

**PRODUCTION AND MARKETING PERFORMANCE OF
WOMEN SHGS IN BUSINESS
(WITH REFERENCE TO SRIKAKULAM DISTRICT OF ANDHRA PRADESH)**

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Abstract:

New revolution in the field of Indian rural economy has come already in the form of Self-help groups. With the help of these self-help groups, rural population is growing their economy in very rapid speed. Various grants and subsidies are given by the government to these SHG's and with this soft-hand; various businesses are taking birth in rural areas of India and with time this situation is being same in urban and semi-urban areas of India.. This situation is helping the people in many ways; providing employment opportunities, business opportunities, opportunities of being supplier of raw material to various businesses, etc. In this way SHG's are helping to 'Vision 2020' in a vast manner and making rural economy strong through providing micro finance.

KEYWORDS:

Self Help Groups, Micro-finance, Business Performance, Women empowerment .

INTRODUCTION

Women's Self Help Groups are the indicators of development of women and they contribute for the overall economy also. Emergence of the SHGs leads to socio-economic benefits to the society. Within the framework of a democratic polity, our laws, developmental policies, plans and programmes have aimed at women's advancement in different spheres. From the Fifth Five Year Plan (1974 – 78) onwards it has been a marked shift in the approach to women's issues from welfare to development (Seth Mira, 2000).

Meaning of Self Help Group (SHG): Self Help Group (SHG) is a small voluntary association of poor people, preferably from the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG does not exceed twenty. The self-help group generally has members not exceeding 20 and each group selects among its members a leader called President. The president conducts 2 to 3 meetings every month in the evening hours. The group members save a regular amount of Rs. 100 every month. The group rotates the money to the needy members for various purposes at a specified interest rate. As the repayment is cent percent and the recycling is very fast, the savings amount increases faster owing to the accumulation of income from interest. Saving habit helps the members to escape from the clutches of money lenders. Saving habit covers the way for empowerment of women and builds confidence in them; they could stand on their own feet, which they could stand on their own feet. After the group stabilizes over a period of six months or more in the management of its own funds, it conducts regular meetings. Maintain savings and give loans to members on interest.

MICRO-FINANCE:

Micro-financing has turned out to be an effective strategy for formal financing agencies. Group lending minimizes transaction cost and at the same time the members of a group can avail small loans

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through that group. The chances of mis-utilisation are minimal and there is an assured repayment because of peer monitoring by the group. The group concept has enabled the rural poor to develop the savings habit and minimize extravagance.

For the SHG members, the system has been found beneficial because of minimal procedural formalities, access to institutional credit without collateral offering, full autonomy in the selection of activity, and the availability of thrift for meeting urgent needs. The skill needed for filling the application forms and the absence of procedural formalities have made the programme customer-friendly. Besides, the flexible repayment schedule enables them to repay as and when it is convenient. The group will see to it that prompt repayment is made, as they are likely to get repeat loans. The micro-sized, supplementary income-generating activities pursued by the members defy the conventional standards of unit cost and unit size prescribed by banks and government departments. The smaller unit size allows women to pursue the activities in their spare time and contribute to the family's income.

WOMEN EMPOWERMENT:

Women cannot get power by asking, demanding or complaining. Women get power by claiming it. First Women need to make them powerful. Women in general have been weakened emotionally and intellectually by the relentless challenges of a 'patriarchal, misogynistic and materialistic culture. Women in general have been corrupted by materialism, vanity, loss of self-respect, dependence and subservience. Women have to heal their psychological wounds, cultivate their intellectual and professional abilities and take power from Economic, social and skill development.

NEED FOR THE STUDY:

In India, SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self-management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social or community issues. But there are also some questions. How effective are the groups in managing their financial transactions? Are the groups sustainable? Do they help in mobilizing women to take social action? How effective are such actions? Who is really benefiting? Do the poorest benefit, do they not join at all or if they do join, are they more likely to drop out? Therefore, the present study is required to highlight these aspects.

STATEMENT OF THE PROBLEM:

As the SHGs are viewed as catalytic agents to bring sociological developments in a growing economy, it is necessary to see the SHGs as small business groups. Like the cottage or tiny industries, the SHGs are also the business segments so that they should earn sufficient amount of return on their capital. The SHGs should have capabilities for capturing markets at the possible levels. As their geographical area is confined to local markets only, the women of the groups have to struggle for success and survival. But, the individual business performance of the women of the SHGs is not satisfactory in terms of profitability, investment and marketability of the products. Most of them are illiterate and they do not have any experience in their lines of business so that their growth cannot surpass beyond a certain limit. And, the scale of operations of their business is limited and the scope for further development is a question to them. These issues are taken by the researcher as the research problems.

OBJECTIVES OF THE STUDY:

Following are the objectives of the study:

1. To study business practices adopted by the SHG members.
2. To identify their problems in respect of finance.
3. To identify their problems in Sharing the Revolving Fund.
4. To give suitable suggestions for effective functioning of business.

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HYPOTHESES OF THE STUDY:

1. There is no significant association between women members who have suffered from loss and marital status of the women of the SHGs of Srikakulam district.

METHODOLOGY OF THE STUDY:

The present study takes business performance of the women members of the SHGs as the subject matter for research. The business performance include production, selling, financing and other related activities. As the business of the women is very limited in terms size and investment they have to usually undertake only limited business functions only. Generally production, selling, financing and accounting are the common functions performed by them. As these are the identified functions of them the present study takes those as dimensions of the study.

Sample selection: The district has 38 Mandals (this is the sub division of district administration). Using multi stage sampling technique, the samples were selected. 500 samples were selected as per multi stage sampling technique.

At first, the 38 Mandals of the district were identified.
52 panchayaths (this is village administration body) were identified in the 38 Mandals.
589 Economic SHG activity groups were identified in the 38 Mandals.

DATA COLLECTION:

The primary data were collected from a structured questionnaire. It consisted of 8 sections viz., personal data, and information about the business, in respect of finance, production, and marketing. Moreover scaling technique has been used to measure level of satisfaction, level of awareness and attitude of the women towards their business. And the secondary data were collected from the secondary sources such as books, journals, records of DRDA etc.

LIMITATIONS OF THE STUDY:

1. This study is concerned only with the business performance of the women of the SHGs and not any other social impact of the SHGs for empowerment of the women.
 2. This research has been undertaken from the point of view of women members but not from the SHGs.
 3. This research takes the women who have started their business at least five years back.
- Production and Marketing performance of women SHGs in Business:

PRODUCTION PERFORMANCE:

Production is a comprehensive business activity requires machinery, technology, raw materials and skilled labour. Among the 500 women, 120 women (24%) are doing manufacturing activities in their business. In this section, their perception is taken into consideration.

Source of Raw Materials to Business:

Raw material is the basic requirement to manufacturing business. The women members of the SHGs of Srikakulam district procure the materials in two sources. The following table shows them.

Table - 1
Source of Raw Materials to Business

Source	No. of Respondents	Total in %
Open market purchase	120	100.00
Govt. quota	00	00.00
Total	120	100.00

Source: Primary Data

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All the women procure the materials for their business from the open market purchase only. In this source, no concession, preference and credit are available to them. The government does not take care of them in this regard. The Small Scale and Micro Industries purchase the raw materials from the government supporting programme. But, the women SHGs do not get such type of facility.

Having Training in This Production Function:

Training is an added advantage to business people. Here, the women members show the fact whether they have already been trained in their line of business activity or not.

Table - 2
Having Training in This Production Function

Having Training	No. of Respondents	Total in %
Yes	35	29.20
No	85	70.80
Total	120	100.00

Source: Primary Data

70.8 per cent women do not have any training in the manufacturing activity. This shows that they are trained at the time of manufacturing the goods. If the training is imparted it may be useful to them in their near future. 70.2 per cent women have the training through NGOs and some of them have got when they worked in industrial units in the past. So, a majority segment of women entrepreneurs among the women members of the SHGs of this district produce goods / services without proper training.

MARKETING PERFORMANCE:

Marketing of goods and services is a difficult task in these days because of heavy competition, changing pattern of consumption pattern etc. This section of analysis deals with the marketing functions of the women members of the SHGs.

Method of Marketing the Products:

The women members of the SHGs of Srikakulam district market their products (manufactured by them or purchased by them) in the following ways.

Table - 3
Method of Marketing the Products

Method of Marketing the Products	No. of Respondents	Total in %
Direct sales to customers	380	76.00
Through exhibition/ trade fair	70	14.00
Through middlemen	50	10.00
Total	500	100.00

Source: Primary Data

76 per cent women usually sell their goods to consumers directly through their shops. (Shops of 12 women are in the 'Poomalai Business Complex' which is owned by the Government of Tamil Nadu.) A few of them, (15 women), having no shop, sell the products by door to door sales. 14 per cent women sell their goods in various exhibitions frequently undertaken in places in this district by private parties or some government departments. Only 10 per cent women sell the goods with the help of middlemen.

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Mode of Sales:

Cash sales ensure ready cash to business but the credit sales facilitate expansion of business. The following table shows the mode of sale that is under taken but eh women. Out of 68% women members of the SHGs sell their products for immediate cash only. This practice generates cash to the business. And it is clear that they are not willing to take any risk that may arise in the credit sale. On the other hand, 32% women sell the goods for cash and on credit. They are the real business people because they face the risk of credit sale.

Table No. 4
Mode of Sales

Mode of Sales	No. of Respondents	Total in %
Cash sales only	340	68.00
Cash and Credit sales	160	32.00
Total	500	100.00

Source: Primary Data

Major Problem in the Sales:

Sale is a difficult transaction in the competitive market. The women of the SHGs undertake this activity very carefully. Following table shows the major problem in the sales.

Table - 5
Major Problem in the Sales

Major Problem in the Sales	No. of Respondents	%
Bad debts	60	12.00
Slow movement of goods	120	24.00
No repeated purchases by the customers	52	10.40
More selling expenses	148	29.60
No govt. support	120	24.00
Total	500	100.00

Source: Primary Data

In the case of sale, 29.6 per cent women indicate that the selling expenses are heavy. Generally, the women who have rental shops do not have any sales men (except 58 women). But, the selling expenses are in the form of electricity expenses, transport expenses to bring the goods to the market place, packaging expenses, wages etc. These expenses reduce the profits of the business. At the same time, 24 per cent women say that the slow movement of goods is the major problem. They have to wait a considerable time for sales. Likewise, 24 per cent women have the opinion that there is no any government assistance to them in this regard. 10.4 per cent women mention that there are no repeated sales in their business. This shows that the customers are not satisfied very much. No efforts have been undertaken by the women to study the customers' satisfaction on the part of the business women.

Profit Margin in Business:

Profit margin of the business is a crucial thing that is also one of the determining factors of the

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volume of profit in the business. It is needless to say the women are not in a position to fix a high margin. They are not the monopolies on any ground and they are the weak business people (not in the sense of weaker sex) in terms of low capital, absence of modernity in the business, small scale of operations etc. The following table shows the profit margin fixed by them.

Table - 6
Profit Margin in Business

Profit Margin	No. of Respondents	Total in %
Upto10%	210	42.00
10%- 20%	174	34.80
Above 20%	116	23.20
Total	500	100.00

Source: Primary Data

Out of 42 per cent women usually fix 'upto 10%' profit margin in their business. This is the least percent. And all the 210 women do not fix the 10 per cent. Many of them fix 4 per cent or 5 per cent as the margin of profit. Only 38 women have fixed 10 per cent as margin. 10-20% is the ceiling of the margin to 34.8 per cent women, 'Above 20%' is the margin fixed by the 23.2 per cent women (minority group). So, it is clear that the women are working for a least amount of profit. And this margin is not the same rate of other business persons. The other business persons fix the higher profit margin than that of the women of the SHGs in Srikakulam district.

Expectation from Government for Marketing the Products:

The government assists the SSIs and MIs to market their products. A special purchasing programme is in vogue by the government. Like the same, no programme has been implemented by the government towards the business of the women's SHGs. The following table shows the expectations of the women of the SHGs of Srikakulam district.

Table - 7
Expectation from Government for Marketing the Products

Expectation	No. of Respondents	Total in %
Govt. may purchase	227	45.40
Govt. may arrange stalls	233	46.60
Govt. may supply information	40	8.00
Total	500	100.00

Source: Primary Data

Out of 46.6 per cent women are of the opinion that the Tamil Nadu government may arrange stalls to the women members of the SHGs at free of rent as the case of 'Uzhavar Santhai' of farmers. (The 'Santhai' is a successful effort of the government for the benefit of the farmers to sell their vegetables). The women expect such type of facility to sell the goods at free of rent. At present some of them sell the goods through the shops in the 'Poomalai Business Complex' but it is not possible to get shops for rent to all of them. (Only 12 women have such facility in the 'Poomalai Business Complex' in Srikakulam town. All others have rental shops (except 58 women) in their towns and villages. Next, 45.4 per cent women demand that the government may purchase their goods in an extensive way for its various departments and sections. 8 per cent women have a peculiar expectation that they demand information for the government regarding the potential markets for their sales. As this is the era of information technology, this expectation may be fulfilled by the government very easily.

Testing the Hypotheses:

ANOVA test - 1

Null Hypothesis

There is no significant association between and educational level and mode of marketing the goods.

Alternative Hypothesis

There is no significant association between and educational level and mode of marketing the goods.

Analysis of variance among the Respondents with educational level and mode of marketing the goods

Variables	Mean	Standard Deviation	Sum of Squares	d.f	Mean Square	F
Between Groups	26.5987	G1=3.14573	290.965	2	145.483	13.744
Within Groups	28.4231	G2=3.33612	3334.418	315	10.585	P<0.05
	26.0323	G3=3.43980				

G1= Upto Rs.25,000, G2= Rs.25,000 – 50,000,

G3= Rs.50,000 & above

Table value of F (2, 315) = 2.9957

RESULT:

The calculated value of F test is greater than the table value at 5% level of significance.

The null hypothesis is rejected. There is significant association between and educational level and mode of marketing the goods.

CONCLUSION:

All the women procure the materials for their business form the open market purchase only. In this source, no concession, preference and credit are available to them. The government does not take care of them in this regard. The Small Scale and Micro Industries purchase the raw materials from the government supporting programme. But, the women SHGs do not get such type of facility. 70.8 per cent women do not have any training in the manufacturing activity. This shows that they are trained at the time of manufacturing the goods. If the training is imparted it may be useful to them in their near future. 70.2 per cent women have the training through NGOs and some of them have got when they worked in industrial units in the past. So, a majority segment of women entrepreneurs among the women members of the SHGs of this district produce goods / services without proper training.

FINDINGS OF THE STUDY:

1. In the case of first statement (My business has a bright future), majority women (36%) strongly disagree it. Likewise, 32% women have disagreed this statement. This attitude is not merely a repercussion of mere pessimism. The present conditions of the business of the women are going on in this tendency. Especially speaking, the women are unable to compete with their competitors on any ground. On the other hand, minority respondents (5% strongly agree and 7% agree) have faith in this statement.

2. In the case of attitude statement 4 (Training programme is useful to develop business skill) 50% women strongly agree and 37% agree this statement. On the other hand, a meagre number of women (3%) have

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disagreed this. It is clear that the training programme is essential to develop their business.

3. In the case of attitude statement 5 (Credit sale extends the business) different types of opinions arise. 38% women disagree this statement. 19.6% women respondents strongly disagree this. At the same time, 14% and 16.8% women have conformity with this statement. (14% women – strongly agree ; 16.8% women agree).

4. In the case of attitude statement 6 (Customer loyalty is permanent) attitude of the 500 women is of multifarious nature. No unilateral or majority supported attitude arises among the 500 women. In the case of agreement of this statement 17.4% women strongly agree and 19.4% agree this statement. On other side, 29% women disagree and 10.2% women strongly disagree this statement.

5. In the case of Attitude statement 7 (Changes in business can not be predetermined), 39% strongly agree it; 25.8% agree. On the other hand, 33.6% women of the SHGs disagree it. 4.8% respondents strongly disagree it.

6. Level of satisfaction of women members of the SHGs of Srikakulam district in respect of profitability differs with the marital status.

7. There is significant association between varied opinion about types of business of the women members of the SHGs of Srikakulam district and their Level of awareness towards government policy towards the SHGs.

SUGGESTIONS OF THE STUDY:

On the basis of the findings of this study, it would be appropriate to give suggestions that might help in the improvement of the functioning of the SHG business performance. After thorough analysis of the study from different dimensions the suggestions are:

Marketing facilities may be extended to them by the government by purchasing the products produced by the women of the SHGs for various governmental departments. This will remove the marketing problems of the women.

The rate of interest charged by the banks on the loans granted to them may further be reduced. The credit granted by the banks to the SHGs should be treated as the priority sector lending. Soft loan scheme, applicable to the industries of the backwards districts, should be applied to the SHGs too.

Education gives awareness to the women so the NGOs may impart education and enhance the level of knowledge to illiterate and low level educated women members. For this, the NGOs may arrange evening and week end classes. If the NGOs do not have any place for conducting such classes, premises of government schools may be used.

The women of the SHGs should think over the customers' satisfaction and they should take steps to ensure such satisfaction among the customers. And, they may make a personal contact with consumers so that repeated customers may be available to their business.

Private MFIs are charging very high rate of interest i.e 24 per cent which affects the financial sustainability of the micro units (MUs). Hence necessary steps are to be taken to assure the MUs to avail the sufficient finance at a marginal rate for a certain period (gestation period).

The implementer should monitor not only the disbursement of money, but also the end-use of money for productive income generating activities/ MEs.

Policy makers need to recognize the potential of micro financial services to support investment and growth in key economic sectors and hence to contribute significantly to national economic growth.

Due to variation in the price of different quality animal, the loan amount should be as per member's actual requirement. The recommendations of the group members should also take in to account which fixing the cost of the dairy unit.

In addition to the institutional sustainability, the group should also become financially viable. Financial sustainability of the group is achieved when the group is able to meet its operational costs from its income.

In order to encourage more women towards setting up of MEs the subsidy amount should be increased and at the same time the subsidy should be linked to the promptness of the repayment.

There are number of groups with more than six years of experience. The government departments and banks should encourage them and sensitize to increase their quantum of thrift / savings.

It is necessary to reduce the influence of the private money lenders by taking measures such as further branch expansion, motivating the staff to be more receptive and responsible and by giving promotional and financial incentives linked with their loan recovery performance.

In order to ensure proper utilization of the credit, there is an urgent need to introduce availability of consumption credit from the formal channel. There is a need to sensitize bank staff on the needs, constraints and inhibitions of women.

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Marketing of new products may involve training or community development skills. There is need to give training packages in entrepreneurship development to enable rural women to become successful business managers and sustaining their MEs.

Government should provide infrastructure for training of SHG members in ME as also marketing infrastructure for marketing of the products.

Strong marketing network is required for effective and proper marketing of products and services of MEs linked SHGs. They need marketing support and institutional capacity to handle marketing activities independently.

Multiple Enterprises development programmes are to be organized so that awareness for setting up of MEs could be attained.

The availability of natural resources, skills and potentiality is to be thoroughly analyzed while initiating the ME. Concerned government official should counsel, advice and support the SHG members in this regard.

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