict of interests. Different factors of governance are to adapt to the scenario of plurality in order to evolve a system for harmonious existence and collective action. Hence, the need is for better skills of co-ordination and enablement so that all the processes of interplay are transparent and outcomes predictable. Thus, 'good governance' though apparently a normative concept has become debatable in the view of the above questions and skepticism.

A large number of poverty alleviation programmes are being implemented in the country to tackle different dimension of poverty like food security, housing, employment and rural empowerment. Huge amount of resources are also invested in these programmes. It is now fairly well understood that there are many problems in the implementation of these programmes rendering them largely ineffective in terms of their targeting and impact. Hence, the recognition of the problems plaguing these programmes and the need to improve their performance assumes importance in tackling the problem of persisting poverty. Against this backdrop of 'good governance', the major objective of this paper is to look at the functioning and performance of a major poverty alleviation programme called Swarnajayanti Gram SwarozgarYojana(SGSY) being implemented since 1999. It intends to critically look at the design and implementation of SGSY mainly from the point of view of the concept of 'good governance.' The main question taken up in this paper is: How far SGSY, being a major programme of the government for poverty alleviation, has been able to really incorporate principles like participation of the people and sustenance of management practices.

Hypotheses:

Ho: Good governance and the principles of management applied by the stakeholders of the scheme do not bring about overall development of the members of the target group.

H1: Good governance and the principles of management applied by the stakeholders of the scheme bring about overall development of the members of the target group.

Data and Methodology:

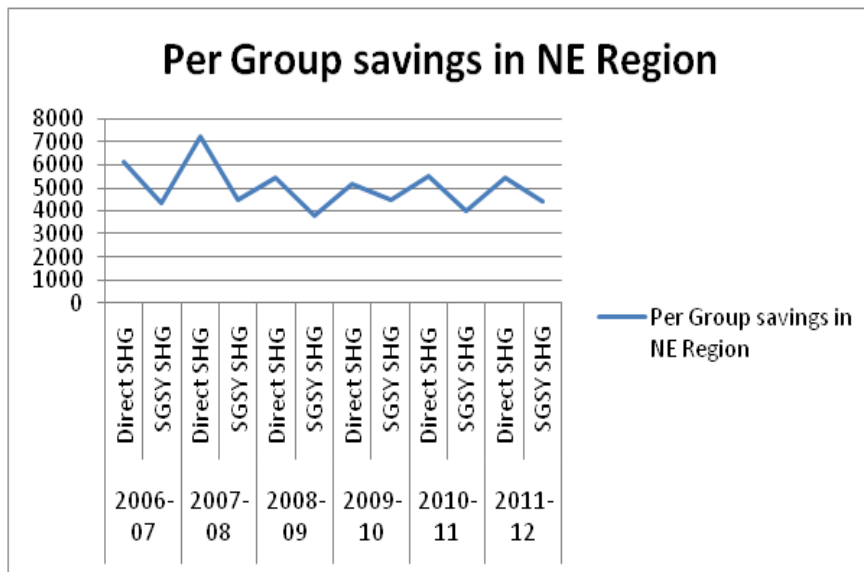
Considering the conceptual framework as envisaged about the study covers the North-Eastern States with special emphasis on Tripura. To validate the empirical premises on the basis of admissible criteria

the study is based on both primary and secondary data. Required questionnaire for primary data is being collected on the basis of field survey using purposive sampling method covering the four district of the state. The secondary data is obtained from the Annual Reports of NABARD, RBI, Planning Commission, Ministry of Rural Development etc. The methodology followed in this empirical study includes different tools and techniques of financial management and statistics.

RESULTS AND DISCUSSION:

The factors that affect the success of the scheme are cultivation of savings habit, loan repayment, economic activities undertaken and distribution of reasonable share of income to the members but a cursory look on the published data prima facie revealed that many members joined the groups just for getting loan without cultivating a habit of saving. They leave the groups in between even without repaying the loan, making the group vulnerable. Such groups finding no other alternatives compel themselves to look for and include other persons as another possibility to substitute the outgoing member, but often the new incumbent joining the SHG too possesses similar intentions and plans. This reflects an unhealthy and negative attitude of the people towards the SHG movement, which has developed partly due to scheme itself and largely due to faulty implementation of the program and lack of awareness among people about the basic objective and purpose of the SHGs. In most cases, the groundwork for group formation is not carried out as per the prescribed norm. As a result, the base itself has become weak and in the process the regular activities like savings, meetings, internal loaning, repayment of the loan in time etc. have been affected. These activities have not been done, the way it should have been. Among the projects, the SGSY appears to have been affected and abused the most. SHGs should not be just about finance; there is a need to encourage groups to form producer collectives to organize livelihoods. Financing of SHGs is to be an integral part of the banks to reform programme. Goal oriented savings products needs to be introduced for members of SHGs (Srinivasan, 2011).

Chart1: Savings Per group under Direct and SGSY



Here, per group savings is depicted between direct SHG and SGSY SHG and it is find that in throughout the study period the per group savings of direct SHG is higher than SGSY SHG.

Savings is cornerstone for any banking institutions. In SHGs also savings is the beginning of economic activities in the groups. Savings have great potential for strengthening the groups, providing economic security to the members, etc. However, savings remain a mere formality in SHG under SGSY movement in the country. Groups are collecting only a fixed and compulsory amount at regular periodicity. Invariably, the thrift rate remains low in most of the SHGs under SGSY and stagnant over the years (Rao, 2009). Therefore, groups under SGSY are become defunct over a period of time and the good governance under such scheme is at ground level. Further the various factors which involve such poor performance of the scheme also stated in the following discussion.

Table-1: Distribution of SHGs according to meeting conducted

Year of Establishment	Distribution of SHGs according to meeting conducted										Total	
	Not regularly conducted		Quarterly		Monthly		Fortnightly		Daily		Count	%
	Count	%	Count	%	Count	%	Count	%	Count	%		
9			3	1.0	9	3.0					12	4.0
7-8	3	1.0			33	11.0	3	1.0			39	13.0
5-6			3	1.0	27	9.0	33	11.0	3	1.0	66	22.0
3-4					75	25.0	27	9.0	6	2.0	132	44.0
1-2	24	8.0			30	10.0	9	3.0	12	4.0	51	17.0
Total	27	9.0	6	2.0	174	58.0	72	24.0	21	7.0	300	100.0

The number of meetings held by SHGs, attendance of members and participation of members in the group meetings are indicators of the well-functioning of the SHGs. These are generally looked into by banks before deciding on extending credit facilities to the SHGs. Ideally, the meetings should be held weekly or at least monthly, so that members get together frequently, establish bonds and understand each other's difficulties. Attending meetings and participating in the discussions, and having knowledge about the rules and regulations of the SHG also imply that the members are empowered to take part in the decision-making processes. Table-2 shows the regularity of meeting conducted and the attendance practices of the sample SHGs.

The average number of meetings conducted per SHG has worked out to 91%, whereas, 58% SHGs indicating that on an average at least the SHG met once every month. This also indicates that some SHGs were conducting meetings fortnightly or even weekly. The percentage of members attending the meetings was fairly high at 89 per cent means weekly, fortnightly and monthly. Meeting is a source where every member of SHGs can have the opportunity to intermingle with the other members to get the relevant information with regard to their environment, behavior of the people in various activities and the part of the government in creation of the financial and economic empowerment which develops self confidence among them. Self-confidence creates a drastic change in the attitude of people. If anybody has self-confidence he / she can achieve the economic betterment by doing various income generating activities without minding the ridicules of the public. It can improve their capability in making intentional verdict and possesses full confidence in their ability to take decisions. Self-worth, communication and interaction strengthen the self-confidence of a member.

Imparting training is one of the starring roles of the programme and the members are given both skill and knowledge based training in making toys products, goatery, piggery, computer operation, tailoring and management-related aspects like leadership and book keeping. The prime importance is given on the training as the scheme is fundamentally a human resource development project. Training on few topics is imparted through the representatives of the groups while training in some other topics is

imparted directly to the groups. Sometimes two representatives from each group are imparted specific training in the first year and thereafter members in the group are trained. In a group, if more persons are trained, the effectiveness of the group increases.

Table-2: Distribution of SHG according to Training

		Number of SHG received Training				Total	
		No		Yes		Count	%
		Count	%	Count	%		
Tenure (Year)	9	6	2.0	6	2.0	12	4.0
	7-8	15	5.0	24	8.0	39	13.0
	5-6	9	3.0	57	19.0	66	22.0
	3-4	69	23.0	63	21.0	132	44.0
	1-2	36	12.0	15	5.0	51	17.0
Total		135	45.0	165	55.0	300	100.0

The above table shows the percentage of the sample SHGs members who attended the training programmes. It is evident from Table-3 that out of the 300 SHGs, 165 (55per cent) had imparted training. It is to be noted that 135 SHGs out of the total samples do not received training. Out of 300 samples, 21 (7%) number of SHG do not replied in regard to usefulness of training whereas 117 (39%) number of SHG replied that the training is not useful to run their economic activity. It is oftenly found that SHG on which they have trained has no similarity with their economic activity taken. 102 (34%) SHG replied that the training is somewhat useful for their survival. Only 54 (18%) number of SHG replied that it is useful whereas, very less number of SHG i.e. 6 (2%) number of SHG stated that the training is very useful for their growth. It may be one of the big omissions of the said programme that the members of scheme are not fully aware of the opportunity available with the scheme.

Table-3: Distribution of SHG according to Number of Official visited to the group and met by the group

Tenure		None	%	Upto 2	%	2 to 4	%	Total	%
9	No. of official meet by the group	6	2	6	2	-	-	12	4
	No. of Official Visited to the group	12	4	6	2	-	-	12	4
7-8	No. of official meet by the group	18	6	18	6	3	1	66	22
	No. of Official Visited to the group	33	11	6	2	-	-	39	13
5-6	No. of official meet by the group	12	4	51	17	3	1	66	22
	No. of Official Visited to the group	57	19	9	3	-	-	66	22
3-4	No. of official meet by the group	57	19	69	23	6	2	132	44
	No. of Official Visited to the group	111	37	21	7	-	-	132	44
1-2	No. of official meet by the group	48	16	3	1	-	-	51	17
	No. of Official Visited to the group	51	17	-	-	-	-	51	17
Total	No. of official meet by the group	141	47	147	49	12	4	300	100
	No. of Official Visited to the group	264	88	36	12	-	-	300	100

It is the clear indicator about the serious concern about the survival of the project. Table-3 depicts that 141 SHG (47%) have not met with any officials nor they are fully aware of the project and its usefulness. The formations of the group are made by the motivator of the specified area. But the communication between the groups with the higher officials is at zero level. This is one of the management concept that highlights that higher the level of communication lesser the conflict. Collected works in the area of

group performance and interaction cited that awareness is one of the main attributes behind the success of any project. In the present study it appears that during the entire study period only 147 SHG (49%) have met up to two officials' and 12 SHG (4%) have met with 2 to 4 number of officials. It is one of the prime responsibilities of the government agency and others to ensure the longevity of the project. Lack of supervision and improper monitoring of the project is one of important cause of increasing number of defunct in to the target area. Out of 300 samples, officials visited only 36 numbers of groups i.e. (12%) whereas 264 groups (88%) are never visited by the appointed officials. It clearly indicates that lack of proper monitoring is one of the causes of poor performance of the group.

Table-4: Distribution of SHG according to Verification of Asset

Tenure (Year)	Verification of Asset Purchased/ Created		Total	
	No		Count	%
	Count	%		
9	12	4.0	12	4.0
7-8	39	13.0	39	13.0
5-6	66	22.0	66	22.0
3-4	132	44.0	132	44.0
1-2	51	17.0	51	17.0
Total	300	100.0	300	100.0

More surprisingly it appears that post verification of asset created or purchased during the study period is not carried out by government agency or any other officials. Therefore, it is another serious issue ultimately accelerating the failure of such programme. Though there are few pre lending rules and regulation has been prescribed by NABARD and Govt. of India but there is no such post lending guidelines prescribed by them in regard to auditing and verifications of bills and vouchers of assets.

Table-5: Repayment Performance Correlations

		avg_savings	overdues
avg_savings	Pearson Correlation	1	-.132
	Sig. (2-tailed)		.112
	N	147	147
overdues	Pearson Correlation	-.132	1
	Sig. (2-tailed)	.112	
	N	147	147

To delve deeper into the study the analysis covered the descriptive statistics and considered the statistical correlations between the identified variables. Here the monthly information available (at the group level), for repayment of loan by SHGs to Bank, is taken as the basis for the analysis. For loan repayment by the SHGs, the stated norm is - to pay regular installments (EMI) that covers both the interest and the principal portion that is fixed over the term of the loan. It may be fixed on monthly, quarterly or half yearly basis. Gaining rudimentary inference about the relationship between variables,

the study here applied the statistical correlation for savings with the amount overdue. The study reveals that there is a negative relation (-132) of average savings with the said amount of loan overdue. With the increase in the savings, the amount of loan overdue also increases. Thenonexistence of collateral securities and guarantor for the poor is the foremost hindrance to access credit from the formal financial organizations. It is very tough for the banks to ascertain applicant's risk type due to inability of the marginal people to prove their creditworthiness. Moreover, any distributive economic welfarepackagesif not properly followed by productivity and abundance welfare elements likely to discontinue on the long run due to lacking of awareness and initiatives of the target group even though it is launched by the governments. The recipient perceives these loans as 'grant' so they neither feel the necessity nor the responsibility of repaying the loans(Feroze, Chauhan, & Kadian, 2011).

The financial management practices followed by the SHGs have been found to be ranging from weak to average. More specifically, internal controls of fund and utilization of resources on the basis of risk-return criteria among the SHGs are lacking. Internal controls represent the systems and processes that manage the day to day transaction flow and ensure that roles and responsibilities are defined and executed to safeguard resources to enhance value of the business. Field studies have indicated that these systems and processes have been ill-defined and poorly executed by members. In addition to internal controls, how SHGs are managing their cash flows is especially important. Since SHGs are accessing external borrowings through SHG Bank Linkage and then lends these funds to its members, there have been cases of poor cash flow management to repay debts not just externally but also internally. The risk of overleveraging SHGs is high(Reddy & manak, 2005).

Another critical area which needs special attention is the composition of the group members and the proportional percent that belong to families of below poverty line. As stated in the guidelines, if necessary, a maximum of 20% and in exceptional cases , where essentially required, up to a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL families and if they are acceptable to the BPL members of the group. The constructive implication of the guidelines is to help the families of occupational groups like agricultural laborers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. However, the APL members are not eligible for the subsidy under the scheme. But due to the fulfillment of the target fixes by the government APL families are also taken into consideration in many cases as it appears from the study. Apart from economic category, the group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The essence of the guidelines is to ensure active participation of the BPL families in the management and decision making activities, which should not in normal course be solely in the hands of APL families. Further, APL members of the Self Help Group shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group(Chatterjee & Kundu, 2011). When positive interdependence is suppressed conflict begins when one individual or group feels negatively affected by another individual or group (M. Dipaola, 2001). Generally, the larger and more diverse a group is, the greater the potential for conflict. Group members' different goals, perceptions, and beliefs present a potential challenge. As society becomes more diverse, it needs to be mindful of the potential for conflict, and ways of preventing and dealing with it. Due to the economic supremacy, APL members may sometimes take the benefit of administrative and management control and share the part of subsidy and influence the group activities resulting conflict in between the categorized members of the group.

The SGSY scheme is essentially for creating work for the poor and to help them financially so that they can earn something and help their family to cross the poverty line. But recently the upsurges of the non-BPL family members are growing and implementing authorities have also been allowed them to

avail the benefit of SGSY in few areas as it is evident in Dhalai district. It is seen that a certain number of self-help groups, which comes from the combination of both APL and BPL family.

Table-6: Distribution of SHGs according to APL and BPL

		APL		BPL		TOTAL Member	
		Total	%	Total	%	Total	%
Tenure (Year)	9	24	1.9	108	5.2	132	4.0
	7-8	111	8.9	294	14.2	405	12.2
	5-6	284	22.7	462	22.3	746	22.5
	3-4	588	47.0	867	41.9	1455	43.8
	1-2	243	19.4	339	16.4	582	17.5
Total		1250	100.0	2070	100.0	3320	100.0

Table depicts that the out of the 3320 members in the sample of 300 SHG there are 38% members belonging to the economically competent members whereas 62% are financial feeble members. But it is evident that despite the high growth of SHGs getting credit linked, the numbers of SHGs per 10000 BPL populations is still much lower in the North Eastern Region than the All-India average. There is therefore a need for a more concerted approach to push this movement further in the region (Sharma D. A., 2010). For a SHG to run successfully on a continuous basis, it should be stable and financially viable. It is for this reason that SHGs generally should have members from similar socio- economic status so that there is no one-upmanship. They should also agree about savings and repayments. A number of SHGs are seen to break up because of lack of trust among members and want of co-ordination. The very fact that the sample SHGs, despite the diversity in their composition and poverty levels, continue to operate and provide financial services after getting bank-linked, goes a long way to prove their organizational sustainability(Sharma A. , 2008). From the study it appears that 6 nos. of group are fully APL and 30 numbers of groups are fully BPL, rest 264 are mixed group. Interesting factor is that fully APL group are also getting subsidy. Though it is a debatable issue about the criteria but the key limitation that is being faced by the implementing authority relating to identification of BPL list which keeps a large number of poor families that also creates problems because of the exclusion of really needy families. Families living in most of the rural surroundings are devoid of the actual economic benefit.

Table-7: APL_BPL and Internal Conflict Crosstabulation

Groups		No conflict	Having conflict	Total
Equal group	Count	15	0	15
	% of Total	5.0%	.0%	5.0%
BPL	Count	138	75	213
	% of Total	46.0%	25.0%	71.0%
APL	Count	54	18	72
	% of Total	18.0%	6.0%	24.0%
Total	Count	207	93	300
	% of Total	69.0%	31.0%	100.0%

It is assuming that more than 50% BPL member in the group is BPL group and more than 50% member in a group is APL group. From the study, it is observed that the out of sample groups of 300 SHGs, fully balanced SHGs (i.e., the where the total number of APL members is equal to the total number of BPL members), has no major conflict. Further, in 90 SHGs (93-3) (non-balanced) the majority BPL members have internal conflicts with the minority APL members with respect to distribution of subsidies; whereas, in 81 SHGs (93-12) (non-balanced) majority APL members have internal conflicts with the minority BPL members for the said issues relating to distribution of subsidies.

Not surprisingly, but most of the family in India were attached to non-SGSY groups and from APL families. It appears that a member has to arrange at least half of the total investment on her own. However, groups led by some influential persons, could get most of the required investment financed through banks. Clearly, all such programs are not useful for BPL people, who cannot arrange the seed money and the working capital (Kaliappa & Singh, 2012).

It is understandable that the subsidy disbursement to SHG under SGSY is higher in North Eastern Region. Therefore, it automatically reveals that the credit disbursement for India is higher than North Eastern Region. It is worth mentioning here that NPA for NE region is higher than overall India due to unjust benefit of subsidy availing by the burly people.

Another important indicator of micro credit status is the recovery position of the groups. Since the majority of the groups are financed under SGSY scheme, the recovery performance of this scheme is considered as the overall indicator. It reveals that the recovery from SGSY scheme is gaining more acceptance as many groups are availing the loan for subsidy but, the poor recovery rate of this scheme has a potential of bringing the entire micro credit operation into jeopardy (Pati, 2009). As revealed from the repayment data, the study corroborates the earlier findings and indicates the recovery performance of the scheme is so precarious that their long run sustainability raises a big question mark. Both the above indicators clearly go against the sustainability of SHG under SGSY.

Conclusion

Suitable scheme and its proper implementation, no matter the magnitude of group formation affect the success of the scheme. From the analysis it is clear that it is not only the good governance but the active participation, positive interdependence and commitment on the part of the members are the factors which contribute to bring about overall development of the members of the SHGs in the North Eastern Region. In addition, the other determinant factor is the availability of traditional economic activities to leverage the skill with more efficient methods and affordable credit. If such activities are not promoted and nourished properly in the backward region then the situation is going to be more challenging and the challenge is to discover economic activity that can be pursued cost effectively. This is the most crucial aspect of SHG under SGSY. The entire process of the SGSY scheme right from the beginning to end depends on the financial services provided by the nominated banks and financial institutions and hence the role of the banks and financial institutions are prime one. But occasionally it is found that even at the time of graduation of the SHG, bank hurriedly grade the group to achieve the prescribed target, even if the agreed criteria relating to savings, participation, training, capacity building etc. are not fulfilled by the group. Instead of target oriented approach, quality oriented approach should immediately be set up for the development and good governance of the poor. To get maximum productive participation in SHG programme it is suggested that to select only potential person from the poor is to be given financial assistance. Further it is observed that the benefits of the scheme are not properly distributed to the target groups. Many people who are not directly covered under the scheme are also getting the said benefit, by creation of such circumstances where no concrete directives are available under the scheme. The results show that the main purpose of the programme in the

implementation phases taken the wrong way in numerous cases resulting a disruption in welfare effect on both the axes- productivity and distribution. Although the motive of the scheme is to promote income generating activities to the target poor; but in practice it is observed that the people are interested only in unjust grasping of the subsidy portion. Further, the people considers it more as their right in compensation as welfare measure for voting the elected government, rather than as a means of helping hands of the nation to pull them out from the poverty level. The challenge is to ascertain ways of avoiding these practices more comprehensively and immediately.

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Marketing of Ginger in Mizoram

K. Vanrammawia*

James L. T. Thanga**

Abstract

Ginger is one of the most important cash crops being cultivated, especially in jhum land, across the state of Mizoram. However, its market is characterized by unorganized network of intermediaries. Market intervention schemes initiated by the government in the past were found ineffective which, rather, had adverse impact on the prevailing prices. With the adequate storage facility having been unavailable, the farmers do not have the retaining capacity to enhance their bargaining strength in the face of open market competition. Thus, private investment in the areas of post-harvest management and marketing is suggested.

Key Words: Market Channels, Traders, Wholesalers, Commission Agent.

Introduction

Marketing of agricultural products deals with all the activities, agencies and policies involved in the procurement of farm inputs by the farmers and the movement of agricultural products from the farms to the consumers (Kataty & Borah, 2011). It involves all the aspects of market structures, both functional and institutional, based on technical and economic considerations, and includes pre and post-harvest operation, assembling, grading, storage, transportation and distribution. It is general understanding that production and marketing must go hand in hand. Efficient system of agriculture marketing would promote the expansion of production and cultivation areas. The common problem faced by most of the underdeveloped, agrarian economies is lack of efficient and organized network of agriculture marketing, which results in perpetual poverty incidence among the farm population. This poverty incidence would persist until the emergence of well organized and efficient marketing channels for agricultural produce in the country.

Agriculture occupies a very prominent place in the economy of Mizoram. As per the Economic Classification of Workers in 2001 Census, about 60 percent of the total workers are engaged in agriculture and allied sector. Shifting cultivation (jhumming) continues to be the prevalent method of cultivation. In the absence of adequate development in other sectors such as agro-based industries and other allied industries, it continues to be the main occupation of the people till today. A serious lacuna of the state agriculture is lack of organized market for most of the crops, which usually results in the suffering of farmers due to uncertainty on prices and marketing opportunities. The problem is more acute for farmers under jhum cultivation than the settled farmers. To gauge the scenario of agriculture marketing in Mizoram, we would present the case of ginger in this paper.

Ginger is one of the most important cash crops in Mizoram. It is generally grown in jhum land. As the agro-climatic conditions of the state is favourable for its cultivation, ginger has been grown since long time back for own consumption as one of the secondary crops, without the use of manures, fertilizers or pesticides. Its cultivation as a cash crop in the state is known to have started in late-seventies. There are three major varieties of ginger grown in the state namely *Thingpui*, *Thinglaidum* and *Thingria* of which *Thinglaidum* is the most popular. A local variety *Nadia* was also introduced by Agriculture

* Research Scholar, Department of Economics, Mizoram University, Aizawl. Email: vkhangte5@gmail.com

**Assistant Professor, Department of Economics, Mizoram University, Aizawl .E-mail : jametea@yahoo.com

Department of Mizoram in the early eighties for its purported low fibre content and is still grown in some areas, but in rather small quantities. However, the variety of ginger does not seem have any implication in the market price and avenues; and hence, most of the local farmers are unaware of the variety they grow. In fact, the marketing actors (traders) themselves are also unaware of varietal difference and its implication for further market. They do not make any varietal demand and seemed ready to purchase any ginger at prevailing prices.

The rest of the paper is organized into different sections such as review of existing literature; methodology of the study; growth of area and production; marketing channels; public intervention in ginger market; seasonal conditions of quantity arrivals and prices; and concluding observations.

Review of Literature

The existing literature on marketing of ginger are primarily concerned with the identification of various marketing stakeholders, such as middleman, wholesalers, etc, the channels showing market flow among them and value chain of the distribution flow indicating cost and margin structure of the stakeholders involved. At the same time, they also attempted to study the factors that setback the efficiencies of various market channels. *Saini et al. (1992)* examine the efficiency of various ginger marketing channels in Himachal Pradesh and found that the producer, primary wholesaler, secondary wholesaler, retailer, and consumer were the prevailing stakeholders in ginger market. They found that non-payment of sale proceeds at the time of sale, non-availability of scientific storage facilities, inadequate information relating to market prices and market arrivals etc were the main problem inhibiting the marketing efficiency in the study areas.

George (1996) found an institution in place for marketing of ginger in Kerala consists of growers, merchants, and other intermediaries' institutions; while observing the minimal role played by cooperative sector. *Zonuntluanga (2003)* identified four stakeholders for ginger marketing in Mizoram, namely local agent(brokers), local traders, floating traders and itinerants dealers from outside the state. There was no organized system in place and outside traders are identified to be the main actors in respect of procurements and determination of prices in the state.

Datta et. al (2003), in their study on management of marketing and export of ginger in the Eastern Himalayan Region, identified three marketing channels. Channel-I: *Producer- Taluka/District market-Silliguri market- Terminal market (Delhi, Kolkata, Bangladesh)*. Channel-II: *Producer-Commission agent-City traders-Taluka/District market-Silliguri market-Terminal market (Delhi, Kolkata, Bangladesh)*. Channel-III: *Producers— Village lender/ Merchant—Taluka/District market—Silliguri market- Terminal market (Delhi, Kolkata, Bangladesh)*. Of these channels, Channel-I was found to be most effective in terms of producer's share in the final price. Lack of price information on the part of the growers in the subsequent market chains and terminal markets; absence of coordination among the growers, accessibility problems and transportation cost; and absence of storage facilities remain the major marketing problems in the study areas.

Kithu (2003) highlighted the problem of ginger marketing in India and listed out such problems which impede the occurrence of efficiency in the marketing of ginger in India, whether domestic or export market, as diversity of ginger varieties cultivated, absence of organized primary and terminal markets, unavailability of quality inputs (like hybrid seeds, etc), absence of adequate technology in cultivation and post-harvest management, lack of credit facilities and asymmetric price information among the growers.

Methodology

There are two main data sources in this study – records of the state government's department and state agencies and sample survey. The former sources includes the published and unpublished record of the state's department or agencies such as Planning & Programme Implementation Department, Directorate of Economics and Statistics, Mizoram Agriculture and Marketing Corporation Limited (MAMCO) and

Trade & Commerce Department. The latter source was primarily constituted by a sample of farm households selected through multi-staged random sampling technique.

Different stages of sampling are as follows: first, selection of district; second, selection of agricultural circles within the selected districts; third, selection of villages; and fourth, selection of farmers (ultimate sampling unit). Aizawl district, which has 12 agricultural circles, was selected purposively as first stage unit; and two (2) agricultural circles were again selected; six villages, namely Mualpheng, Rulchawm, Ruallung, Sateek, Tachhip and Thiak, were again selected from these two circles; and finally, a total of 301 farmers were selected from these villages. Properly designed schedule of enquiry was adopted for the collection of the required information from the respondent households (farmers).

Growth of Area and Production

Mizoram had produced large amount of ginger during the last ten years. As per the record of the Directorate of Economics and Statistics, New Delhi (2010), Mizoram ranks fifth (5th) in terms of area and production of ginger in the country with a share of 7.8 percent of the country's total production. The official record of area and production of ginger in Mizoram during the last 10 years is given in Table 1. The area coming under ginger cultivation is quite large in the state taking into account its geographical area that it was above 3000 hectares throughout the years under consideration, and the annual productions are more than 30000 metric tonnes during the period under consideration.

Table 1: Area and Production of Ginger in Mizoram

Year	Area (In Hectare)	Production(in Metric Tonnes)
2001-02	7287	46648
2002-03	5097	31136
2003-04	4481	29582
2004-05	4532	38068
2005-06	4654	45143
2006-07	3426	55432
2007-08	3587	57010
2008-09	10391	34290
2009-10	6200	31000
2010-11	6500	32500

Source: Horticulture Department, Govt of Mizoram, 2013

Marketing Channels

Availabilities of market avenues and price conditions generally determine the harvesting time of ginger in the state which normally starts from November till May with January-April being the peak period. Market signals have been perceived by the farmers when some traders from neighbouring states started to come to the village in search of ginger. The farmers do not make any arrangement in respect of grading, sorting by variety or size. The produce is simply packed in gunny bags whatever may be the status - whether clean or unclean, broken or whole, and the same is transported to the nearest roadside where it is piled up to wait for prospective buyers.

It is surprising to note that there is no organized marketing channel for ginger which is supposed to be in place since the crop is the most important cash crop (one dare say) and had been a political ball for many years. Its market remains uncertain and is characterized by chance factors. The system of ginger marketing is very complicated and difficult to present in clear cut patterns. Petty traders and agents

(both local and outside) of trading establishments located in the neighbouring state of Assam would come to the village to collect this commodity. These marketing agents would, in turn, transport the same to the wholesale traders operating in Assam, like Karimganj, Bagha, Silchar for further dispatch to terminal market via Siliguri to Kolkata, Azhadpur (Delhi), Amritsar, Mumbai etc and through Karimganj to Bangladesh. The petty traders and agents would quote any rate and haggle with the ignorant farmers who are unaware of what is happening outside the state.

As per the information obtained from the farmers contacted from the 6 sampled villages, the existing marketing channel of ginger can broadly be identified. This is presented in Table 2. Of the three main marketing channels, Channel II and III assumes major importance because the local consumption, which is identified in Channel I, occupies a relatively small amount and is quite negligible.

Table 2: Marketing Channel of Ginger

Channel I	Producer--- Retailer (Local market)---Consumer
Channel II	Producer---Local Trader--- Wholesaler/Traders (Cachar/Silliguri)---Exporter in Terminal market (Bangladesh & Calcutta& Azhadpur(Delhi)) ---Consumer
Channel III	Producer---Local (Commission) agent --- Itinerants dealers (Local & Outside)--- Wholesaler/Traders (Cachar/Silliguri)--- Exporter in Terminal market (Bangladesh & Calcutta& Azhadpur-Delhi) ---Consumer

First, in channel II, local traders collect the commodities by putting in place various collection points along the roadside of their respective villages and they normally pay a price which is lower than the prevailing wholesale prices (around Re. 0.50) of the next destination. Once they have collected enough quantities, they move the same in bulk to the main collection areas located in Assam and West Bengal, usually Bagha, Silchar and Siliguri, by making their own transportation arrangement to reach these places. They sell the quantity in bulk to the wholesale dealers in these areas and earn certain amount of profit. These actors or local traders serve as an important link between producers and wholesalers in the selling point. However, it is very difficult to trace the movement of these commodities once it passes the main collection points in Assam. As per the available information, after reaching the main market terminal in some major cities, the commodity is processed (grading, packaging, cleaning, etc) and then passed on for sale in either the local or export markets.

Second, in channel III, the main actor at the village level appears to be Local (Commission) Agent and the Itinerant Traders who hail from both local and other states. The commission agents in the village collect the commodity at the prices authorized by the itinerant traders and he/she would be given certain fraction as dealing charge. The Itinerant Traders, on their part, provided the local agents with funds and gunny bags, respectively, for collection/procurement and packing of the ginger. The same has been transported by the itinerant traders to the wholesalers trading in the next destination, like Bagha market of Cachar areas and Silliguri. The wholesalers further move the commodity to the next dealers located in other parts of the country.

Interview of 301 farmers, as presented in Table 3, from the 6 selected villages revealed that more than 69 percent of the farmers with more than 70 percent of the produces were directly

sold to the Local Commission Agent. At the same time, 29.57 percent selling of the products to the local trader (who is also producer) constituted 29.57 percent of the farmers with 28.65 percent of the total output.

Table 3: Marketing Agents of Ginger in the Sampled Villages

Channel	Marketing Agent/Institutions	No. of households/farmers	Amount (In qts.)
I	Retailer (Local Market)	4 (1.33)	325 (0.90)
II	Local trader cum producer	89 (29.57)	10352.7 (28.65)
III	Local (Commission) Agent	208 (69.10)	25456.2 (70.45)
	Total	301 (100.00)	36133.9 (100.00)

* Figure in Parentheses show percentage

Source: Sample survey, 2013

Seasonal Conditions for Prices and Quantity Arrivals

In competitive marketing system, arrival determines the prices of farm commodities. However, ginger market in Mizoram does not show any systematic causal effect of market arrivals on its prices; but rather, the price level has been shown as the main determinant of market arrivals. The situation may be taken as an imperfect market with unresponsive price to arrivals, which may end in perpetual distress for the farmers. Moreover, as ginger grown in a current year can also be kept for harvest in the next year, farmers often prefer not to harvest the produce if they found the prevailing price unprofitable. Some farmers prefer to wait for favourable prices which usually take place at the start of monsoon season (i.e. May – June). Accordingly, marketing season usually starts in the month of November and ends in June; and the off season starts from July and last till October.

To show this aspect of ginger marketing in Mizoram, the trends showing the market arrivals and prices, as recalled by respondents in the selected villages, are presented in Table 4.

Table 4 indicated that prices steadily increase from the start till the end of the harvesting season. Meanwhile, quantity arrived in the market did not show any clear cut trends or pattern in response to the price trend. A simple linear regression calculated from this table, presented in Table 5, further, revealed no significant causal relationship between quantity and price of ginger.

Table 4: Trends in the Arrival and Prices of Ginger in the Selected Villages

Months	2010-11		2011-12		2012-13	
	Arrival	Price/Qtls	Arrival	Price/Qtls	Arrival	Price/Qtls
November	701.8 (5.24)	500	307 (4.66)	300	773 (5.10)	1100
December	1423.7 (10.64)	650	986.5 (14.98)	350	1513.4 (9.99)	1500
January	3515 (26.26)	700	2228.5 (33.84)	500	3916 (25.85)	1700
February	4500.3 (33.62)	1150	1327.7 (20.16)	400	5132.1 (33.88)	1850
March	1784.4 (13.33)	1400	706 (10.72)	500	2347.5 (15.50)	3000
April	815 (6.09)	1600	390 (5.92)	550	1023 (6.75)	3400
May	370 (2.76)	1950	406 (6.17)	700	308 (2.03)	3800
June	274 (2.05)	2400	233 (3.54)	700	136.5 (.90)	5000
Total	13384.2 (100.00)		6584.7 (100.00)		15149.5 (100.00)	

Source: Sample survey, 2013

* Figure In parenthesis Show Percentage Of Arrivals

Table 5: Estimated Regression Equation Indicating Price Response to Quantity Arrivals

Dependent Variable: **Price (Rs/Qtl.)**

Explanatory Variable: **Quantity Arrival (Qtl.)**

Indicators	Intercept	Slope	R-square
Coefficients	1591.87	-0.071	0.007
Standard Error	371.87	0.183	
t-ratio	4.28	-0.39	
Significance	0.0003	0.7	

Source: Calculated from Table 4.

Public Intervention

With ginger being extensively cultivated in most of the villages for the last many years, public intervention is very crucial to protect the poor farmers from market risk resulting from open competition. To this effect, the Government of Mizoram in the past years played a key role in procuring ginger produce directly or by appointing registered buyers (contractors). During the 1996-97 and 1997-98 marketing season, a government agency called The Mizoram Agricultural Marketing Corporation Limited (MAMCO) was entrusted to purchase ginger directly from the producers for possible resale to other traders/exporters. However, due to one cause or the other, the entire procurement plan and the marketing strategy failed resulting in huge financial loss to the government to the tune of Rs.4 crores. As a result, MAMCO discontinued the policy of purchasing ginger directly from the farmers.

Towards the start of marketing season in 1998-99, the state government again instituted indirect market intervention policy by appointing 12 registered/Monopsonistic buyers for 7 collection centers identified by MAMCO Ltd. Under this system, nobody, including the farmers themselves, was allowed to sell ginger to any other traders, except for the contractors appointed by the government. The appointed contractors were expected to abide by the marketing policy set out by the government with respect to floor rate which was being revised from time to time to suit outside market environment. However, due to lack of professional skills among the contractors, they were unable to sell the quantities they had purchased from the farmers to bigger market terminals located in major cities like Delhi, Calcutta, Siliguri, etc for sale within the country and possible export. They, reportedly, sold the quantities to the wholesale dealers operating in the nearby Cachar district of Assam. As these contractors had strong influence on the price of ginger in the state, unfavorable sticky price haunted ginger growers of the state for many years. Again, the government policy failed.

Due to constant pressure from the farmers and several marketing experts, the state government decided to roll back its agricultural marketing policy with effect from the marketing season of 2008-09 giving birth to a more or less new strategy. This new strategy emphasized on "Free Sale Policy" by repealing the earlier rules which allowed any person or agency to purchase and transport ginger in and outside the state by issuing permits through MAMCO Ltd. Since then, the role of government in ginger marketing had reduced to a mere facilitator, rather than regulator.

Concluding Remarks

In spite of it being grown largely across the State, ginger market is still characterized by unorganized and non-transparent channels. It shows very complicated market channels with frequent intervention of intermediaries. Meanwhile, the state has been producing a very substantial quantity that it is, on an average, more than 30000 metric tonnes every year. However, prices remain uncertain and the producers have to take the risk of growing it. At the same time, market intervention scheme put in place by the state government for ginger in the past was found ineffective and had adverse impact upon the procurement prices that prevailed in the open market. This has further unequivocally aggravated farmer's distress. Considering these experiences, one can conclude that any attempt by the state government to directly interfere in markets is bound to fail.

Shortage of storage facilities has been another inhibiting factor towards the smooth flow of commodity market in the state. The farmers do not have the retaining capacity to wait for the coming of good marketing opportunities and to speculate prices in order to earn the profit of temporal price changes. In contrast, they have to dispose their produce as soon as they harvest it at whatever price and available channel. This would, in turn, adversely affect the prevailing market price which results in farmer's loss due to low procurement prices that they would not incur had basic storage facilities been in place for them. This is clearly reflected by the trend shown by ginger production and prices. While, the peak

harvesting period of ginger is December to March, prices tended to increase till the onset of monsoon season, May-June by which the farmers had to return to their cultivation fields. At the same time, the unsold commodity harvested would be spoiled by then. Proper storage facility to store the commodity for at least two months would greatly enhance the earnings of the farmers. Thus, a serious attention of the state government is invited to chalk out the strategy to encourage the practice of proper post-harvest treatment among the farmers and to create congenial environment for the entry of private investment in the processing and marketing of ginger.

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Level and Scale of Community Participation in Rural Tourism Development

S. K. Gupta*
Pankaj Kumar**

Abstract

The rural/village community who are rich in tradition and culture, cuisines, folk arts-crafts etc. are about to leave their inheritance. We can say that they are forced to leave it in search of job, money and recognition, as they are not getting reward with their traditional uniqueness. Most of the younger members of the village community are leaving the village in search of employment and improved standard of life. In order to sustain and preserve the uniqueness like traditional painting work, handicrafts making, dances, and other folk cultures of rural and real India, Ministry of Tourism, Government of India, in association with United Nation Development Programme (UNDP) started the rural tourism development project in 2003. Nepura village is one among them. This study is an attempt to assess the level and scale of community participation in rural tourism development in “Nepura village” situated on Buddhist Circuit in Bihar in India.

The initiative by UNDP to develop rural areas as a tourism destination around the world has resulted in the growth of alternative tourism at the major traditional tourist destinations and attractions which have substantially benefited the rural areas in terms of improved infrastructure, employment, per capita income, revival of lost tradition and heritage etc. which eventually have improved the lifestyle of the community members. This study reveals that tourism promotion has positively benefited, specially to the “Tanti community”, known for “Tussar Silk Weaving” and more or less to all the other communities in the village. In order to achieve the framed objectives of the study the opinion of the residents have been sought using structured questioners. Apart from the questionnaire method, informal personal interviews with the opinion leaders of the village were also carried out. The data collected from the field visits was analysed using statistical tools.

Keywords: - Nepura village, community based tourism, community participation, rural Tourism.

1. Introduction

Rural tourism include all those forms of tourism that showcase the rural life, art, culture and heritage at rural locations, subsequently benefiting the local community economically and socially as well as enabling interaction between the tourists and the host communities for more enriching tourism experience. Promotion of rural tourism helps in employment generation improves earning capacity, stop migration and provide better livelihood for the rural population. It also helps the inclusive development of remote and backward areas. The aims of rural tourism vary from the sustainability of environmental-social-cultural and economic to pro-poor tourism. The development of this form of sustainable form of tourism is always in the eyes of tourism organizations and tourism experts. During the first four years of the 11th Plan, almost half of the plan outlay of the Ministry of Tourism, Government of India was earmarked for rural tourism development and promotion. According to UNWTO, nearly 40% of international travelers are now considered cultural tourists, who visit destinations based on cultural heritage of a place – rural, ethnic and spiritual, factors. In India Ministry of Tourism, Government of India identified rural tourism as

*Professor, Centre for Mountain Tourism and Hospitality Studies, HNB Garhwal University, (A Central University), Srinagar (Garhwal), Uttarakhand, India. Email- sk_gupta21@yahoo.com

** Research Scholar, Centre for Mountain Tourism and Hospitality Studies, HNB Garhwal University, (A Central University), Srinagar (Garhwal), Uttarakhand, India. Email- Pankajmatm@gmail.com

one of the major sources for preserving heritage, generating employment and promoting sustainable livelihood in 10th five year plan. In Nepura, rural tourism project was launched in the year 2003 by Ministry of Tourism, Government of India in collaboration with UNDP 'Endogenous Tourism Project' by building and strengthening tourism livelihoods-linked capacities of local communities as a pilot project. The project also aimed at convergence of issues like sustainable livelihoods, gender equality, empowerment of women, youth and other disadvantaged sections of the community, and working towards cultural sensitivity and environmental sustainability. 31 rural tourism villages were selected in 20 states of India on the basis of survey, priority, unique culture, Arts & Crafts and the better location from the Mega tourism circuit like Buddhist Circuit: Nalanda-Rajgir-Bodhgaya. But due to lack of proper planning, policies and clear administration most of the rural tourism village sites identified are remained under developed and fails to achieve the aim set before. However the number of rural tourism villages increased. Since 2006-2007 in 10th five year plan, there were 103 rural tourism villages and there after 79 more rural tourism villages have been added till the last four years of 11th five year plan. Presently the number of rural tourism villages has reached up to 182. Without the formulation of clear goal and vision it would be a hard nut to crack to achieve the goals of rural tourism project and subsequently to achieve the sustainable development, preservation and conservation of culture, art & crafts, painting, folklore, dances etc. Without proper implementation of the policies and adequate promotion such destinations are not able to receive the expected number of tourist arrivals.

Rural tourism is in demand around the world among the tourists especially from the developed countries. But, in India, rural tourism destinations could not attract the required number of tourists due to the poor development at destination region in comparison to those of the developed world. One of the limitations of the current strategy is the sanctioning of rural tourism projects on stand-alone basis (one village in a tourism circuit). In the 12th five year plan, current strategy is proposed to be revised to pursue a cluster approach rather than stand-alone approach.

In order to develop Rural tourism more and more effectively and reviving the ancient Indian traditions and cultures, the Ministry of Tourism, Government of India has approached the idea of developing rural tourism through a Rural tourism cluster in its 12th five year plan. Under this approach of rural tourism development, a group of 5 to 7 villages has to be selected in a cluster. In this cluster, all these villages are selected and developed on the basis of having unique culture, ethnic arts and handicrafts, folklore, dances, and other significant traditions. Infrastructure and superstructure like inter connecting roads, power supply, home stay accommodation units, Gurukul (primary education center based on ancient education system), recreation centers and much more facilities for tourists as well as for local community have to be developed. Now this concept may help to promote India as an important tourist destination and will improve the social and economic sustainability of community.

1.1 The Study Area

Nepura village is situated at a distance of 12 km from Rajgir on the 'Buddhist circuit' in Bihar, in the vicinity of the famous ancient Nalanda University ruins (4km). The village "Nepura" is endowed with an abundance of rich artistic workmanship. This place came into prominence in 2003, when the Ministry of Tourism and Culture, Government of India, identified the potential of this village and made attempt to conserve the ancient form of weaving "Tussar Silk Weaving" practiced by a particular community 'Tanti Community' of this village and restoration of present generation of artisans. The goal is very clear from the perspective of carving out a niche in the International map. It is indeed important to mention that the predecessors of artisan's families were commissioned by then the king of Magadh dynasty. Now the sole dependence of the artisans is on sales of handicraft items to the tourists in open market.

Commercialization of this unique traditional artistic work has posed many consequences on the living pattern of the artisans. Engagement in production of handicraft items is the main option of deriving

incomes to sustain their rich traditional occupation. At the same time facilities and amenities developed to cater the demand of tourists is bringing the significant changes for the villagers beyond the artistic community in their occupational pattern. A ray of hope to get employment, alleviation of poverty, and improvement in their lifestyles has been possible for the community by the implementation of the project. The village is now provided with potable drinking water, proper drainage system, public utility services, internal concrete road connecting to National Highways, developing BunkarBhawan (Weaving House), Guest house, exhibition center, community hall and many more for the community as well as for the visitors. This rural tourism project has received a high degree of appreciation and support from the artisans as well as from the other community of this village.



Source: Nalanda on the move

Table 1: Status of the Study Area

No. of House holds	352 (Census 2001)
Population	25007 Male-1290 Female-1217
Existing community	15 more community along with Weaver’s community
Crops Grown	Wheat, Paddle, Pulse, Oil
Accommodation	Tourist Guest House, More accommodation are available in Rajgir and Bihar Sharrieff
NGOs	Pragati Bunkar, Anchal Mahila Swavalambi Sahkari Samiti
Fair & Festival	Chhath Puja, Malmas Mela, Rajgir Mahotsava
Types of Handicraft	Tussaer Katia, Mataka, Katia-Katia (high quality used for suits), Kosa-Tussaer-Tussaer-original quality for Saree, Masara Jay, Andi etc.

Source: Researcher’s compilation (primary survey)

The table-2 given below shows the tourist flow at major tourist sites which directly influence the tourist’s flow in the village..

Table 2: Domestic and Foreign Tourist Visit to the Major Buddhist Sites (Year 2001-2012)

SL.NO	PLACE	TOURIST	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	TOTAL
1	PATNA	DOMESTIC	1050148	592274	643657	1653378	1487940	2008647	718652	4306087	3575868	4162327	5778343	5090876	31068197
		FOREIGN	3442	2109	5222	3685	1856	3964	3835	3920	64974	21039	10380	15783	140209
2	GAYA	DOMESTIC	294387	723309	525932	2163882	1126003	1136725	1359258	4116695	5018295	4872097	5023259	5063171	31423013
		FOREIGN	6192	5883	2875	6188	4010	3338	2247	89552	98444	224733	254963	268832	967257
3	BODH GAYA	DOMESTIC	175980	94950	127990	153269	297155	464790	479860	745305	847731	832364	1006132	933153	6158679
		FOREIGN	30161	65270	25929	17115	37001	52917	120431	143880	137985	96103	293519	207933	1228244
4	RAJGIR	DOMESTIC	821911	624301	384075	564151	322559	348277	890612	777350	1064882	1971454	1341433	3700446	12811451
		FOREIGN	17631	16182	8459	3997	5491	10885	32572	85497	107006	130570	201137	373186	992613
5	NALANDA	DOMESTIC	0	0	0	0	0	0	0	0	0	255469	891799	934125	2081393
		FOREIGN	0	0	0	0	0	0	0	0	0	47773	177884	190162	415819
8	VAISHALI	DOMESTIC	202330	85084	63553	308004	233987	261223	226112	121227	46767	81004	63322	53276	1745889
		FOREIGN	15460	15065	11369	4229	8865	11461	9475	16709	8210	15600	29951	37533	183927
		FOREIGN	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: Department of Tourism, Govt. of Bihar, India.

2. Review of Literature

The importance of rural tourism for the rural community has been acknowledged widely (Budowski, 1976; ETB, 1988; Frederick, 1992; Grahn, 1991; Greffe, 1994; Lane, 1994a and Luloff et al., 1994). It has also been accepted more environment friendly than any traditional form of mass tourism and hence has been called as 'alternative', 'responsible', 'soft', 'good' (Wood and House, 1991) or 'neo' (Poon 1993) tourism. The benefits for practicing the rural tourism as a tourist have been discussed by (Newby, 1985; Nunez, 1989; Bramwell and Lane, 1993 and Sharpley, 1994). Various literatures like (Murphy, 1983, 1985; Haywood, 1988 and Woodley, 1993) describes rural tourism as community based sustainable tourism approach. Impacts of rural tourism can be found in the study of Ross (1992) and Lankford (1994). Regarding the role of host communities in tourism planning and its implementation, Woodley (1993) points out examples of successfully applied community-based tourism schemes which are relatively rare, perhaps as a result of many of the pitfalls inherent in the approach. This study is different in nature and tries to find the level and scale of community participation in the development of rural tourism project and arts and crafts conservation.

3. Objectives of the study

- To analyze the costs and benefits of community based tourism.
- To assess the level and scale of community participation in rural tourism.
- To find out the attitudes of community members toward the rural tourism development.

4. Methodology

The study is based on survey using structured questionnaire to know the perceptions of artisans and the other community members of the village Nepura on impact of the tourism and community involvement. The questionnaire was divided into five sections related to the demographic data, community attitude towards rural tourism development, various impacts of rural tourism development and willingness of the villagers to participate in tourism development. The questions were based on a 5 point Likert scale. An attempt was made to gain insights into quantitative aspects of the stakeholder's perceptions for drawing inferences on the objectives framed in the study. At least one member from each artisan family of this village was selected as respondent in order to cover the entire population directly benefited from rural tourism development. Data for the present study are collected during 2012. A total

number of 41 respondents have been surveyed during the field visit to study village. The data was computed with the help of SPSS package. The result obtained from the application of statistical methods, such as Mean and Standard Deviation the empirical study in a manner to which the hypothesis statements and significant levels are examined. The demographic profile of the sample population is presented in the following table.

Table 3: Demography of the Sample Population

.Demographic Factors	Number of Respondents	Percentage
Gender		
Male	31	75.6
Female	10	24.4
Age (years)		
20-30	11	26.82
31-40	14	34.14
More than 40	16	39.02
Marital Status		
Married	36	87.8
Unmarried	5	12.2
Education		
Graduation	2	4.9
Intermediate	8	19.5
Matric	15	36.6
Illiterate	16	39
Average Monthly Income(In Rs)		
0-6000	3	7.3
6000-7000	13	31.7
More than 7000	25	61

5. Analysis and Interpretation

The socio-economic aspect of poverty-stricken artisans largely depend upon the traditional “Tussar silk weaving” in the rural tourism village Nepura. After analyzing the result of the perceptions of the population, it is observed that the villagers have benefited by rural tourism project. A part from the directly involved artisan community, members of other communities residing in Nepura have started taking part in the tourism related small scale enterprises. Even after nearly 10 years of implementation of the “Endogenous Tourism Project” in the village Nepura, tourist flow has not been increased expectedly. But this project has benefited the community in many ways, like, development of infrastructure (road, electricity, drainage, community halls, Bunkar Bhawan, tourist guest house etc.) which has uplifted the life style of the Bunkar community as well the residents of other communities residing in the village., who are associated directly or indirectly with tourism or related business. Most of the respondents are annoyed with the lack of sufficient financial assistance by Government.

Table 4: Benefits of Rural Tourism on the Community

Benefits from rural tourism to the community							
	S.Disagree	Disagree	Neutral	Agree	S.Agree	Mean	Std.Deviation
Employment Generation	0 0%	0 0%	3 7.3%	27 65.9%	11 26.8%	4.20	.558
Restoration and promotion of local handicrafts	0 0%	1 2.4%	5 12.2%	30 73.2%	5 12.2%	3.95	.590
Increasing Awareness	0 0%	0 0%	5 12.2%	26 63.4%	10 24.4%	4.12	.600
Prevent Migration	0 0%	3 7.3%	4 9.8%	31 75.6%	3 7.3%	3.83	.667
Infrastructure Development	0 0%	0 0%	1 2.4%	6 14.6%	34 82.9%	4.80	.459
Upliftment in Lifestyle	0 0%	0 0%	10 24.4%	30 73.2%	1 2.4%	3.78	.475
Financial Assistance	0 0%	8 19.5%	13 31.7%	20 48.8%	0 0%	3.29	.782

The respondents have been asked about the benefits of tourism in terms of employment generation, restoration and promotion of Tussar silk weaving, increasing awareness, prevent migration, infrastructure development, upliftment in lifestyle and financial assistance. The project in this village has benefited mostly in terms of infrastructure development, employment generation, and increasing awareness about the uniqueness of the village for tourism. Most of the participated population is agree about restoration and promotion of handicrafts, preventing migration and upliftment in lifestyle. On account of provision of sufficient financial assistance by the government institutions most of the population is neither satisfied nor dissatisfied, which discourages the artisans to opt the handicraft business.

Table 5: Level and Scale of Community Participation

The village should have community participation for the							
	S.Disagree	Disagree	Neutral	Agree	S.Agree	Mean	Std.Deviation
Preservation of Culture	0 0%	0 0%	3 7.3%	27 65.9%	11 26.8%	4.20	.558
High Sale of Product	0 0%	21 51.2%	11 26.8%	8 19.5%	1 2.4%	2.73	.867
Development of More Artisans	0 0%	20 48.8%	9 22.0%	10 24.4%	2 4.9%	2.85	.963
Participation in National Exhibition	0 0%	0 0%	1 2.4%	27 65.9%	13 31.7%	4.29	.512
Development of etiquettes/soft skills	1 2.4%	27 65.9%	9 22.0%	2 4.9%	2 4.9%	2.44	.838
Organizing Cultural Shows	0 0%	2 4.9%	4 9.8%	31 75.6%	4 9.8%	3.90	.625
Increasing Reliability and Authenticity	0 0%	1 2.4%	10 24.4%	22 53.7%	8 19.5%	3.90	.735
Visitor Satisfaction	0 0%	2 4.9%	11 26.8%	25 61.0%	3 7.3%	3.71	.680
Sharing of common resources	0 0%	0 0%	13 31.7%	20 48.8%	8 19.5%	3.88	.714
Maintain Lodging and Fooding	0 0%	1 2.4%	4 9.8%	11 26.8%	25 61.0%	4.46	.778

Most of the population in the schedule wants to have support of Government or any expert agency for the high sale of product, involvement of new entrepreneurs and skills enhancement for the people of the region. The population is agreed that there should be community participation for the preservation of culture, participation in national and international exhibition and to maintain lodging and fooding along with Government's financial assistance. For organizing cultural shows, increasing reliability and authenticity of handicraft items and in order to foster the visitor's satisfaction people are neither agree nor disagree for their dependence only.

Table 6: Reasons for Problem in Community Participation

The village lacks the overwhelming community participation due to							
	S.Disagree	Disagree	Neutral	Agree	S.Agree	Mean	Std.Deviation
Division of family	0 0%	8 19.5%	21 51.2%	11 26.8%	1 2.4%	3.12	.748
Absence of Self help Group	0 0%	31 75.6%	5 12.2%	5 12.2%	0 0%	2.37	.698
Illiteracy and Ignorance	0 0%	0 0%	3 7.3%	16 39.0%	22 53.7%	4.46	.636
More Migration for Employment	1 2.4%	27 65.9%	9 22.0%	4 9.8%	0 0%	2.39	.703
Lack of Financial Assistance	0 0%	0 0%	0 0%	20 48.8%	21 51.2%	4.51	.506
Low Income from profession	0 0%	3 7.3%	8 19.5%	25 61.0%	5 12.2%	3.78	.759

Due to division of family the village lacks the overwhelming community participation. Majority of the respondents are either disagree or neutral about the absence of self help group (SHG) as reason for lacking for the development and promotion of the rural tourism project. People also think that it has hardly affected the migration to other cities for the employment. They think that they transfer their skills to the next generation to pursue it as an important source of income. They complain about the lacking of financial assistance.

Table 7: Reasons for Low Income in Handicrafts

The income generated through the sale of the handicrafts is reduced due to							
	S.Disagree	Disagree	Neutral	Agree	S.Agree	Mean	Std.Deviation
High pricing tag	2 4.9%	24 58.5%	8 19.5%	7 17.1%	0 0%	2.49	.840
Dearth of salesman skill	0 0%	1 2.4%	1 2.4%	28 68.3%	11 26.8%	4.20	.601
Lack of knowledge to coordinate	0 0%	2 4.9%	0 0%	23 56.1%	16 39.0%	4.29	.716
Lack of community participation for HRD	0 0%	3 7.3%	22 53.7%	15 36.6%	1 2.4%	3.34	.656
Lack of promotion	0 0%	14 34.1%	19 46.3%	7 17.1%	1 2.4%	2.88	.781

High pricing tag is not a concern to the community or artisans. It is not affecting the sale of handicrafts as their products are affordable for medium to high income group tourists the price is reasonable if we compare the price with quality and hard work. The respondents believe that they are lacking in selling skill, knowledge to coordinate with the marketer, promotion and community participation for human resource development for their business, which might be affecting them to generate high income from the handicraft profession.

Table 8: Reasons for Underdevelopment of Rural Tourism

The Rural tourism development and tourists flow is affected because of							
	S.Disagree	Disagree	Neutral	Agree	S.Agree	Mean	Std.Deviation
Lack of sufficient transport connectivity	25 61.0%	13 31.7%	2 4.9%	0 0%	1 2.4%	1.51	.810
Lack of sufficient accommodation	0 0%	0 0%	0 0%	18 43.9%	23 56.1%	4.56	.502
Lack of financial assistance by Government.	0 0%	1 2.4%	3 7.3%	28 68.3%	9 22.0%	4.10	.625
Lack of investment by NGO-SHG	1 2.4%	24 58.5%	7 17.1%	7 17.1%	2 4.9%	2.63	.968
Lack of community interest	16 39.0%	16 39.0%	9 22.0%	0 0%	0 0%	1.83	.771
Lack of participation in policy planning	0 0%	3 7.3%	8 19.5%	27 65.9%	3 7.3%	3.73	.708

As the destination is well connected with rail, road or air because of their location near to the one of the famous Buddhist sites and centre for famous ancient centre for learning ‘Nalanda University’ and Rajgir, the places associated with Lord Buddha. This village is also birthplace of ‘Sariputta’ disciple of Lord Buddha. Community is also very much motivated for the touristic activity and they always welcome to the tourists from abroad as well as Indians. If the tourism or the development of the community is affected, we can say that these are because of lacking of accommodation in the village, financial investment by government and NGOs and lack of their participation in the policy-planning developed for them.

6. Conclusion

The rural areas support a variety of demands of tourists of the modern age. The tourists, who are demanding an ethnic, unspoiled and natural environment have raised a ray of hope for the development of local community. The Nepura community exhibits rich cultural heritage characterized by vibrant traditions, rich culinary delight, lively folk and unmatched art & craft but due to lack in dearth of promotion of cultural assets, low income potential and poor government policies, artisans are losing interest to sustain their heritage. The study reveals that the development of tourism project in the study area has decreased the migration of people to cities for irregular employment purposes. The initiative by UNDP to develop rural areas as a tourism destination around the world has not only increased the tourist traffic to these tourist destinations and attractions, but also benefited the rural areas in terms of improved infrastructure, increased employment and per capita income, revival of traditions and traditional lifestyle etc . The study reveals that the project started in 2003 in village “Nepura” has benefitted to the artisan community as well as to the people of other communities of the village. The “Tanti community” involved in the traditional weaving work “Tussar Silk Weaving” are the main beneficiary. The people of other communities have also realized the potential benefits of the rural tourism. The researcher found that women of one major populated community of this village named ‘Bhumihar community’, have adopted one of the traditional “Sujani work” on professional level. Some women of the other communities are getting involved in the more artistic work on the Tussar clothes. Men are also getting employment in terms of marketing of these products, and other development works related to this project. This village has vast potential for farm tourism, agriculture tourism, and others through development and sustainable management of existing resources of the village. This alternative and sustainable form of tourism has now been accepted globally and the world has taken it seriously as a major engine for the development of the rural and their community. The efforts towards the development of rural tourism cluster approach by the government of India in its 12th five year plan (2012-17) is the one

of the indicators.

The results of the study also show that, if the tourism is promoted in rural area, it will benefit the community socially and economically in terms of increased employment opportunities, improved living standards, preservation and conservation of social and cultural value, equitable distribution of socio-economic benefits among the entire communities, economic and social upliftment of women and increased number of visitors. According to the study it has been felt that, there is need of more promotion of the destination around the world and specially in the Buddhist countries, because of its location near to Buddhist sites in Bihar. It also requires more focus for increase in length of stay of tourists in the village by capacitating the community in terms of arranging 'home stay accommodation' and cultural shows for tourists.

The research raises issue towards the extent of sustainability of the project. As the importance of community participation has been widely acknowledged around the world, this project also require integrated community approach for the development of infrastructure and superstructure, deciding the carrying capacity at the destination, and the conservation and sustainable use of rural resources. The research shows that the project can be more effective, if participation of the local community in the decision making and implementation of the project is cared utmost.

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Measuring the Effectiveness of Online Advertisement in Recalling a Product: An Empirical Study

D. S. Chaubey*,
L. S. Sharma**
& Mayank Pant***

Abstract:

There has been a tremendous increase in Internet penetration in India during the past 10 years, things for which there was a whole day invested can now be done in few clicks thanks to the power of Internet. Looking at the immense opportunity, companies have made this a good platform to advertise. This paper studies the various online advertisement variables that motivate consumers to recall online advertisements. A quantitative approach was used to collect data from over 1000 respondents. The respondents were filtered and 413 (41 percent) respondents were selected on the basis of the predefined parameters. Several other factors along with their effectiveness were examined. The results discovered that Animated advertisement and Banner plain text make online advertisements is a very effective tool in motivating consumers in recalling online advertisements and eventually making business transactions. The research concluded that Embedded Video, Floating Advertisement and Pop up advertisement are not as effective as Animated advertisement and Banner plain text. From this research study various useful tools have been identified for consumer and business owner.

Keywords: Floating advertising, Animated advertising, Online advertising, Banner

Introduction

Over the past five years, advertising budgets allocated to internet media have grown spectacularly. In 2012, the internet will represent 26% of total advertising expenditure worldwide and this figure could reach 31% in the next four years. This growth is significantly fuelled by search and “performance” tools (affiliate marketing, email, comparison websites, etc.), although display advertising continues to represent a large portion of online budgets (49% in 2010 and 45% in 2012). Two trends are driving this boom (i) an increase in Web usage which strengthens the internet’s role in providing recommendations and preparing consumers to make purchases and recommendations (ii) developments in targeted advertising formats and techniques which help shape more communicative and relevant online campaigns.

In today’s cut throat competition, the emphasis is on, price reduction and all companies are trying to reduce cost by whatever means possible. It is however fair to say that online advertising play an important role. The growing area of interactive advertising presents new challenges for advertisers to motivate customer. Online advertising passes several benefits like it increases efficiency, reduces costs, provides more flexibility and as a global medium. The internet enables buyers and sellers to

*Dean, Research and Studies, Uttarakhand University, Dehradun, Uttarakhand, India. Email-chaubeyds@yahoo.com

** Associate Professor, Department of Management, Mizoram University, Aizawl, Mizoram, India. Email- lsksharma@gmail.com

***Assistant Professor, Institute of Cooperative Management, Dehradun, Uttarakhand. Email : pant_m@yahoo.com

interact and manage business transactions 24 X 7. The endorsement of online sales and advertising revenue has growth significantly. From the buyer's perspective, the restrictions include the inability to touch, smell, taste and trial of tangible goods before making an online purchase. A recent survey of 410 marketing executives suggests that insufficient ability to measure impact, a lack of internal capability, and difficulty convincing senior management as the top three barriers to entry for large companies looking to market online. However, as advertisers increase and shift to online, it is now overtaking radio advertisement in terms of market share (Clark, 2002). The objective of this research was to study the type advertising and factors that motivate consumer recall of online advertisements

Review of Literature

Immense amount of efficient strategies are needed for reaching customers in online advertising. These strategies include personalization, integration with multimedia and real-time interactions. It is also a fact that the largest revenue arises within Internet advertising are generated through display-based and search-based advertising. The user's search engine queries determines which advertisement are to be displayed. Revenue on the basis of search-based advertising accounted for about \$8.1 billion in 2011, 51% of the total advertising Internet advertising revenue. Google followed by Yahoo and Bing are the leaders in search based advertising market (Goldberg & Gorn).

Malte Brettel, and Andrea Spilker-Attig, in their work on Online advertising effectiveness studied a cross-cultural comparison of the effectiveness of internet advertising in the USA and France by analyzing a real data sample with more than 1.2 million transactions using partial least squares and structural equation modeling. It was found that on-demand channels have a stronger effect on short-term success than push-channels and that this effect is strongly moderated by the culture. It is recommended that spending and efforts in the various advertising channels be adjusted to reflect the product offered and the customers to whom it is offered, as customers in both countries should be targeted by advertising in different ways.

Peter J. Danaher and Guy W. Mullarkey have published their research article entitled "Factors Affecting Online Advertising Recall : A Study of Students". In this research he examine factors that might impact on web advertising recall and recognition. These factors include the viewing mode, duration of page viewing, and web page context factors, including text and page background complexity and the style of the banner advertisement. It was found that the longer a person is exposed to a web page containing a banner advertisement, the more likely they are to remember that banner advertisement. We also find that recognition scores are much higher than both unaided and aided recall scores.

Novak and Hoffman (1996) empirical evidence suggests that consumers respond to much of the advertising on the Internet in the same ways as they respond to advertising in traditional media, at least with respect to traditional measures of advertising effectiveness. Internet and other interactive media like television have been more powerful, responsive, and customizable than traditional media (Port, 1999).

Drèze and Hussherr (1999) found response to the advertising on the internet to be similar to response to advertising in other media, except that advertising on the internet appeared to be easier to ignore. By Caroline Cartellieri et.al. The Internet has as big impact on advertising as radio and television, it is just another emerging niche medium with some peculiar creative capabilities and constraints

Similarly, Lynch and Ariely (2000) found that consumers are less price sensitive when providers on the internet offer different rather than identical products, a finding that directly parallels findings in more traditional retail settings. Dreze (1998) considered internet advertising as a viable alternative to traditional media, reach and frequency are used as the standard measures for online ad effectiveness.

Consumers have direct control over web based advertisements on what ads, when, where, and how long they would like to see them (Gallagher et. al., 2001). Strangelove (1994) documented several ad formats, including electronic mailing lists, usenet newsgroups, signature files, free electronic newsletters, software samples, electronic brochures, and storefronts on the web. Bush and Harris (1998) continue to show that the number one barrier to online advertising continues to be no proof of ROI or other measure of effectiveness.

Palanisamy and Wong (2003) found a positive relationship between online consumer expectations and web-based banner ad effectiveness. Online advertising can be an effective branding vehicle that could provide marketers with powerful communication tools the web can present information in numerous ways including text, images, videos, and sound and therefore, is a flexible medium. The marketplace is changing and it has been shifting towards online shopping, and virtual market businesses. Due to the changes in the environmental trend, the online business has to focus more on web-based advertisement

Qimei Chen and William D. Wells (1999) develop and present a reliable and valid scale that measures attitude toward a website. They then develop and present additional scales that provide more detailed information Laurent Flores (2007), highlighted his findings in the light of internet advertising consumer model to understand the value of different formats (such as banners, banners with daughter window, shared real estates, and interstitials) of sponsorship and broadband advertising.

According to Preston (1985), the perfect advertising effectiveness measure should be related to the actual behavior. Most concrete measure of interactivity is looking at users' actual behavior of interactions, e.g., clicking, searching, book marking, etc.

Briggs and Stipp (2000), share learning accumulated on the effectiveness of different types of ad formats. internet advertising is a commercial communication intended to generate a response over time. A better understanding of the function of Internet advertising will not only help the development and use of various Internet advertising formats but also assist the effective integration of both traditional and internet advertising in marketing campaigns.

Rodgers and Thorson (2000) draw a similar distinction in their Internet Advertising Model. A primary element of their model designed is to explain the communication process consumers follow in relation to messages on the internet, is that some of these processes are "advertiser- controlled," while others are "consumer- controlled." According Pavlov and Stewart (2000), the measurement of advertising effectiveness can be thought of in terms of two distinct aspects one 'Process Control' and another was 'Results'. These two sets can be thought of as different but also complementary in their focus. Control process measures concern primarily media choice, information search, and the attention. Results measures concern the outcomes of consumers having been exposed to messages. Advertising effectiveness is a large part of any marketing campaign; and the marketers need to know if their advertisements have affected their target audience. If the campaign can actually reached the targeted audience then the benefits would be immense.

Anandam P. Kavoori and Kalyani Chadha (2001) studied the future of the internet in the developing world by exploring the discourse of advertising. On the basis of a visual analysis from records of New Delhi and newspapers and magazines, the study concluded that a rethinking is required for online

advertising in developing world. It argues that the advertisement themes used in online advertisement used a vision of the future of internet which defies the issues of linguistic hegemony, technological innovations, a consumerist culture, support of sexism and class. The study suggests that the future of internet technology in the developing world is intimately connected with the issues of global capitalism and cultural hegemony.

Objectives and Research Methodology

Penetration of online advertising in Indian market and its prevailing trends in web usage, online video, social networking. Today, the Indian online population currently ranks as the 3rd largest in the world after China and the U.S. most of the internet users under the age of 35, India has the youngest skewing online population among BRIC countries. It is also indicated in some of the study that Across all age and gender groups, Women between the ages of 35-44 are the heaviest internet users in the Indian market.. in spite of large customer base, the customers inclination towards on line advertising and its influence in online purchase is low. The question, then, is what should be done by web advertisers, to make Indian consumers patronize products and services seen on the internet. With this in mind present research work is taken up with the objectives to:

- i). Find out the consumer attitude towards online advertising.
- ii). Identify the factor of online advertising that make customer to recall the product advertised.
- iii). Find out the ability of online advertising of product in building the recalling ability of customers and influencing the purchase pattern.

To achieve the above stated objectives survey method was used by which data is collected within the region of Dehradun (Uttarakhand). The questionnaire consists of various recall online advertising factors as well as socio-demographic variables such as age, gender and income. These questions in the survey were weighted as a four-point scale (strongly disagree, agree, disagree, and strongly agree) as well as a five-point scale (very important, important, moderately important, not so important, and unimportant). In order to validate the data, participants were asked whether online advertisement had anything to do with their online purchasing. The following Table No. 1 shows that the majority of the participants who purchased a product or service online were significantly influenced by the online advertisement. Applying data-driven and quantitative approach, the data was collected from participants and tabulated as it is shown in the following table 1.

For preparing the demographic profile of the respondents, the questionnaire was queried for the participants' age, gender, income, marital status, education level and occupation. The table shows that the most active group are in the age group of Upto 20 -30 years followed by 41 to 50 years. The survey indicates that majority of the respondents are male category. Out of 431 respondents surveyed percentage of Married respondents were 54.3% and Unmarried respondents were 45.7%. In terms of education qualification of the online buyers it was found that Upto Intermediate were 29% followed by Upto matric, Upto graduation and Post graduate and other qualification. All in all Education Qualification frequency distribution is averaging 25% as evident from the above table. Maximum respondents were recorded from group whose income were Upto Rs 15000 pm averaging 34.1% followed by 27.8% respondents whose salary was between 15000 to 25000 pm and 13.9% respondents were under 25000 to 35000 pm and lastly 7.7% respondents having income above 50000 pm. Out of 431

respondents surveyed students were the maximum with 46.2% followed by service class aggregating 31.3% and professionals, business and others scoring 10.9, 6.5 and 5.1 percent respectively.

Table No. 1. Demographic Profile of the Respondents

	<i>Category</i>	<i>Count</i>	<i>Percentage</i>
Age	upto 20 Years	40	9.3
	20 to30 Years	158	36.7
	31to 40 years	99	23.0
	41 to 50 years	103	23.9
	above 50 years	31	7.2
Gender	Male	348	80.7
	Female	83	19.3
Marital Status	Unmarried	197	45.7
	Married	234	54.3
Education level	Upto Matric	106	24.6
	Upto Intermediate	125	29.0
	Upto Graduation	99	23.0
	Post Graduate and other qualification	101	23.4
Income	Upto Rs15000PM	147	34.1
	Rs.150000 to Rs25000PM	120	27.8
	Rs.25000PM to Rs.35000 PM	60	13.9
	Rs. 35000-Rs50000PM	71	16.5
	above Rs50000PM	33	7.7
Occupation	Students	199	46.2
	Business	28	6.5
	Service	135	31.3
	Professionals	47	10.9
	Other	22	5.1

Table No. 2. Online Advertisement have anything to do with your Online purchasing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	258	59.9	59.9	59.9
	No	173	40.1	40.1	100.0
	Total	431	100.0	100.0	

As seen in the above table there seems to be not much of an impact of Online Advertisement on Online purchasing as 60% responded Yes (meaning that Online Advertisement have an impact on Online purchasing) and almost equal amount of respondents 40.1% feel that online advertising does not play an important role in online purchasing.

Table No. 3. Recall of Online Advertisement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	356	82.6	82.6	82.6
	No	75	17.4	17.4	100.0
	Total	431	100.0	100.0	

Recall of Online Advertisement was an important question in our research and the results were quite satisfactory as upper limit of Yes criteria outshined the No criteria as evident from the above table out of 431 respondents 82.6% respondents said Yes and only 17.4% said No to Recall of Online Advertisement.

Table No. 4. Influence of online advertisement in online purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To a great extent	73	16.9	16.9	16.9
	To some extent	202	46.9	46.9	63.8
	To a considerable extent	101	23.4	23.4	87.2
	To a little extent	32	7.4	7.4	94.7
	Not at all	23	5.3	5.3	100.0
	Total	431	100.0	100.0	

Influence of online advertisement in online purchase showed that 46.9% respondents said To some extent followed by 23.4% respondents answered To a considerable extent and 16.9% said To a great extent and 7.4% answered To a little extent and finally 5.3% said Not at all to the question.

Table No. 5. Descriptive Analysis of online purchase

	N	Mean	Std. Devia
Online Advertisement motivate me and enhance my ability to recall product or services advertised on line	431	4.10	.889
Celebrity engaged in online advertisement increases my ability to recall online advertisement of product or services.	431	3.60	1.040
Humorous use of online advertisement increases my ability to recall online advertisement of product or services.	431	3.18	.911
Value associated with the product in online advertisement increases my ability to recall online advertisement of product or services.	431	3.20	1.181
background music in online advertisement increases my ability to recall online advertisement of product or services.	431	3.22	1.092
embedded video used in online advertisement increases my ability to recall online advertisement of product or services.	431	3.392 1	.9677 8
Valid N (listwise)	431		

Mean and standard deviation calculated in the above table indicates that Online Advertisement motivate me and enhance my ability to recall product or services advertised on line as it scored highest mean of 4.10. it was followed by Celebrity engaged in online advertisement increases my ability to recall online advertisement of product or services that scored mean of 3.60. However Value associated with the product in online advertisement increases my ability to recall online advertisement of product or services has scored highest SD of 1.181 that indicates respondents view is heterogeneous.

One way ANOVA was carried out to test the hypothesis whether the mean of various online advertising factors influencing customers advertisement recall differ significantly across the age of respondents, for this null hypothesis was assumed mean of various online advertising factors influencing customers advertisement recall does not differ significantly across the age of respondents.

Table No. 6. One way ANOVA with Age of Respondents

		Sum of Squares	df	Mean Square	F	Sig.
Online Advertisement motivate me and enhance my ability to recall product or services advertised on line	Between Groups	37.621	4	9.405	13.254	.000
	Within Groups	302.287	426	.710		
	Total	339.907	430			
Celebrity engaged in online advertisement increases my ability to recall online advertisement of product or services.	Between Groups	2.643	4	.661	.609	.657
	Within Groups	462.512	426	1.086		
	Total	465.155	430			
Humorous use of online advertisement increases my ability to recall online advertisement of product or services.	Between Groups	17.467	4	4.367	5.475	.000
	Within Groups	339.777	426	.798		
	Total	357.244	430			
Value associated with the product in online advertisement increases my ability to recall online advertisement of product or services.	Between Groups	67.742	4	16.936	13.554	.000
	Within Groups	532.290	426	1.250		
	Total	600.032	430			
background music in online advertisement increases my ability to recall online advertisement of product or services.	Between Groups	18.638	4	4.660	4.016	.003
	Within Groups	494.295	426	1.160		
	Total	512.933	430			
embedded video used in online advertisement increases my ability to recall online advertisement of product or services.	Between Groups	21.345	4	5.336	5.960	.000
	Within Groups	381.388	426	.895		
	Total	402.733	430			

The above Table no. 6 shows the calculated value of F is lesser than the tabulated value of F (2.37) at ($p < 0.05$) level of significance in the case factors like Celebrity engaged in online advertisement increases my ability to recall online. thus null hypothesis is accepted indicating that mean of various online advertising factors influencing customers advertisement recall does not differ significantly across the age of respondents.. However null hypothesis is rejected in case of all other factor listed in the table. and it is inferred that that mean of various online advertising factors influencing customers advertisement recall differ significantly across the age of respondents.

Table No. 7. Advertisement making more recalling

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Animated advertisement	177	41.1	41.1	41.1
	Banner plain text	189	43.9	43.9	84.9
	Embedded video	18	4.2	4.2	89.1
	Floating Advertisement	28	6.5	6.5	95.6
	Pop up advertisement	19	4.4	4.4	100.0
	Total	431	100.0	100.0	

This was an important question for the research as it aims to bring out which technique will be most important for online recalling for a product or service and the result were as follows there was a close association between Animated advertisement and Banner plain text followed by Floating Advertisement Pop up Advertisement and Embedded video.

Table No. 8. Price in recalling online product or services advertisement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important at all	128	29.7	29.7	29.7
	Little important	105	24.4	24.4	54.1
	Moderately Important	155	36.0	36.0	90.0
	Important	23	5.3	5.3	95.4
	Very Important	20	4.6	4.6	100.0
	Total	431	100.0	100.0	

As evident from the above table it is clear that Price of the product or service in recalling online product or service advertisement is Moderately important for 36% respondents and Not important at all for 29.7% followed by Little important 24.4% and very important 4.6% and finally Important 5.3%. So we can conclude that Price of the product or service in recalling online product or service advertisement is not important for people.

Table No. 9. Usefulness as an attribute in recalling online product or services advertisement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important at all	35	8.1	8.1	8.1
	Little important	272	63.1	63.1	71.2
	Moderately Important	20	4.6	4.6	75.9
	Important	84	19.5	19.5	95.4
	Very Important	20	4.6	4.6	100.0
	Total	431	100.0	100.0	

This question aims to bring out the usefulness of the product or service in recalling online product or service advertisement and the results were 63.1% respondents said Little important and 19.5% said Important followed by 8.1% not important at all and a tie between Moderately important and Very Important 4.6%.

Conclusions and Suggestions

It can be concluded that Online Advertising if implemented properly can be an effective tool. The new technologies have paved the way to a new era of interactivity and creativity. There are a variety of factors to be considered for Internet advertising that one can use to drive a potential customer to the website. The factors like consumers, products, technology and media are to be given utmost importance. The motivating factors which affect decision making for purchase can be analysed through the collected data. The study looked into the most effective factors which played an important role customer decision. The important factors found were the usefulness of the product as majority of the respondent recall the advertisement because of its necessity and usefulness. Prices of the product displayed online also influence a lot of customer to recall the advertisement. Analysis indicates that there was a close association between Animated advertisement and Banner plain text followed by Floating Advertisement Pop up Advertisement and Embedded video. It is also significant to note that online advertisement is considered important to majority of the respondents and majority of the respondents are of the opinion that they recall the product by seeing the advertising of the product online. The study also found that there are several factors that motivate consumers' ability to recall online advertisements. The study showed sufficient evidence that the respondents agreed that embedded video advertisement has high recollection ability. The study is concluded with the finding that advertisers need to advertise their product or service on the basis of the needs and wants of the consumers. Among the various modes of online advertisement viz., Banner advertisement, floating advertisement, pop-up advertisement, and music advertisements are not as effective as embedded video advertisement.

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