

REVIEWS ABOUT SELF HELP GROUP ENTREPRENEURS PROBLEMS - AN OVERVIEW

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ABSTRACT

One of the problems facing SHG farmers in Indian is how to market their products beyond their locality. Information technology tools have been tested and accepted widely and can be used to solve the problem of marketing of agricultural products produced by SHG. This paper explores the background of the study relating to agriculture practice and marketing of the SHG products in India. It proposes the use of merchant to act as a middle agent between the SHG and consumers for the marketing system. This paper explores the use of web application to market SHG products to allow the customers select their preferred products to their carts and an invoice will be generated electronically based on the goods selected. Therefore after, a two way payment is made available; online payments using e-transacts and local payment to the merchant account directly.

Keywords: SHG, Marketing, Internet.

Introduction:

Self-help groups (SHGs) are fast emerging as powerful tool of socio-economic empowerment of the poor in our rural areas. The self-help group is a small body formed by the people for meeting their specific objectives, particularly credit. However Local literature shows that self-help groups have been developed for a wide range of populations, including the mentally ill and their families, persons with disabilities and their care-givers etc. SHGs are initially formed on the foundation of the accumulated endowment of bonding social capital already existing in the community. The social capital produced by the SHG as it matures through creation of new ties and linkages, strengthens the community's cooperative capacity to the achievement of group government. When the SHGs grow they begin to articulate the community demands as they become aware of their rights and therefore attitude of the government bureaucratic officials changes and they become more responsive to the needs of the community i.e., with the maturity of SHG the state-society relationship begin to change at the local level towards the better.

In this way, SHGs which were originally established to produce economic benefits for members eventually became an associational framework for collaborative actions that produce public goods. As a result a range of other community-level organizations emerge where often members of the SHGs are recruited. Role of SHGs in strengthening local governance and political democracy can be described by the fact that a number of SHGs members are being elected in the Panchayati Raj system in India, the lowest tier of local democratic governance.

In self-help groups it is assumed that all poor households need to save and have the inherent capacity to save small amount regularly; easy access to credit is more important than cheap subsidized credit which involves intricate bureaucratic procedures, the poor are the best judge of their credit needs and are good users and re-payers of credit when formed in group. A notable feature of SHG is that before its linkage with any financial institution, credit discipline is imbibed among the member by way of SHG with banks has improved the socio-economic condition of its member by way of positive impact on income, saving, and self-confidence. The impact is more pronounced in the case of SHGS linked through NGOs. This and many other aspects of rural credit delivery system need to be studied in a greater depth. SHGs have proved to be successful in addressing the interests of women in a sustained manner. They are extremely useful in generating savings, ensuring successful delivery of credit to individual women and effecting recovery. In addition, they serve as an ideal mechanism for bringing women out of their homes, making them more articulate and honing their leadership qualities and their skills as motivators. Women led SHGs in Andhra Pradesh have won laurels for their exemplary performance.

Entrepreneurship through Self-Help Groups:

Self-Help Group (SHG) enables the rural poor to earn their own livelihood besides participating in the process of development. The SHG scheme has been extensively used by voluntary agencies for a long time but has been incorporated in the conventional development programmes only recently. A typical rural women's self-help group is a good example of capacity building for prospective entrepreneurs. Its aims include enabling members with no educational or industrial or entrepreneurial background to become self-dependent and self-reliant by developing and enhancing the decision-making capacity of members and instilling in them the strength and confidence for solving their problems. They provide poor people a forum where they can learn about collectively mobilising and managing money and matters. Few other Central and State government schemes aimed at capacity building of women and others for entrepreneurship include the 'Stree Shakti' programme in the dairy cooperative sector in M.P., training-cum-employment programme for women called Swa-Shakti and Rashtriya Mahila Kosh Project -supported by the World Bank and International Fund for Agricultural Development (IFAD).

Rural Marketing:

Rural development cannot be obtained only by heavy industrialization rather small scale and micro enterprises are more sustainable way to benefit the rural poor. There is a need for "Production by Masses, rather than mass production". (Schumacher, 1977: Tahuri and Singh, 1993)

Rural firm growth is limited by a number of factors, including limited scope of local demand and poor access to extra regional markets, low density and consequent lack of opportunity for net working, inadequate access to and unfamiliarity with modern information technology and difficulties in accessing capital (Nerys et. al., 2006).

The success of rural industries crucially depends on two major functions i.e. effective marketing and internal resource generation including finance. Too much production orientation is a common fallacy and causes failures of some entrepreneurship efforts. Marketing involves everything which could be important to remain and lead the market. It also involves constant interaction with all relevant stakeholders. It is crucial for both types of rural business i.e. farm sector and non-farm sector. Rural households in developing countries typically obtain 30-45 per cent of their total rural income from off-farm resources. The average figures differ by region and range from 29 per cent in South Asia to 45 per cent in Eastern and Southern Africa (Reardon et al., 1998).

The promotion of rural non-farm enterprises is seen as having the potential to absorb this excess farm labour, stimulate rural development and overcome rural poverty (Christensen and Lecroix, 1977). These rural producers have not been able to improve their economic conditions because of slow adaptability, lack of education, raw material unavailability, poor quality and productivity, lack of market intelligence, poor managerial skills and many more to add (Tahori and Singh, 1993).

Craftsmen also lack understanding of the local demand pattern of the area, market dynamics, market channel, price fluctuations, and value addition possibilities which can help them to develop a comprehensive intervention plan based on market realities. (Kashyap and Raut S., 2006).

Marketing and Technology:

Ganpathi and Malar (2003) emphasize reasonable and affordable product prices are an important factor influencing consumers to buy from SHGs. Purchasing decisions are also influenced by factors like service, quality value for money and the homemade nature of the products. Customers are reported to feel that product packaging needs to be improved.

Jose and Nair (2011) point to another marketing shortfall, that SHG products are not getting enough advertisement. These two points combine in the criticism that most of the products are not branded, properly processed or sealed, due to lack of appropriate technology – and sales take place only in the immediate vicinity.

In respect of marketing, Karruppasamy (2010) suggests that the government should arrange presentation and advertising training programmes, and that the government channels might broadcast the SHG advertisements at minimal or no charge.

Abrol (2003) lists the key domains for effective technology implementation in SHG:

- Identification of the needs of peasants and agricultural labourers as producers.
- Adaptation of technologies to make items / products fully competitive in local markets.
- Formation of production networks to establish forward and backward linkages within the local economy area, thus strengthening the competitiveness of the local system.

Kibas (2005) states that problems related to marketing and obtaining a reasonable price for products badly constrain the majority of the clients. He also reports that 40 to 50 percent of the SHG have failed due to problems related to marketing. Competition is seen in marketing of the products which have been pioneered by the retailers, super markets and other marketing agencies. This coupled with lack of knowledge on business management and inadequate resources and support mechanisms reduce the development perspectives of the micro enterprises.

Edgcomb, et al. (1996) state that the entry of non – SHG enterprise into the SHG market relationship means a loss of revenue for the micro – enterprises. Local people should be able to sell directly to the consumers and avoid the huge markup taken by middle marketing agencies. Thus special attention needs to be given to relinkages with market which should be created locally. Additionally, to stay competitive backward linkages with information technology are important. They place stress on workable information systems that facilitate work and provide timely and needed information. SHGs might contribute as sites where people gain (information) technology in their local settings (environment).

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