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EDITORIAL

Happy Diwali to all of you. It gives me immense pleasure to present before you Vol –VI, No-1 of Business Spectrum, the e-journal of IAA Midnapore Branch. This issue contains four articles by researchers and academicians on diverse issues relating to Business.

Mahua Bhattacharya and Paromita Dutta in their article on **"Restructuring Strategies of Regional Rural Banks (RRBs) of West Bengal: An Empirical Study"** had mentioned that investments and liquidity has a significant influence on the performance of RRBs whereas loans and advances and net income of sponsor banks are not significantly explaining the performance of RRBs.GOI is making various efforts to improve the performance of RRBs by infusing fresh capital, by allowing RRBs to lend commercial projects, consortium finance, foreign currency, insurance business on referral basis.

Siddhartha Shankar Pradhan and Tushar Kanti Das in their article on ***"Effectiveness* of HRM practices in cement industries: A study in Western Odisha"** had mentioned that globalisation has made the Indian labour market more competitive. There is a scarcity of "Dignity of Labour" in India.

Biswajit Paul in his article on **"Present changing scenario of financial inclusion in West Bengal: An overview"** had mentioned that the Reserve Bank of India has designed specific schemes for broadening the access of rural credit to the rural poor. The social banking concept had mixed results in India as even after strong efforts, the problem of financial exclusion still prevails in India. Government of India along with the Central Bank has come up with a number of specific schemes for a balanced financial inclusion for the whole country.

Anupam Karmakar, in his article on **"Working wives' behaviour in family purchase decision making-a study based on Kolkata",** had mentioned that working wives had a dominant influence in the primary stage of the decision-making process in case of grocery products i.e. identifying the need for a product (When to buy). The later stages of the purchase decision-making was mainly dominated by their husbands i.e. how much to spend and where to buy. The young and middle aged working wives are highly interested, involved and face low conflict in family purchase decision-making due to their financial empowerment. The study conclude that there seems to be a general trend towards more joint decision making

Before I end, I thank the paper–writers, reviewers, Desk Editor and Executive Editor for their cooperation in bringing out this issue of Business Spectrum.

Samir Ghosh

RESTRUCTURING STRATEGIES OF REGIONAL RURAL BANKS (RRBs) OF WEST BENGAL: AN EMPIRICAL STUDY

Mahua Bhattacharya[1], Paromita Dutta[2]

Abstract

Regional Rural Banks (RRBs) are the banking organizations formed and operated as notified by Government of India covering one or more districts to cater the needs of rural and semi-urban people by granting loans and advances to small and marginal farmers, agricultural labourers and rural artisans. Financial viability of RRBs is a matter of concern since 1980s, five years after their formation. In this paper, we have tried to find out whether the past performance is having an effect on the future viability of the RRBs and for that we have divided the entire study period into 7yrs pre amalgamation and 8yrs post amalgamation and analyse factors influencing the performance of RRBs such as Loans and Advances to Total Assets, Investments to Total Assets, Liquidity to Total Assets and Net Income of Sponsor Banks to Total Assets. In this study, we have conducted panel data regression to examine whether the independent variables are significant enough to explain the dependent variable i.e., Net Income to Total Assets of RRBs. This study concludes that the RRBs are individual invariant but varies across time because they are having same formation structure, same restructuring pattern and common set of rules and regulations.

***Key Words**:* Regional Rural Banks, Restructuring Strategies, Panel Data Regression, Fixed Effect, Random Effect, Hausman Test.

JEL: **G21**

Introduction

Regional Rural Banks are playing an active role in financing the weaker sections of the society in the rural areas and inculcating banking habit among the rural masses (Kalkundrikar, 1990). In June 1975, then Prime Minister Mrs. Gandhi announced the economic programme which among other things aimed at providing institutional credit to landless labourers, rural artisans and small and marginal farmers to liquidate rural indebtedness of those classes of people. A Working Group appointed by the Government of India under the chairmanship of M. Narashimham examined the question in detail and the Regional Rural Banks Ordinance was promulgated by the President on 26th September, 1975 and came into force with immediate effect. Accordingly, Syndicate Bank was called upon to set up the first Regional Rural Bank in the country in the name of "Prathama Bank" in Moradabad district of Uttar Pradesh in October 2nd, 1975 (Agarwal, 1991) which viewed as a unique experiment in improving the efficiency of rural credit delivery mechanism in India. The Narasimham Committee conceptualized the formation of RRBs in 1975, with joint

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sponsorships of Central Government, concerned State Government and Sponsor Banks in 50:15:35 to address the rural problem with a great level of professionalism and to develop the rural economy by providing credit to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. A remarkable progress in their performance in the last three decades can be the increased number of branches in the rural areas. Given the multi agency share holding, the research paper makes an attempt to analyze those factors that influence the performance of the RRBs and the role played by sponsor bank in a broader scenario.

The financial viability of RRBs has engaged the attention of policy makers from time to time. Larger the number of persons served by a bank lesser is the intensity of banking service. Bank-investment will varies according to the variation in the density of population and degree of urbanization. Areas where the service of commercial banking is least intensive the need for RRBs in those areas is more. But due to lack of manpower planning, lack of proper economic and financial planning, bad recovery performance RRBs were making losses rigorously (Sinha Roy, 1994). It was recommended that small and uneconomic RRBs should be merged in the interest of economic viability. The objective of serving weaker section of the society can only be possible through self sustaining credit institutions. The Committee on Restructuring of RRBs identified 49RRBs for comprehensive restructuring (Bhandari Committee, 1994). The Expert Group on RRBs held the view that the weak RRBs should be viewed separately and liquidation of those should be considered. They might be merged with nearby RRBs (Thingalaya Committee, 1997). According to (Chalapathy Rao Committee, 2003) the entire system of RRBs may be consolidated while retaining the regional character of the institutions. The Group of CMDs of Select Public Sector Banks recommended the amalgamation of RRBs on regional basis into six commercial banks- one each for Northern, Southern, Eastern, Western and North-Eastern regions (Purwar Committee, 2004). Another committee was formed under the chairmanship of A.V Sardesai in the year 2005. It suggested that merger or amalgamation is the effective route to improve the operational viability of RRBs by taking into account the views of various stakeholders. But merging RRBs with the sponsor banks will go against the spirit of setting up the new RRBs as local entities and providing credit facilities to the rural masses. Therefore, many probing issues came up like the sponsor banks should be more accountable for the weaker RRBs or change in sponsor banks may sometimes improve the performance of RRBs. Therefore, a host of options have suggested starting with vertical merger (with sponsor banks), horizontal merger (among RRBs operating in a particular region). All these issues fall under broad questions that what are the important factors which drives the performance of RRBs. Therefore, in 2007, The Government of India (GOI) in consultation with the sponsor banks (mostly public sector banks) and National Bank for Agriculture and Rural Development (NABARD) took a decision to amalgamate the RRBs. The process of amalgamation started in September, 2005 and continued upto March, 2008. 145 out of 196 RRBs amalgamated to form new 45 RRBs by March, 2007. Therefore, in this process, on 21.2.2007, 5 RRBs of West Bengal such as Mallabhum Gramin Bank, Gaur Gramin Bank, Murshidabad Gramin Bank, Nadia Gramin Bank and Sagar Gramin Bank amalgamated to form Bangiya Gramin Vikash Bank and 3 RRBs such as Howrah Gramin Bank, Bardhaman Gramin Bank and Mayurakshi Gramin Bank are amalgamated to form Paschim Banga Gramin Bank to improve the operational

viability, cost effectiveness, productivity per staffs, the number of branches and the economies of scale.

Therefore, RRBs that has a rural focus, on the other side commercial banks are operating with commercial orientation. The study highlights two set of factors that has a bearing on performance of RRBs those are internal and external factors. Internal factors emerges from Balance Sheet and Profit and Loss Account of the bank that are often termed as bank specific determinants of profitability whereas external determinants are economic forces which conditions the operations and performance of financial institutions (Haslem, 1968). The economic forces can be inflation, interest rates, cyclical output and variables that represent market characteristics such as market concentration, industry size and ownership status. The main reason behind merger or amalgamation of RRBs is low earning capacity, restricted operations to target group, large number of defaulters, increased cost of operations due increase in the salary structure of the employees in line with the salary structure of the employees of commercial banks, following same methods of operations and procedures as followed by commercial banks which were not suitable for rural masses, improper location of banks, opening and running of bank branches by sponsor banks of RRBs in the same location where RRBs are operating (Misra, 2006). Therefore, the performance of RRBs in the last two decades showed lack of commercial orientation and an appropriate restructuring strategy was required to identify problems leading to non satisfactory performance of RRBs. In this study, 9RRBS of West Bengal in pre-merger period and 3RRBs in post-merger period are taken into consideration and the entire period is divided into 7yrs pre-merger and 8yrs post-merger to highlight the effect of independent variables on dependent variable i.e., Net Income of RRBs.

Objectives of the study

The theme of the paper is to understand the inter-relation between the dependent variable and independent variables and how significantly the independent variables are affecting dependent variable in the pre-merger and post-merger period. The main objective of the paper is to highlight the relationship between dependent and independent variables in the context of RRBs of West Bengal in the pre and post merger period and to show whether the restructuring strategies overcome the problem leading to non satisfactory performance of RRBs.

Data Analysis and Methodology

The study employs secondary data. Data are collected from the annual report of the RRBs of West Bengal. To estimate the relationship between the dependent and independent variables and to show how significantly the independent variables are explaining the dependent variable, the study has resorted to econometric modelling. The entire study is divided into two parts pre-amalgamation and post amalgamation. In the pre- amalgamation study we have 9 RRBs based on 7 years (1999-00 to 2005-06) which means we have 63 observations and in the post amalgamation we have 3RRBs based on 8yrs (2006-07 to 2013-14) which means we have 24 observations.

This study has used Panel Data Regression to investigate the impact of various internal factors on the performance of RRBs judged by its profitability.

Net income as a percentage to total assets is taken to be the indicator of financial performance of the RRBs. It shows the role of RRBs in using the total assets profitably and efficiently. The performance of RRBs depends upon two factors internal as well as external. The internal information is arising from the balance sheet of RRBs especially from lending and investment. Lending and investment are the two most important sources of information of the RRBs. Therefore, loans and advances to total assets of each RRB (LOTA) and investments to total assets of each RRB (INTA) are taken as the explanatory variable. In terms of liquidity management, banks are trying constantly to convert their short term deposits into long term credits and in doing so they are facing problem such as liquidity mismatch. Banks often hold liquid assets to minimise the insolvency problems and to hedge against liquidity deficits. The impact of liquidity on profitability of the bank is assessed by taking liquidity as a proportion of total assets (LIQ). Liquidity comprises of cash and bank balance with RBI and balance with bank and money at call and short notice. Apart from all these internal factors, another most important factor has been taken that is the effect of the sponsor banks on the RRBs which can be termed as the *umbilical cord*. Each RRB has their sponsor banks. The attitude of the sponsor banks will have an effect on the RRBs. Therefore, the net income of the sponsor banks as a percentage of its total assets (NITASPON) has been included as one of the regressors. Based on the above discussion, to ascertain the impact of the factors on bank profitability, panel data regression models have been used. Therefore, Net Income to Total Assets (NITA) is the dependent variable and Loans and Advances to Total Assets (LOTA), Investments to Total Assets (INTA) and Liquidity to Total Assets (LIQ) are the independent or explanatory variables. The equation given below describes the general specification of the model.

$$NITA_{i,t} = n1LOTA_{i,t} + n2INTA_{i,t} + n3LIQ_{i,t} + n4NITASPON_{i,t} + €_{i,t}$$

Where, n1, n2, n3, n4 are the parameters to be estimated
LOTA= Loans as a percentage of Total Assets
INTA= Investments as a percentage of Total Assets
LIQ= Liquidity as a percentage of Total Assets
NITASPON= Net Income of Sponsor Banks as a percentage of Total Assets
$€_{i,t}$ = Error term.

The subscripts i and t refer to the year and cross-section (RRB) respectively.

In addition to the above factors, there is another factor which may affect the costs and revenue of RRBs and that is the inflationary condition of the economy. Inflation can be anticipated or non anticipated (Misra, 2006). If the inflation is fully anticipated and the interest rates are adjusted accordingly which results into increased revenue that has a positive impact on bank profitability. If the inflation is not fully adjusted and at the same time banks are sluggish in adjusting the interest rates then there is a high possibility of increased costs than revenue which will adversely affect the bank profitability. In the above equation as all the variables are expressed in ratios therefore, inflation is already accounted for in the above model. However, inflation as a separate regression variable has not been taken into consideration.

Table 1: List of Variables

Variables	***Definition***
Independent Variables	
Loans and advances	Loans to agriculture and allied activities, micro and small enterprises, other priority sector, non-priority sector, scheduled caste or tribe, micro-finance institutions, minorities.
Investments	Government securities, shares, debentures, bond and mutual fund.
Liquidity	Cash and balances with Reserve Bank of India, balances with banks and money at call and short notice
Net income of sponsor banks	Profit after tax of sponsor banks
Dependent Variable	
Net Income of Regional Rural Banks	Profit after tax of regional rural banks

Source: Compiled by the researchers

In order to examine the issue of mutli-collinearity[1]. we have computed variance inflation factor (VIF) values. VIFs are generally considered as bad if they exceed 5. In our model, the higher tolerance values (range from 0.215 to 0.911) and lower variance inflation factor values (range from 1.098 to 4.648) signify the likelihood of low multicollinearity among independent variables for individual banks before and after amalgamation is shown in the annexure.

To check for heteroskedasticity[2]., which is a major problem in panel data analysis, we employed Breusch-Pagan-Godfrey test for heteroskedasticity. High chi-square value indicates the presence of heteroskedasticity. The results of Breusch –Pagan test indicate the presence of heteroskedasticity:

Ho: Residuals are not heteroskedastic.

H1: Heteroskedasticity.

We have found that the prob. values of Chi-square for all the banks before and after amalgamation are more than 5 percent which indicates an acceptance of null hypothesis (Ho) and a rejection of alternative hypothesis (H1).

The observed R-square and the prob. chi-square are shown in the annexure with respect to individual banks before and after amalgamation.

Pre-Amalgamation Study

Table 2: Hausman Test of acceptability of appropriate regression model

Variables	Fixed	Random	Diff.	S.E	Prob.

[1] Annexure 1 provides multicollinearity test of individual banks in pre and post amalgamation period.

[2] Annexure 2 shows Breusch-Pagan-Godfrey test for heteroskedasticity of individual banks in pre and post amalgamation period.

Loans and Advances	.0666133	.0403452	.0262681	.0154508	
Investments	.1223889	.0453072	.0770817	.05379	
Liquidity	.1410071	.0644108	.0765963	.0432273	
Net Income of Sponsor Banks	.0056382	.0222944	-.0166561	.00627	
Prob. (Chi-square)					.1212

Source: Calculated by the researcher

Table 3: Random Effect Estimation Results

Variables	Coefficient	S.E	Z statistic	Prob.
Loans and Advances	.0403452	.0292254	1.38	0.167
Investments	.0453072**	.0197479	2.29	0.022
Liquidity	.0644108***	.023512	2.74	.006
Net Income of Sponsor Banks	.0222944	.021384	1.04	.297
Wald Chi-square	16.09			
Prob. (Chi-square)	0.0029			

Source: Calculated by the researcher

*denotes significant at 10% level, **denotes significant at 5% level and ***denotes significant at 1% level.

Table 4: Fixed Effect Regression Estimates

Variables	Coefficient	S.E	t statistic	Prob.
Loans and Advances	.0666133**	.0330583	2.02	.049
Investments	.1223889**	.0573005	2.14	.038
Liquidity	.1410071***	.0492078	2.87	.006
Net Income of Sponsor Banks	.0056382	.0222843	0.25	.801
F statistic	2.77			
Prob(F-statistic)	0.0374			

Source: Calculated by the researcher

*denotes significant at 10% level, **denotes significant at 5% level and ***denotes significant at 1% level.

For choosing the appropriate model Hausman Test is conducted as shown in Table 1 and a very high p-value obtained for Hausman Statistics indicates a preference for Random Effect Model over Fixed Effects. The Random Effect results as given in Table 2 indicate that investments contributed positively on the net income of RRBs. Investments are significant enough to explain the Net Income of RRBs at 5% level. Liquidity has also turned out to be a significant variable in affecting the performance of RRBs. Loans and advances and the health of sponsor banks turns out to be insignificant in having an impact on the performance of RRBs.

The Regional Rural Banks are guided by a common set of rules and regulations formed by The Government of India in consultation with Reserve Bank of India therefore, they have a common structural formation, same proportion of equity investment by Central Government, Sponsor banks and State Government for all the RRBs, common restructuring pattern, common policies are followed in terms of disbursing the loans and advances etc. Therefore, the RRBs are having a common mean value of the intercept over the period of 7yrs pre-amalgamation.

Post Amalgamation Study

Table 5: Random Effect Regression Estimates

Variables	Coefficient	S.E	Z statistic	Prob.
Loans and Advances	.0660177 ***	.0236881	2.79	0.005
Investments	.0209639	.0176803	1.19	0.236
Liquidity	.0338487*	.0189954	1.78	0.075
Net Income of Sponsor Banks	.0276363	.0362738	0.76	0.446
Wald Chi-square	17.71			
Prob. (Chi-square)	0.0014			

Source: Calculated by the researcher

*denotes significant at 10% level, **denotes significant at 5% level and ***denotes significant at 1% level.

The results of the random effect estimates as shown in Table 4 indicate that loans and advances contributed positively on the net income of RRBs. Liquidity is also contributing positively to explain the Net Income of RRBs at 10% level. Investments and the health of sponsor banks turn out to be insignificant in having an impact on the performance of RRBs.

Table 6: Fixed Effect Regression Estimates

Variables	Coefficient	S.E	t statistic	Prob.

Loans and Advances	.0666717	.0402888	1.65	0.116
Investments	.0248225	.019908	1.25	0.229
Liquidity	.0433797*	.0233465	1.86	0.081
Net Income of Sponsor Banks	0374732	.0404455	0.93	0.367
F statistic	1.29			
Prob(F-statistic)	0.3115			

Source: Calculated by the researcher

*denotes significant at 10% level, **denotes significant at 5% level and ***denotes significant at 1% level.

None of the explanatory variables are contributing positively as highlighted in Table 5 in explaining the performance of RRBs except liquidity which is statistically not much significant. The preference for Random or Fixed cannot be estimated through Hausman Specification Test as our model can only explain 24 observations in the post amalgamation period. It is one of the limitations of our study as our data is limited only up to 2014.

Concluding Remarks

Amalgamation took place in West Bengal in the year 2007 due to heavy operational expenses, increased costs due to high amount of salary to employees at par with commercial banks, high recovery costs of loans and advances, greater amount of non-performing assets etc. Out of 9RRBs of West Bengal, Mayurakshi Gramin Bank sustained losses consistently for 2000, 2003, 2004, 2005 and 2006, Gaur Gramin Bank for 2000 and 2004 and Sagar Gramin Bank sustained loss for 2006. Not only that the amount of profit for the rest RRBs were also in a decreasing pace in the pre-amalgamation period which ultimately led to the amalgamation of RRBs. The study has evaluated the influence of various factors on the performance of RRBs. Investments and liquidity has a significant influence on the performance of RRBs whereas loans and advances and net income of sponsor banks are not significantly explaining the performance of RRBs. Investments mainly consist of investing in government securities and debentures and bonds whereas liquidity is all about cash in hand, balance with RBI, balance with bank and money at call and short notice. One of the greatest reasons for that is high percentage of non-performing assets, lesser recovery of loans and advances, failure to adequately integrate with the financial markets of the country due to heavy dependence on sponsor banks for financial or business initiatives. RRBs have suffered at the ground level wherever there has been a conflict of business interests between the RRBs and sponsor banks. Due to the presence of sponsor banks in the same area of operation, RRBs are sometimes perceived as potential competitors. In the post amalgamation period, the RRBs are working better in terms of recovery of loans and advances, their NPA position has also improved. One of the possible reasons for greater recovery is low disbursal of farm credit due to amalgamation and capital adequacy limitations. The present status of RRBs in 2014 is given below:

As per newspaper reports 2014, GOI has conveyed to the sponsor banks that no fresh proposal of amalgamation of RRBs should be taken up at present. Therefore, at present the focus for RRBs will be on improving the performance that includes the profitability. GOI is making various efforts to improve the performance of RRBs by infusing fresh capital, by allowing RRBs to lend commercial projects, consortium finance, foreign currency, insurance business on referral basis. In 2014, 9RRBs had recovery of more than 90 percent, 19RRBs had recovery of 80 to 90 percent, 28RRBs had recovery between 60 to 80 percent and 1 RRB had recovery of less than 60 percent. Percentage of Gross NPA has also declined to 4.4 percent in 2014 from 6 percent in 2013.

Instead of what stated above, there is still an urgency to improve the efficiency and performance of RRBs in West Bengal so that proper policy could be facilitated by the policy makers from time to time for the upliftment of the economy as a whole.

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Annexure 1: Test of Multicollinearity in Pre and Post Amalgamation Period

Table 7: Test of Multicollinearity of Uttarbanga Kshatriya Gramin Bank (UBKGB) for the year 2007-2015

Variables	Tolerance	VIF
Loans and Advances	.349	2.867
Investments	.382	2.620
Liquidity	.638	1.567
Net income of Sponsor Banks	.359	2.786

Source: Calculated by the researcher

Table 8: Test of Multicollinearity of Bangiya Gramin Vikash Bank (BGVB) for the year 2007-2015

Variables	Tolerance	VIF
Loans and Advances	.608	1.842
Investments	.302	3.527
Liquidity	.403	2.106
Net income of Sponsor Banks	.317	3.234

Source: Calculated by the researcher

Table 9: Test of Multicollinearity of Paschim Banga Gramin Bank (PBGB) for the year 2007-2015

Variables	Tolerance	VIF
Loans and Advances	.321	3.143
Investments	.302	3.527
Liquidity	.403	2.106
Net income of Sponsor Banks	.743	1.346

Source: Calculated by the researcher

Pre-Amalgamation

Table 10: Test of Multicollinearity of Howrah Gramin Bank for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.252	3.963
Investments	.444	1.838
Liquidity	.323	3.212
Net income of Sponsor Banks	.911	1.098

Source: Calculated by the researcher

Table 11: Test of Multicollinearity of Mallabhum Gramin Bank for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.302	3.527
Investments	.404	2.111
Liquidity	.301	3.601
Net income of Sponsor Banks	.823	1.215

Source: Calculated by the researcher

Table 12: Test of Multicollinearity of Bardhaman Gramin Bank for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.327	2.923
Investments	.325	3.101
Liquidity	.317	3.234
Net income of Sponsor Banks	.709	1.410

Source: Calculated by the researcher

Table 13: Test of Multicollinearity of Gaur Gramin Bank for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.407	2.102
Investments	.333	3.091

Liquidity	.312	3.539
Net income of Sponsor Banks	.256	3.900

Source: Calculated by the researcher

Table 14: Test of Multicollinearity of Mayurakshi Bank for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.451	1.984
Investments	.407	2.102
Liquidity	.311	3.585
Net income of Sponsor Banks	.584	1.713

Source: Calculated by the researcher

Table 15: Test of Multicollinearity of Nadia Gramin Bank for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.215	4.648
Investments	.227	4.232
Liquidity	.228	4.191
Net income of Sponsor Banks	.550	1.819

Source: Calculated by the researcher

Table 16: Test of Multicollinearity of Sagar Bank for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.711	1.407
Investments	.323	3.212
Liquidity	.325	3.101
Net income of Sponsor Banks	.829	1.206

Source: Calculated by the researcher

Table 17: Test of Multicollinearity of Uttarbanga Kshatriya Gramin Bank (UBKGB) for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.221	4.520
Investments	.289	3.745
Liquidity	.306	3.485
Net income of Sponsor Banks	.735	1.360

Source: Calculated by the researcher

Table 18: Test of Multicollinearity of Murshidabad Bank for the year 2000-2006

Variables	Tolerance	VIF
Loans and Advances	.257	3.885
Investments	.290	4.167
Liquidity	.290	4.154
Net income of Sponsor Banks	.296	3.378

Source: Calculated by the researcher

Annexure 2: Breusch-Pagan-Godfrey Test of heteroskedasticity in Pre and Post Amalgamation Period

Table 19: Breusch-Pagan-Godfrey Test of Uttarbanga Kshatriya Gramin Bank (UBKGB) for the period 2007-15

Observed R-square	4.58424
Prob.Chi-square	0.3327

Source: Calculated by the researcher

Table 20: Breusch-Pagan-Godfrey Test of Bangiya Gramin Vikash Bank (BGVB) for the period 2007-15

Observed R-square	7.275064
Prob.Chi-square	0.1220

Source: Calculated by the researcher

Table 21: Breusch-Pagan-Godfrey Test of Paschim Banga Gramin Bank (PBGB) for the period 2007-15

Observed R-square	8.74111
Prob.Chi-square	0.089

Source: Calculated by the researcher

Pre-Amalgamation

Table 22: Breusch-Pagan-Godfrey Test of Uttarbanga Kshatriya Gramin Bank (UBKGB) for the period 2000-06

Observed R-square	6.064867
Prob.Chi-square	0.1944

Source: Calculated by the researcher

Table 23: Breusch-Pagan-Godfrey Test of Nadia Gramin Bank for the period 2000-06

Observed R-square	7.815749

Prob.Chi-square	0.0943

Source: Calculated by the researcher

Table 24: Breusch-Pagan-Godfrey Test of Murshidabad Gramin Bank for the period 2000-06

Observed R-square	6.273182
Prob.Chi-square	0.1797

Source: Calculated by the researcher

Table 25: Breusch-Pagan-Godfrey Test of Mallabhum Gramin Bank for the period 2000-06

Observed R-square	4.023970
Prob.Chi-square	0.4028

Source: Calculated by the researcher

Table 26: Breusch-Pagan-Godfrey Test of Howrah Gramin Bank for the period 2000-06

Observed R-square	3.825868
Prob.Chi-square	0.4301

Source: Calculated by the researcher

Table 27: Breusch-Pagan-Godfrey Test of Mayurakshi Gramin Bank for the period 2000-06

Observed R-square	3.048499
Prob.Chi-square	0.4987

Source: Calculated by the researcher

Table 28: Breusch-Pagan-Godfrey Test of Gaur Gramin Bank for the period 2000-06

Observed R-square	6.635540
Prob.Chi-square	0.1564

Source: Calculated by the researcher

Table 29: Breusch-Pagan-Godfrey Test of Sagar Gramin Bank for the period 2000-06

Observed R-square	4.172969
Prob.Chi-square	0.3831

Source: Calculated by the researcher

Table 30: Breusch-Pagan-Godfrey Test of Bardhaman Gramin Bank for the period 2000-06

Observed R-square	5.291855
Prob.Chi-square	0.2586

Source: Calculated by the researcher

PRESENT CHANGING SCENARIO OF FINANCIAL INCLUSION IN WEST BENGAL: AN OVERVIEW

Biswajit Paul[1]

Abstract

Financial inclusion, of late, has become the business world in academic research, public policy meetings and seminars drawing wider attention in view of its important role in aiding economic development of the resource poor developing economies. In the Indian scenario, the term 'financial inclusion' is popular in financial circles, especially after the Reserve Bank of India (RBI) announced a series of measures in its credit policy for 2006-07 to include many of the hitherto excluded groups in the banking net. There have been numerous researches analyzing how an extensive financial system helps in developing an economy. A great deal of uniformity exists among economists regarding financial development prompting economic growth. The present study is descriptive in nature. The data used for the study is secondary in nature and has been collected from different secondary sources. At this backdrop, a humble attempt has been made in this paper to study that how the financial inclusion enabling issues are changing in West Bengal as well as in our country.

Key Words: Poverty, SHGs, Financial Inclusion.

1. a Introduction

Over the last decade, Financial Inclusion has come into focus in the global policy and development discourse, given its irrefutable link with upward economic and social mobility.Till recently, financial inclusion was nothing more than an onerous, target-driven corporate social responsibility for banks. But these days, the once-unbanked people are now spoilt for choice with global attention in the recent past. Lack of accessible, affordable and appropriate financial services has always been a global problem. It is estimated that about 2.9 billion people around the world do not have access to formal sources of banking and financial services. India is said to live in its villages, a convincing statement, considering that nearly 72% of our population lives there. However, a significant proportion of our 6,50,000 odd villages does not have a single bank multiple bank accounts, inclusive of zero balance and free debit card facilities. The concept of Financial Inclusion is not a new one. It has become a catchphrase now and has attracted the branch to boast of, leaving swathes of the rural population in financial exclusion. RBI has reported that the financial exclusion in India leads to the loss of GDP to the extent of one per cent (RBI, Working Paper Series (DEPR): 8/2011). Financially excluded people, consistently, depend on money lenders even for their day to day needs, borrowing at excessive rates to finally

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get caught in a debt trap. In addition, people in far-off villages are completely unaware of financial products like insurance, which could protect them in adverse situation. Therefore, financial inclusion is a big necessity for our country as a large chunk of the world's poor resides here. Access to finance by the poor and vulnerable groups is a prerequisite for poverty reduction and social cohesion. Through this paper I want to explore the present status of financial inclusion in our state.

b. Financial Exclusion-Background

The ever-looming specter of India is of urban poverty and rural inequities, a specter which refuses to go away. A shocking 30-35% of India's total population still lives below the poverty line. Poverty, accompanied by low health and nutrition levels, high infant mortality and illiteracy, is now almost uniform in terms of the proportion of population in rural and urban areas. Using the Indian definition based on income needed to acquire food to provide the minimum required calories (2,100 for rural and 1,800 for urban adults), roughly 260 million people or 26% of the population fall below the poverty line. Using another definition of poverty-those living on less than $1 per day-the number of poor would be much larger at around 400 million, accounting for over 36% of the population. Sixty four years after independence, these are disturbing statistics and in many ways an indictment of the effectiveness of our policies and efforts so far. Even more disturbing is that within these poof are tie poorest, which live on an income of less than Rs. 50 per day.

The Government of India wishes that the poor people should be benefited by Financial Inclusion. They have to be given loan for trading activities or paying back the loans from moneylenders.

The Reserve Bank of India permits Financial Inclusion by allowing banks to grant loan to non-registered bodies subject to fulfilling certain norms. On the basis of group performance, groups or individuals may be extended loans. Savings, repayment capacity and cash flows should be the criteria.

NSSO data reveal that 45.9 million farmer households in the country (51.4%), out of a total of 89.3 million households do not access credit, either from institutional or non-institutional sources. Further, despite the vast network of bank branches, only 27% of total farm households are indebted to formal sources (of which one-third also borrow from informal sources). Farmer households' not accessing credit from formal sources as a proportion to total farm households is especially high at 95.91%, 81.26% and 77.59% in the North Eastern, Eastern and Central Regions, respectively. Thus, apart from the fact that exclusion in general is large, it also varies widely across regions, social groups and asset holdings. The poorer the group, the greater is the exclusion.

The main reason for financial exclusion is the lack of a regular or substantial income. In most of the cases people with low income do not qualify for a loan. The proximity of the financial service is another fact. The loss is not only the transportation cost but also the loss of daily wages for a low income individual. Most of the excluded consumers are not aware of the bank's products, which are beneficial for them. Getting money for their financial requirements from a local moneylender is easier than getting a loan from the bank. Most of the banks need collateral

for their loans. It is very difficult for a low income individual to find collateral for a bank loan. Moreover, banks give moreimportance to meeting their financial targets. So they focus on larger accounts. It is not profitable for banks to provide small loans and make a profit.

c. Financial Inclusion: A New Paradigm

Financial inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. Financial inclusion has become one of the most critical aspects in the context of inclusive growth and development.

Typically, financial inclusion in India is characterized by:

1. Lower outreach by financial institutions/MFIs/ SHG Bank Linkage Programme in comparison to below poverty line (BPL) and low income population.
2. Priority Sector Lending norm of 18% advances to agriculture is not met in many states. Also, agriculture's share in Priority Sector Lending has been declining in some states.
3. Financial inclusion is characterized primarily as either general access to loans (mostly consumption or consumer loans rather than livelihood loan) or access to savings accounts. Very few risk management and vulnerability reducing products are available to small holder producers.
4. Access to finance is primarily a bridging resource for many low income groups.

Given the above context, to truly financially include the poor would require creating a variety of risk/ vulnerability management mechanisms and ensuring that they are consistently and simultaneously available. Unless major risks are simultaneously covered, the likelihood of one risk wiping out an entire livelihood is a very high possibility, and people who have been temporarily included would be excluded again.

2. Objectives of the study

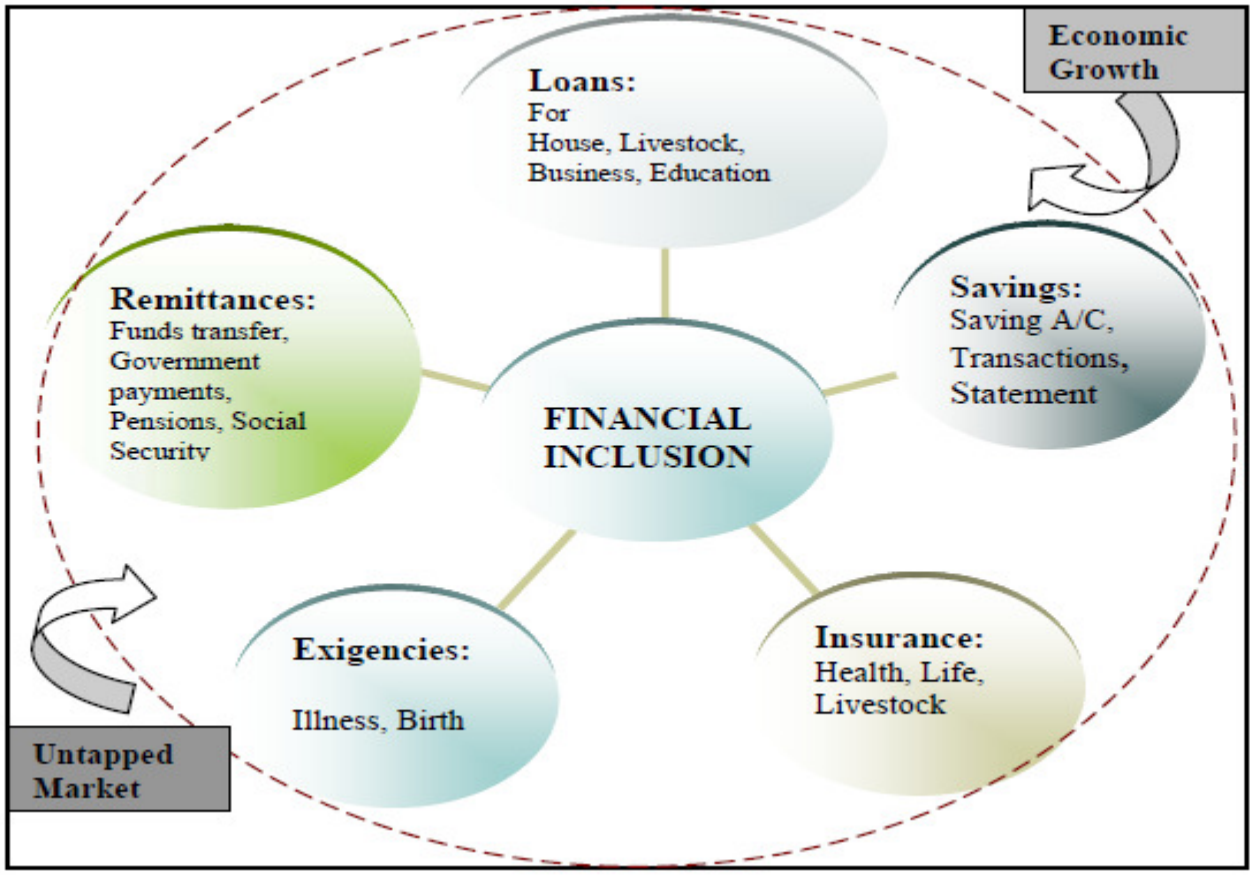
- To explore the need and significance of financial inclusion for economic and social development of society.
- To study present scenario of financial inclusion in West Bengal.
- To study the financial inclusion eco-system and its functional application.
- To suggest the future prospects of financial inclusion.

3. Methodology of the study

The present study is descriptive in nature. The data used for the study is secondary in nature and has been collected from Books, Magazines, Newspapers, Research Articles, Research Journals, E-Journals, and websites of RBI, NABARD (National Bank for Agricultural and Rural Development) and Ministry of Finance, Government of India (GoI).

4. Financial Inclusion Ecosystem

Table 1: Showing Factors of Financial Inclusion Ecosystem



On the basis of Table 1, it can be said that financial inclusion eco-system consists of five major elements and they are Loans, Savings, Insurance, Exigencies and Remittances. These five elements are the major functional areas of financial inclusion and to explore the financial inclusion to the poorer people of our state as well as of our country we have to give better services to them on these five issues. And we know that our present central government and state government are trying unanimously to establish the better services on the above mention issues by launching different schemes, plans like PMJDY etc.

5. Present Status of Financial Inclusion in West Bengal

Present changing status of financial inclusion in our state as well as in our country may be enucleated by the following considerations:

5.1 Progress in extension of banking facilities as per Financial Inclusion Plan:

The banks operating in West Bengal have already set up banking outlets in 7452 villages out of 7486 villages originally identified largely through BC model and Mobile Van and Brick and mortar branches in some villages. The remaining 34 villages are now nonexistent because of

merger with Municipalities and repeatation of name in the mother list etc. 4685601 accounts have been enrolled in these FI villages up to Dec 2012.

The Dept. of Financial Services, MOF, GoI in its circular dated 18th May 2012 communicated that all villages in the population range of 1600 to 2000 be covered under "Swabhiman", the financial inclusion campaign, as these are likely to have crossed the population of 2000 by 2011. Accordingly, the villages having population of 1600 to < 2000 (as per 2001 census) have been allocated amongst the banks for providing banking services within March 2013. Banking outlet has been set up 614 such villages up to December, 2012. **Swabhimaan Scheme[1] is** under the Swabhimaan campaign, the Banks were advised to provide appropriate banking facilities to habitations having a population in excess of 2000 (as per 2001 census) by March 2012. The banks identified approximately 74000 habitations across the country having a population of over 2000 for providing banking facilities. As per reports received from Banks, 74351 villages with population of above 2000 have been covered with banking facilities either by branches; Business Correspondents, mobile banking etc. by March 31, 2012.

In West Bengal there are altogether 37945 villages which includes 7452 villages with 2000+ population already provided with banking outlets last year. This year banking outlets are going to be set up in 2444 villages with 1600 to < 2000 population of which 614 villages have already been covered. Rest of the villages (1830) will be covered by March 2013. Roadmap for covering 28140 villages in the population range of 1 to < 2000 has been prepared and submitted to RBI. These villages will be covered within March 2016. As per RBI directives, member banks have been advised to identify and submit the list of 5% of the allotted villages for branch opening.

5.2 Progress in opening of branches in under-banked and other districts as per strategy and guidelines on Financial Inclusion issued by the Department:

In the circular dated 20.3.2012 issued by DFS it has been clarified that in the under banked districts all villages with 5000+ population should have a bank branch (irrespective of the fact whether another bank branch is located within a radial distance of 5 km). It was also clarified that banks can set up Ultra Small Branches in those villages where regular Brick & Mortar branches are not considered viable. Following the above directives, we had convened meeting of Subcommittee of SLBC on FI on 30.3.2012 and impressed upon the member banks to implement the revised directives. In West Bengal 1440 villages located in under banked districts are having population more than 5000.

Up to December 2012, out of 7170 villages having 2000+ population, outlets of only 1278 villages could be converted into USBs. The member banks were requested to speed up the process of conversion so that all 2000+ population villages already covered with BCAs are converted to USBs at the earliest.

Setting up of USBs in villages having population of 5000+ in under banked districts and 10000+ population in other districts as per revised guidelines of DFS which are to be manned with one

[1] http://financialservices.gov.in/banking/Overview%20and%20Progress%20on%20Financial%20Inclusion%20.

full time Officer and equipped with Cash Safe and Passbook Printer may involve the following operational risks:

i) Under Maker - Checker concept officers posted at the base branch are to act as Checker and authenticate transactions without any documentary evidence.
ii) In absence of any specific directives it is not clear whether the Cash Safe will be operated single handedly.
iii) Upper limit of Cash transaction and retention has not been spelt out.

Cash Retention / Transit Cash Insurance Coverage apart from insurance coverage for the Laptops also need to be arranged to mitigate the risk. The member banks may examine the issue and give their observations.

5.3 Campaign to ensure that each family has at least one account in Rural Areas:

Some of the salient points that are to be noted for discussion in the meeting and implementation of the task are as under:

- Service area banks in rural areas and banks assigned the responsibility in specific wards in urban/ metro areas would be responsible for ensuring that every household has one bank account. This would be achieved in collaboration with other banks in the area. Subsequently, in a meeting convened by the Chief Secretary of West Bengal on 19th February, 2013 the issue of opening at least one A/c per household was emphasized.
- Information about opening of bank accounts must be prominently displayed in the villages by the service area bank / designated bank along with the person / bank to be contacted.

The member banks were requested to issue necessary instruction to their branches to open SB A/cs in their service areas in villages and allotted / to be allotted wards in urban areas for payment through EBT mode. Branches should also be advised to send report on SB A/cs opened to the District Coordinators for onward submission to the LDMs.

2. Position of households availing banking services:

	As per Census 2001			As per Census 2011		
Households	**Total number of households**	**Number of households availing banking services**	**Percent**	**Number of households availing banking services**	**Number**	**Percent**
Rural	138,271,559	41,639,949	30.1	167,826,730	91,369,805	54.4
Urban	53,692,376	26,590,693	49.5	78,865,937	53,444,983	67.8
Total	**191,963,935**	**68,230,642**	**35.5**	**246,692,667**	**144,814,788**	**58.7**

5.4 Progress in urban financial inclusion by way of opening accounts of migrant labourers, street vendors / hawkers and Slum Dwellers and facilitate remittance:

The essential features of Financial Inclusion in Urban / Metro areas have been mentioned in the previous Agenda. In Municipal areas wherever LDMs are posted, they will take the initiative and coordinate the campaign with the active involvement of all the banks. In Metro areas the Banks may have to take the support of external Agencies / NGOs. United Bank of India has launched urban financial inclusion campaign in Kolkata Municipal Corporation area on pilot basis. Gradually the campaign will be spread in other areas. The bankers have been advised to submit ward wise branch list to facilitate allocation of Wards amongst them. As SLBC convener of the State, United Bank of India has provided a Toll Free Telephone number - 18003450345 for use of the common people intending to open accounts with the banks. A separate e-mail ID - urbanfi@unitedbank.co.in has also been put in place for use of the prospective A/c holders. The matter was extensively discussed in the meeting of the Subcommittee of SLBC on Financial Inclusion held on 13.2.2013.

5.5 Progress in establishment of Currency Chest and Clearing Houses:

All the districts of West Bengal are already having one or more Currency Chests. UnitedBank of India has opened a new Currency Chests at Burdwan Station Bazar Branch and Central Park Branch, Kalyani, Nadia.

In West Bengal 217 centers have been identified where 3 or more branches are operating but clearing facility is yet to be made available in the said centers. The list of such centers have been submitted to Kolkata National Clearing Cell, Reserve Bank of India for initiating necessary steps and providing guidance to SLBC / LDMs / Banks to take the issue forward. RBI in its letter dated February, 18 2013 has since advised the Lead Banks of the districts to make necessary arrangements in such identified centers so as to introduce clearing facility as per RBI guidelines at the earliest.

5.6 Progress in GIS data entry:

GIS data entry has been completed in all the 18 lead districts of the State. The concerned LDMs have been advised to keep updating the entries as and when occasions arise.

5.7 FLC activities:

The meeting of the Subcommittee of SLBC on FLC was last held on 13th February, 2013, proceedings of which with action points emerging is annexed. Some of the salient points are:

- FLCs can also be set up in other areas by non-lead banks / lead banks.
- The FLCs and rural branches of the banks would also conduct outdoor Financial Literacy Camps with focus on financially excluded people at least once in a month.

The banks having lead district responsibility have set up FLCs in all the LDM offices. Due to inadequacy of space in LDM Office Nadia, the FLC has been set up in a premise located 100 meters away from the LDM office. The process was completed by October, 2012 but outdoor activities could not be undertaken in a regular manner. RBI has since permitted the banks to engage retired officers for running such FLCs in the LDM offices. The banks are urged to make the FLCs truly operational with mandatory outdoor activities as it is one of the potent weapons to create financial awareness amongst rural mass. Rural branches are also to organize outdoor financial literacy camps at least once in a month.

Table 3: Progress under Financial Inclusion Plans, All SCBs including RRBs

S.N	Particulars	Mar 10-Actual	Mar 11-Actual	June 11-Actual	Mar 12-Target	Mar 13-Target
1	Villages Covered - Grand Total (2+3+4 = 5+6)	54258	100183	107604	218574	352269
2	Villages Covered - Total Branches	21475	22662	22870	24995	26440
3	Villages Covered - Total BCs	32684	77138	84274	192249	323699
4	Villages Covered - Total Other Modes	99	383	460	1330	2130
5	Villages Covered >2000	27353	54246	59640	86806	91440
6	Villages Covered <2000	26905	45937	47964	131768	260829
7	Urban Locations covered through BCs	433	3757	4524	6068	8614
8	No Frill A/Cs (No. in Lakh)	493.27	739.36	790.86	1125.06	1582.93
9	Amount in No Frill A/Cs (Amt in Crore)	4257.07	5702.94	5944.73	7449.86	8871.55
10	No Frill A/Cs with OD (No. in Lakh)	1.31	6.32	9.34	183.61	286.54
11	No Frill A/Cs with OD (Amt In Crore)	8.34	21.48	37.42	1008.04	1636.32
12	KCCs-Total-No. in Lakh	176.30	201.91	202.89	276.59	350.36
13	KCCs-Total-Amt In Crore	98749.5	132352.3	136122.3	144685.5	172775.0
14	GCC-Total-No. in Lakh	4.73	10.83	10.70	37.34	61.23
15	GCC-Total-Amt In Crore	753.49	2328.36	2356.25	4266.13	6715.07
16	ICT Based A/Cs-through BCs (No. in Lakh)	125.42	295.41	338.36	641.73	1014.74
17	EBT A/Cs-through BCs (No. in Lakh)	74.81	146.51	164.60	249.07	368.96

Source: RBI

***Note:** Absolute change could be slightly different as numbers have been rounded off to million/billion.*

6. Financing the Minority Community and Backward Classes:

The under noted twelve districts of the State have been identified as Minority concentrated districts:
i) Howrah ii) Kolkata iii) Burdwan iv) Nadia v) 24 Parganas (N) vi) 24 Parganas (S) vii) Malda viii) Murshidabad ix) Uttar Dinajpur x) DakshinDinajpur xi) Coochbehar and xii) Birbhum.

Table 4: Position of outstanding credit to Minorities during last five years in West Bengal

(Amt in Rs. crore)

Item	March 2009	March 2010	March 2011	March 2012	March 2013	% of increase during 2009-10	% of increase during 2010-11	% of increase during 2011-12.	% of increase During 2012-13
Outstanding Priority sec credit to Minority Com	7486	8864	10620	12621	15570	18.40	19.81	18.84	23.36
Total priority sector credit in the State	51560	60048	72625	80374	91687	16.46	20.94	10.67	14.08
% to total Priority sector credit	14.51	14.76	14.62	15.70	16.98	0.25	(-) 0.14	1.08	1.28

The present Priority sector Advance to Minority Community at the end of March 2013 has increased by 23.36 % compared to 14.08 %. Our objective is to ensure that the Minority communities and backward classes receive a fair and equitable portion of the credit within the overall target of the Priority sector. Formation of SHGs should be popularized amongst the Minorities and other backward classes as well.
The following Table showing bank wise disbursement of loans to Minority Communities, Scheduled castes and scheduled Tribes and also other backward classes have been annexed.
The summary position is as under:

Table 5: Minority Community's Disbursement Details

Minority Community

(Rs. In Crore)

Sl No.	Item	Disbursement made				Otg. Bal on 31.03.2013	% to Prisec Advance
		1.4.2008-31.3.2012		01.04.12-31.03.2013.			
		A/c	Amt	A/c	Amt		

1	Minority Community	1636145	16013	447298	3435.92	15570.36	16.98

SC/ST & OBC

(Rs in crore)

Sl No.	Item	Disbursement made				Otg. Bal on 31.12.2012	% to ANBC
		2011-12		01.04.12-31.03.2013			
		A/c	Amt	A/c	Amt		
2.	SC / ST	321949	1801.20	283477	1768.85	9725	4.35
3.	OBC	86247	746.86	177085	1329.96	7668	3.43

7. Conclusion

As per present study, our state is in position to utilize all the tools of financial inclusion but due to lack of proper implementation in rural Bengal it is not fulfilling our satisfaction. For achieving complete financial inclusion and for inclusive growth, the RBI, State as well as Central Government, NABARD and the implementing agencies will have to put their minds and hearts together so that the financial inclusion can be taken forward. The Government of India and the Reserve Bank of India has now realized that uniform financial inclusionis an essential component of overall economic growth. The Reserve Bank of India has designed specific schemes for broadening the access of rural credit to the rural poor. There should be proper financial inclusion regulation in our country and access to financial services should be made through SHGs and MFIs. Thus, financial inclusion is a big road which India needs to travel to make it completely successful. Miles to go before we reach the set goals but the ball is set in motion. Thus it can be summed up that the social banking concept had mixed results in India as even after strong efforts, the problem of financial exclusion still prevails in India. Government of India along with the Central Bank has come up with number of specific schemes for a balanced financial inclusion for the whole country which will also be applied for our state and only time will tellits effects and ramifications on the Indian economy as well as on the development of our state.

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WORKING WIVES' BEHAVIOUR IN FAMILY PURCHASE DECISION MAKING-A STUDY BASED ON KOLKATA

Dr.Anupam Karmakar[1]

Abstract

The issue of working wives' participation in purchase decision-making in the family has evoked much discussion and controversy in recent times. The "feminists" are arguing that working wives are no longer lagging behind men in the family in the context of purchase decision-making. However, trivialization of such a serious issue should cause great concern to a true feminist as well as to a researcher. The present study is undertaken to understand the behaviour of working wives as consumers and their complex, dynamic and multi-dimensional decision-making process. The main objectives of this paper are:(1) To understand how the socio-economic characteristics influence the involvement of working wives in purchase decision-making, (2) To examine the role of working wives in purchase decisions regarding high involvement and low involvement products and to suggest some marketing strategies to the marketers regarding how they can influence the decision-making of working wives.

Keywords: Decision-making, Influence, Working wives, Involvement.
JEL Classification: M31

INTRODUCTION

The number of working wives is growing at a steady pace in Kolkata. This is mainly because of the development in communication system and the growth of educational opportunities provided to women. Because of this growth, the working wives now-a-days also have an increased purchasing power. The increased purchasing power of working wives is giving them the required confidence to participate in family purchase decision-making.

1.1 The nature of the problem

The various problems in studying the behaviour of working wives as consumers are:

- It is difficult to understand the level of involvement of working wives in purchase decision-making and the degree of association between predictor variable i.e. involvement and socio-economic variables.
- Identification of environmental influences on behaviour of the working wives (like socio-cultural influence, culture, sub-culture, social class, social groups, family and interpersonal influences) is also difficult**.**
- It is difficult to establish the fact that the influence of working wife is high when the product is high priced and technically or mechanically complex i.e. in case of high involvement products and vice versa in case of low involvement products.

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- The problem is to understand whether the working wives have any kind of dominance in the stages of family purchase decisions like when to buy, how much to spend and where to buy.
- It is difficult to say who should make the decision, how the decision should be made and who should implement the decision.

1.2 Purpose of this research

By examining various dimensions uncovered in this study marketer can develop a better understanding of working wives needs. The marketers and marketing academicians may use the findings of this study as a resource, while constructing, managing and evaluating their marketing strategies in the Indian context.

1.3 Review of literature

Over the past thirty to forty years a host of studies has been carried out, mostly in the United States, aimed at developing models of consumer behavior and understanding their complex decision making process. The volume of literature that has so far developed on the theme is scanty. There are a few numbers of Journals, Articles and text book materials which account for the whole of the literature that currently exist in relation to this subject. Although family decision making has been a popular research topic among consumer behaviourists (Davis 1976; Lackman & Lanasa 1993; Wolgast 1958), but there has been a lack of work on working wives' family decision making regarding so far.

Involvement is said to reflect the extent of personal relevance of the decision to the individual in terms of her basic values, goals and self-concept (Engel and Blackwell, 1982). Involvement is an internal state variable and indicates the amount of arousal, interest or drive evoked by a particular stimulus or situation (Mitchell, 1979 and 1981).

Rena Bartos (1989), "The working women who had been ignored by marketers, might, in fact represent an opportunity segment whose behaviour should be cultivated. She entitled Working women, "The Invisible Consumer Market".

Jeanne L. Hafstrom and Marilyn M.Dunsing (1978), "It is important to know the reasons wives work, because it may help in understanding their consumer behaviour patterns".

Leon G.Schiffman and Leslie Lazar Kanuk (2005), identified eight distinct stages in the family decision making process which has important implications to understand the role of working wives in family decision making process.

Del I Hawkins, Roger J Best and Kenneth A Coney (2006), "Much remains to be learned about family decision making. The direct involvement of family members in each stage of the decision process represents only a small part of the picture. Taking into account the desire of other family members is also important, though seldom studied.

Davis and Rigaux (1974) explored family purchasing roles in Belgium at three decision stages (problem recognition, information search, and final decision) for 25 household decisions. Results showed that husbands became the more dominant influencer for most products as the decision stage progressed from problem recognition to information search. However, when moving from information search to final decision, the patterns of influence became more equal. Davis and Rigaux (1974) also established that family purchasing roles vary by type of product or service. Research evidence also shows that sex-typed products (e.g., cosmetics, husbands clothing, Working wife's clothing) tend to fall within the realm of one spouse only. For instance in the Davis and Rigaux (1974) study, as might be expected, Working wife's clothing decision was dominated by the wives. Subsequent replications of the Davis and Rigaux study in the United States (Bonfield, 1978; Engel, Blackwell, and Miniard, 1990) provide further evidence regarding spousal influence variations across sex-typed products.

1.4 Objectives of the study

- To scrutinize the impact of demographic factors on working wives involvement in family purchase decision-making and also to determine the level of association between purchasing involvement and socio-economic characteristics;
- To examine the role of working wives in purchase decisions of high involvement and low involvement products and to suggest some marketing strategies to the marketers regarding how they can influence the purchase decision-making of working wives.

1.5 Research methodology

Data Source: The current study is empirical in nature and hence primary data has been collected according to the plan of work and secondary data from the published sources. Primary data was collected through Questionnaire as per the requirement of the study in order to understand the working wives socio–economic characteristics and purchasing involvement in family purchase decision making.

Data Collection Instrument: The research instrument for collection of primary data was the questionnaire. The questionnaire was filled up by the surveyor (i.e. researcher) on the basis of the response of the respondents i.e. working wives.

Sample Size: A sample of 500 working wives has been used for testing eight hypotheses derived from a synthesis of the relevant literatures.

Research Design

Sampling Elements: Families (Nuclear & Joint families)

Sampling Units: Working wives

Extent: Selected wards of Kolkata.

Sampling Technique: Non-Probability Sampling likes Convenience sampling and Judgment sampling was employed as per the requirement of the study.

Kolkata presents the researcher with several unique problems. Social customs preclude access to Kolkata's families or personal interviews with Kolkata's working wives. Such difficulties render

non-probability sampling and convenience data collection procedures necessary (Tuncalp, 198813). This study was no exception to other studies in employing a purposeful sample.

Specifically, the field procedures here were patterned after Pilot survey conducted among Kolkata's working wives, and snowball sampling and self-administered data collection procedures were employed (Verhage, Yavas, and Green, 1990).

Statistical Tools Used

For a comparative study and for a better visual understanding and better presentation, Bar Charts and tables have been used. Moreover, statistical technique Chi-square test was used to analyze the collected data.

CASE STUDY BASED ON SAMPLES AND ANALYSIS OF THE FINDINGS

2.1 Socio-economic characteristics of working wives

The demographic profile of the 500 working wives is shown in Table 1. Six demographic predictors were included in the research design. They were: Age, Education (high school or less vs. some college or more), income, occupation, family life cycle and family organization (nuclear vs. joint). Respondents were mostly between 25 to 55 years of age and came from families with an average size of three people. On the average they had been married for 1-15 years. Seventeen percent of the respondents did not have any children; those who did, on the average, had one to two children. Twenty percent of the women surveyed had lived in the districts of Kolkata for 6 months or longer. 71.2 % of the working wives' had at least attended college, and almost 40% out of. 71.2% of the working wives held managerial, administrative, or other professional jobs. Hence, the study sample represents a mixture of an upscale and midscale urban segment of the Kolkata's working wives.

2.2 Working wives involvement in product purchase decisions

Involvement in product purchase decisions is an important concept in understanding working wives behaviour in family purchase decision-making. Involvement is not due to attitudes but to behaviours. Working wives may be involved in purchase of convenience goods, shopping goods, durable goods and non-durable goods. Purchase involvement is similar to a personality trait in the sense that it transcends individual purchase situations and is characteristics of the individual. Involvement is a state of motivation, arousal of interest and the state exist in a process .It is driven by current external variables (the situation, the product and the communication) and the past internal variables (enduring, ego and central values).Its consequences are searching, processing and decision making. In this study purchase involvement of working wives is determined on the basis of the following questions.

a) How much time and effort expended in the undertaking of specific behaviours?
b) How much time they allocated for shopping?
c) How much money was budgeted for purchase?

Upon analyzing these answers the degree of involvement was assessed. However, involvement in this study was used in behavioural aspect which includes searching, questioning and arguing.

Table 1: Background Information

Characteristics	No of Respondents	Percentage of Respondents
Age		
Below 30 Yrs	86	14.66
31-40 Yrs	228	47.6
41-50 Yrs	102	22.26
Over 51 Yrs	84	15.46
Nature of Family		
Nuclear Family	389	77.8
Joint Family	111	22.2
Education		
Up to High School or less	144	28.8
Some College or more	356	71.2
Occupation		
Service	466	93.2
Others	356	6.8
Monthly Income		
Less than 10,000	144	28.8
10,001-25,000	196	39.2
25,001-50,000	126	25.2
Greater than 50,000	34	6.8
Family Life Cycle		
Married with no children		
Married with youngest Child below 6 Yrs	98	19.46
Married with children between 6-18 Yrs	87	20.13
	234	44.93
Married with no children below 18 yrs	81	15.46

Source: Primary survey

Involvement as behaviour of working wives in family purchase decision making has been used in the sense of greater searching for information, asking different questions about the new products and higher level of arguing, as part of working wives behaviour, it would indicate high

involvement from a behavioural perspective .On the other hand the lack of questioning about new product would indicate low involvement.

2.3 Association between socio-economic characteristics and involvement

Findings and Analysis

The involvement of working wives in family purchase decision making fundamentally influence them as consumer. The attitudinal predictor, involvement was assessed with the help of Likert type scale .The respondents were trichotomized (low, medium and high) on the basis of scores obtained by them. The findings were based on opinion of the 500 working wives and the analysis was based on chi-square analysis, Cramer's V and Contingency coefficient.

Due to presence of existing knowledge in this area the following hypotheses were proposed.

H_0: There is an absence of significant evidence that differences in age will have a significant impact on the involvement of the working wives in family purchase decision making.

H_1: There is an absence of significant evidence that differences in nature of family will have a significant impact on the involvement of the working wives.

H_2: There is an absence of significant evidence that differences in education will have a significant impact on the involvement of the working wives.

H_3: There is an absence of significant evidence that differences in occupation will have a significant impact on the involvement of the working wives.

H_4: There is an absence of significant evidence that differences in monthly income will have a significant impact on the involvement of the working wives.

H_5: There is an absence of significant evidence that differences in family life cycle will have a significant impact on the involvement of the working wives

In order to test the above mentioned null hypotheses chi-square ($\chi 2$) as a test statistic was used. The results of chi-square test are given the Table 2.Cramer's V and Contingency Coefficient shows the level of association between socio-economic variables and involvement.

Results:

Table 2: Results of Chi-square analysis, Cramer's V, Contingency co-efficient and level of involvement

VARIABLES	$\chi 2$ Value	Null Hypothesis Accepted/ Rejected	Cramer's V	Contingency Coefficient	Level of involvement
Age and Involvement	64.60#	Rejected	0.55	0.61	Moderate to high involvement because young and middle aged working wives

					show higher levels of involvement in product purchase decision in the family
Nature of Family and Involvement	3.90	Accepted	-	-	Not significant
Education and Involvement	17.90#	Rejected	0.65	0.73	Moderate to high involvement because it was found that as the education level falls the low attitude towards involvement increases and vice-versa.
Occupation and Involvement	44.79#	Rejected	0.21	0.28	Low to moderate involvement .Once the working wives got the opportunity to go outside the home and enter a favourable environment and engage themselves in various occupations they can develop a positive attitude.
Monthly Income and involvement	30.88#	Rejected	0.47	0.55	Moderate to high involvement because the percentage of low scores showed a decreasing trend with the increase in contribution in family income.

Family life cycle and involvement	104.89#	Rejected	0.66	0.74	High involvement in purchase decisions when the child is between 6-18 yrs of age.

Source: Author's findings

# indicates that it is significant at both levels i.e. 5% and 1%.

ROLE OF WORKING WIVES IN PURCHASING DECISIONS OF HIGH INVOLVEMNT AND LOW INVOVLEMENT PRODUCTS IN TERMS OF INSTRUMENTAL AND EXPRESSIVE

Decision Stages and Type of Products

Among numerous sub decisions reported in the literature (Wilkie et al., 1992) three of which were common to most studies (see for example, Davis, 1971; Green, Verhage, and Cunningham, 1981; Hopper et al., 1989; Shuptrine and Samuelson, 1976; Wilkes, 1975) were selected. These were: when to buy, where to buy, and how much to pay. All three sub decisions are not only appropriate for the Kolkata's environment but, in past studies, they also yielded significant spousal influence differences. Working wives family purchase decision roles for these three sub decisions across product categories were obtained by asking them to indicate whether they were made by the husband, Working wife, or jointly.

Scott (1976) argues that family role influence pattern will vary depending upon the interest and involvement of family members in a particular product or service. Thus, families with the same role allocation might show some decision-making variations on the basis of perceived importance of a product or service (Sheth, 1974). A spouse who is more involved with a product-service will be more active in the decision process and have a greater effect on the decision outcome (Krishnamurthy, 1981). Past writings show that involvement has an impact on marital power (Douglas, 1979) and it is a viable predictor of spousal influence in purchase decisions (Burns and Granbois, 1980; Davis, 1976; Scanzoni and Szinovacs, 1980). The existing literature collectively suggests that spousal influence increases as a function of involvement with an object or activity. Hence, the following hypotheses were advanced:

H_6: Families of Kolkata are prone to working wife dominated family purchase decision-making.

H_7: Kolkata's working wives play the dominant role in identifying the need for a product.

H_8: Kolkata's working wives exert more influence in the purchase of a sex-typed product (e.g. women's clothing) than other products.

Results

Table 3: Distribution of family Purchase Decision Roles across six product categories as reported by Kolkata's working wives (n=500)*

Product category	Decision Maker	When to Buy?(%)	How much Spend?(%)	Where To buy?(%)
Grocery	Husband	20	37	38
	Working wife	50	26	31
	Joint	30	33	31
Furniture	Husband	23	47	34
	Working wife	23	11	19
	Joint	54	42	47
Major Appliances	Husband	34	53	49
	Working wife	30	11	15
	Joint	36	36	36
Automobile	Husband	81	82	90
	Working wife	2	1	1
	Joint	17	17	9
TV/CD or DVD Player	Husband	47	67	67
	Working wife	12	6	8
	Joint	41	27	25
Working wife's clothing	Husband	8	16	7
	Working wife	78	68	76
	Joint	14	16	17

***Overall average percentages were: 44% by the husband, 26% by the working wife and 30% joint.**

To test H_6, that working wives dominate family purchasing decisions in Kolkata, the overall distribution of the occurrence of husband, working wife and joint decisions was examined. Results are presented in Table 3. The mean percentages across six product categories and three decision situations indicated that about 44% of the decisions were made by the husband, 26% by the working wife, and 30% jointly. The proportions for husband, working wife, and joint decisions in Table 3 were further compared using one-way analysis of variance. The three sets of proportions were significantly different ($F = 3.49$, $p < .05$). Further analysis via multiple contrasts revealed that the proportion of decisions made by husbands was significantly higher than the other two. Hence, H_6 is not supported.

Results in Table 3 also provide insights into the nature of family purchasing roles across decision stages and product categories as stated by H_7 and H_8. Overall, husbands were more dominant on the question of "how much to spend" with the exception of working wives clothing. Similarly, on the question of "where to buy: husbands were dominant with the exception of furniture and working wives clothing. The working wife was dominant only on the purchase timing of groceries and their clothing. As expected, two sex-typed products emerged as being clearly dominated by one of the spouses. Husbands were dominant in all decisions related to the

purchase of a car, whereas working wives dominated the decision on clothing. The little interest shown by working wives in car purchase decisions makes sense. This is because, women are not allowed to drive in Kolkata and working wives, pay much less attention to car commercials as compared to their husbands. Results in Table 3 partially support H_7 and H_8.

CONCLUSION

This paper examines the relationship between role structure and influence of working wives in family purchase decision-making with the changing status of their increased income, education and occupation. Based on a series of personal interviews, this study explored various components of decision-making of working wives for the purchase of durable and non-durable products. The findings suggest that working wives were the dominant influencer of the primary stage of the decision-making process in case of grocery products i.e. identifying the need for a product (When to buy).The other stages of the purchase decision-making was mainly dominated by their husbands i.e. how much to spend and where to buy. Demographic variables were associated with varying patterns of involvement of working wives. Differences were also noted between demographic factors and sources of information used prior to purchase by the working wives .Results suggest that retailers of durable and non-durable products would be benefited by profiling potential submarkets of these product.

As the young and middle aged working wives are highly interested, involved and face low conflict in family purchase decision-making due to their financial empowerment, so it can be concluded that consumption of durable and non-durable goods of these two segments (young and middle aged working wives) will obviously increase because consumption is a function of income. This is a positive indication from the point of view of the marketer because it indicates that sales will increase if these two particular segments are targeted by the marketer. Based on the findings of the study we conclude that the working wife was found to be more influential in taking purchase decisions of low involvement/emotional products like groceries, kitchen appliances, breakfast cereal etc which requires limited decision-making.

The study conclude that there seems to be a general trend towards more joint decision making, in spite of the fact that working wives will share more authority in family decision-making ; there will be less division of labour and more companionship.

Previous research has shown that family purchasing roles vary by decision stages and product category. Results of this study again confirm these relationships. Working wives of Kolkata were not dominant on the question of “how much to spend, whereas their dominance is observed in case of the question “when to buy”. Husbands exert greater influence on all the sub decisions pertaining to automobile purchase, whereas working wives dominated the sub decisions for women’s clothing.

Finally, it can be concluded that with proper understanding and knowledge of the working wives behaviour, marketers can determine which specific aspects or features of the products to advertise to the working wives and which media will be the best to reach them.

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