

Self Help Groups and their Marketing Practices of Livestock Products: A Study conducted in West Bengal

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ABSTRACT

The self-employment program of Self Help Groups (SHGs) formed under Swarnajayanti Gram Swarozgar Yojana (SGSY) guidelines, is mainly concentrated on the inputs, rather than concentrating on outputs, and their marketing. To study the marketing practices of livestock products by SHGs the data was collected with the help of structured questionnaires, and analytical tools like factor analysis, cross tabulation and chi square test were applied. Marketing problems are more frequently faced by SHGs mainly due to failure in establishing market linkages rather than lack of market opportunities. Therefore this study aims to recommend suitable sales and marketing strategies for enhanced profitability of the Self Help groups of Raina-I and II block".

Keywords: Marketing, Live Stock Products, Self Help Groups

Introduction

Presently the Self-Help Group (SHG) mode of generating Self-employment in the rural areas has been an accepted mode of operating Poverty Alleviation and Social Intermediation Programs, administered by different Departments of the State Government and Central Government. SHGs comprise homogeneous groups of poor people who have voluntarily come together mainly with the idea of overcoming their common problems of low social and economic status. SHGs enable the poor, especially the women from the poor households, to collectively identify, prioritize and tackle the problems they face in their socio economic environment.

By pooling their meager resources and using them for lending among themselves, they develop the habit of thrift and the skill of credit appraisal, before getting mature enough to access a loan from banks, which is called credit linkage. Starting with small loans for consumption they soon graduate to bigger loans for setting up of income generating micro-enterprises. Today, NABARD's SHG Bank Linkage Programme boasts of over 26 lakh SHGs and 3.9 crore households influencing the lives of over 16 crore poor population (*Ministry of Rural Development, Govt. of India, Annual*

Report, 2007). During the year 2006-07 alone, as many as 458591 groups were credit linked. The Swarnjayanti Gram Swarozgar Yojana (SGSY) is a major on-going programme for self-employment of rural poor by putting emphasis on mobilization of the rural poor to enable them to organize into Self Help Group (SHG). The basic objective of the SGSY is to bring the assisted poor families (Swarozgaris) above the Poverty Line by providing them income-generating assets through a mix of bank credit and governmental subsidy. The programme aims at establishing a large number of micro enterprises in rural areas. A few issues regarding marketing of products of SHG are discussed.

Problem Statement And Objectives

Traditionally, the self-employment programme, concentrated on the inputs rather than the outputs and their marketing. Most of the SHGs in the area of study are practicing mixed type of farming related to livestock and animal husbandry. Mixed type of farming is fetching them higher returns as compared to other activities like dairy, poultry and goatary. SHG members are mainly facing the problems of distress sale, transportation of products to specific markets and lack of market information. Low volume of

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production coupled with transportation related problems forces them to sell their products at lower prices through intermediaries. Distress-sale is also forced because of disease conditions, less bargaining power and false market information. Their profit margins too, get affected by the unproductive animals. In some cases Rhode Island Rhode (RIR) breed of poultry which they rear, is not accepted by the local customers. Improved transportation facility to specific local markets can enhance the profitability of the SHG members.

A study of the local markets might reveal that what the villagers purchase can as well be produced locally. The opportunities must be fully explored. At the same time, it must be remembered that it is neither feasible nor desirable to produce all goods in all places. Marketing problems are more frequently faced by SHGs mainly due to failure in establishing market linkages rather than lack of market opportunities. Therefore this study with the following objective was undertaken:

“To recommend suitable sales and marketing strategies for enhanced profitability of the Self Help groups of Raina-I and II block”.

Literature Review

Studies on evaluation of existing marketing practices by SHG members are limited. The important ones amongst them having a direct relationship with the subject of study have been detailed below.

Prakash R. and Nehru, SM, (1998) found that the major problems faced by farmers were marketing of their produce. In case of horticultural produce processing and marketing of the products through a well-planned and better-managed horticulture enterprise was recommended by the authors. They suggested a shift from 'what it is possible to produce: to producing what is marketable'. This change demands better understanding of the markets and the changing consumer needs. Through group marketing, farmers are able to fetch fair and reasonable price.

Jhunjunwala Bharat (2005) worked on turning SHGs into sustainable business enterprises. He suggested it should work with the government to increase the demand for labour-intensive goods made by the SHGs. The increased demand will lead to higher prices and incomes for the workers. SHGs

should work with individual micro-entrepreneurs who have the business ability and it should not place the burden of social management on the SHG members.

Malarvizhi J. (2005) studied the home marketing skills of Self-Help Groups. Encouragingly, the SHGs have sharpened their marketing skills. The Women Development Corporation too shifted focus to marketing from production and local sales. The groups are encouraged to come to urban centers and there is increased public awareness of the fact that products are competitive both in quality and price.

Gupta Subrata (2007) studied the impact of women Self Help group programme in West Bengal. Under this study he covered financial upliftment of the women Self Help groups who were associated with self employment activities and credit linked with banks.

Singh Awadhesh Kumar (2007) under the sponsorship of Planning Commission, Govt. of India, studied the functioning of SHG members and utilization of micro credit by performance of Swashakti and Shyamshiddha projects in India.

Annual Report (2007) Ministry of Rural Development, Govt. of India depicts current picture of SHG movement in rural India under SGSY guidelines.

Research Methodology

The study was conducted in Raina-I and II blocks of Burdwan District of West Bengal. These two blocks were selected on the basis of spread (increase in the number of newly formed SHGs) of the SHG movement. Raina-I and II were the very two model blocks where first SHG in West Bengal was formed in 1999 under the SGSY guidelines. These two blocks have maximum concentration of SHGs' as compared to other block in West Bengal. Therefore, these two blocks were covered under this study programme. Again from each block four Gram Panchayats (GP) were selected based on the same criterion. From Raina-I, GPs namely, Shyamsundar, Mugura, Palasan and Narugram were selected. From Raina-II, GPs namely, Gotan, Barabainan, Paita-I and Arui were selected. The universe for this study were all the SHGs formed under SGSY guidelines. Self Help Group members who are associated with micro or small scale enterprises related with

livestock and animal husbandry formed the sampling units for this study. Number of Self Help Groups selected was 24 where as number of Self Help Group members were 72 (3 from each group. Among the 3 members one is office bearer and the other two are general members).

A two stage stratified judgemental and purposive sampling technique was adopted. In the first stage, blocks were selected. The major consideration for block selection was the spread of the SHG movement. Raina-I and II block of Burdwan district were the model blocks where SHG movement under SGSY guidelines was launched in 1999. Now these two blocks have more number of SHGs as compared to any other block in West Bengal. In the second stage Gram Panchyats (GP) were selected from each block. On the basis of more number of SHGs four GPs were selected from each block. Now three groups from each GP were randomly selected. While selecting the groups three strata were formed like below.

- I) SHGs, which have been working for less than 2 years
- II) SHGs which have been working for 2 to 4 years
- III) SHGs which have been working for more than 4 years

Now among the three groups from a GP one from each stratum was selected.

Research Instrument: Well structured questionnaire containing both open and close ended questions were prepared for taking interviews of SHG members.

To measure the psychometric properties, the method used is a common one that is ranking or rating scale method. The scale had a spread ranging from 1 to 5, where point 1 = Least Important Factor and point 5 = the factor commanding highest consideration in decision making.

The total factors that emerged as a part of study were nine in number and can be listed as (i) Size of Market, (ii) Price Differential, (iii) Demand for Product, (iv) Gathering or Footfall of the market, (v) Distance from the place of the residence, (vi) Transportation cost, (vii) Ease of Transport, (viii) Bulk Sale; and (ix) Rapport with whole seller. Besides all the factors listed above, all the factors were

supported by various sub factors or sub parts and reverse check measure for accuracy and validation of data collected.

Data Analysis: Collected data were coded, classified, tabulated and interpreted. Based on the response received from respondents, appropriate statistical tools like Factor analysis, Cross tabulation and Chi-square test along with average, percentage, and ranking were used and inferences drawn. Data was analyzed by using the SPSS (version 14) software package. The variance amongst the factors is reported in the Annexure.

Results and Discussion

At the outset, types of enterprises, owned by the respondents were identified and the same has been shown in Exhibit: 1. The most common type of enterprise is mixed farms (29 respondents). In case of mixed farms different types of livestock like poultry, dairy, goatary and calf rearing were practiced simultaneously. The next common enterprise is livestock along with other activities (cultivation, handicraft, paddy processing etc.). It is followed by poultry, dairy and goatary consecutively.

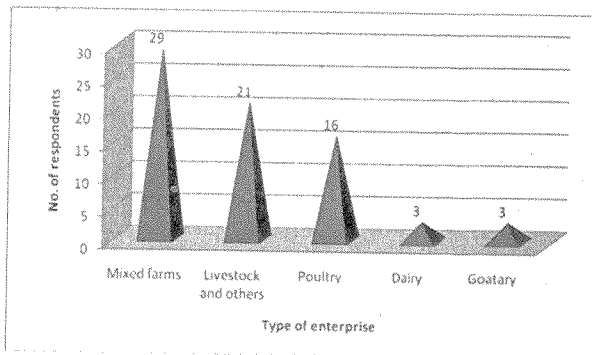


Exhibit: 1 Type enterprises related to livestock

For evaluating the financial status and profitability of the SHG members, information about average annual income was collected. Exhibit 2 shows that 51 percent of the total respondents are earning on an average of Rs. 5000- Rs. 10,000 annually, 24 percent of the total respondents are earning on an average of more than Rs. 10,000 annually and 25 percent of the total respondents are earning on an average of less than 5000 annually. The income of the respondents from the micro enterprises highly fluctuates due to unproductive animals. 37 percent of

the respondents have unproductive animals which increase the cost of production and thus reduce the level of income.

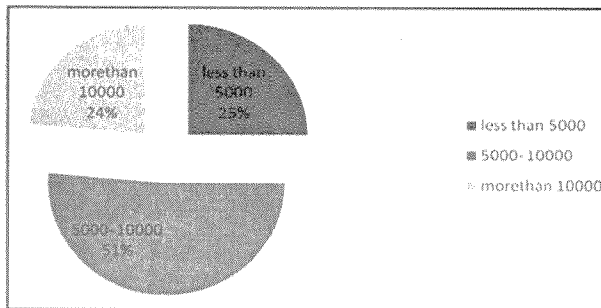


Exhibit: 2 Average annual income of respondents

Whether the types of enterprises (independent variable) have any impact on the level of income (dependent variable), was determined by applying a Chi-square test of the cross-tabulated data with the help of SPSS 14 software packages. Initially whole data

was coded as shown in Table 1 and fitted into the spread sheet. From the cross- tabulation as shown in Table 2, it can be inferred easily that, maximum income was earned from the mixed type enterprises. Table 3 depicts that the level of significance (Pearson's) is 0.045, meaning there by that Chi-square Test is showing a significant association between the types of enterprises and level of income at (100-4.5=95.5) 95.5 percent confidence level. So it can be concluded that at 95 percent confidence level, type of enterprises and level of income are associated significantly with each other. The Lambda value, as shown in Table 4 is a measure of reduction in error on predicting the association between the two variables. The asymmetric lambda value (the type of enterprise dependent) 0.116 means that 11.6 percent error is reduced in predicting the level of income. Therefore it can be concluded that there is a moderate but significant relationship between the two variables.

Table 1. Code of parameters during analysis

Type of enterprise	Code	Level of income(Rs)
Dairy	1	Below 5000
Goatary	2	5000-10,000
Poultry	3	More than 10,000
Mixed	4	-----
Livestock and Others	5	-----

Table 2. Cross tabulation between type of enterprises and annual income

			Annual income			Total
			1.00	2.00	3.00	
Type of enterprise	1.00	Count	1	2	0	3
		% within Annual income	5.6%	5.4%	.0%	4.2%
	2.00	Count	0	3	0	3
		% within Annual income	.0%	8.1%	.0%	4.2%
	3.00	Count	2	8	6	16
		% within Annual income	11.1%	21.6%	35.3%	22.2%
4.00	Count	5	14	10	29	
	% within Annual income	27.8%	37.8%	58.8%	40.3%	
5.00	Count	10	10	1	21	
	% within Annual income	55.6%	27.0%	5.9%	29.2%	
Total	Count	18	37	17	72	
	% within Annual income	100.0%	100.0%	100.0%	100.0%	

The value of contingency coefficient which establishes strength of the output, is shown in Table 5 to be 0.424 which lies between 0- 0.5. This means there is a moderate correlation existing between two variables

under consideration. Thus from the discussion it can be fairly concluded that, the level of income can be increased by adopting mixed type of farming.

Table 3. Chi-Square Test

Description	Value	Degree of freedom	Asymmetric Significance. (2-sided)
Pearson Chi-Square	15.799 ^(a)	8	.045
Likelihood Ratio	18.222	8	.020
Linear-by-Linear Association	2.796	1	.094
No of Valid Cases	72		

^a 9 cells (60.0%) have expected count less than 5. The minimum expected count is 71.

Table 4. Directional Measures

Description	Value	Asymp. Std. Error ^(a)	Approx. T ^(b)	Approx. Sig.
Nominal by Lambda Symmetric	.064	.093	.676	.499
Nominal Type of enterprise Dependent	.116	.085	1.306	.191
Annual income Dependent	.000	.128	.000	1.000
Goodman and Kruskal tau Type of enterprise Dependent	.074	.035		.007(c)
Annual income Dependent	.096	.036		.091(c)

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

c Based on chi-square approximation

Table 5. Symertic Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.468	.045
	Cramer's V	.331	.045
	Contingency Coefficient	.424	.045
No. of Valid Cases	72		

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis

In case of marketing the respondents are selling their products through different channels as depicted in Exhibit 3 forty seven percent of the respondents who have a very small scale of production sell their products directly from their home. Local customers come to their home for purchasing products like egg, meat, milk etc. Those who have a bit larger scale of operation, generally sell through intermediaries, wholesalers or retailers. Thirty three percent of the respondents sell through intermediaries. There are a fairly good number of respondents who are getting their profit margin reduced due to the involvement of intermediaries. Sixteen percent of the respondents sell through retailers and only four percent through wholesalers.

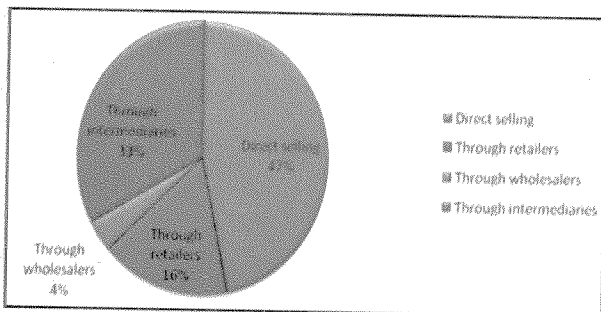


Exhibit 3. Selling pattern of respondents.

The common problems in marketing of livestock products are shown in Exhibit 4. The common problem is distress sale. Twenty eight percent of the respondents faced the problem of distress sale. Twenty one percent of the respondents reported that their product was not accepted by the customers. The reason is, they are producing RIR breed of poultry birds which is not as acceptable as broilers for meat purpose. For meat purpose customers preference is broiler and desi breed but RIR breed is not so popular among them.

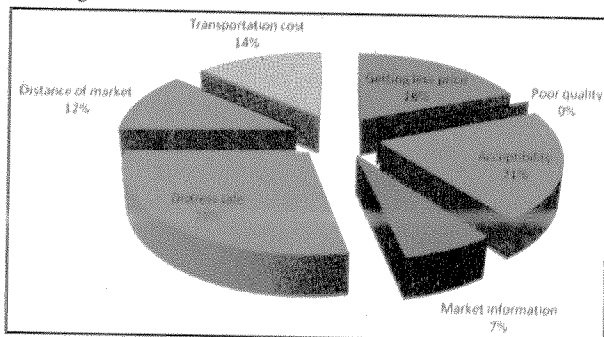


Exhibit 4. Common problems in marketing livestock products.

Eighteen percent of the respondents got less price for their products due to the presence of intermediaries in the marketing channel and lack of bargaining power. Fourteen percent of the respondents faced the problem of high transportation cost followed by twelve percent who faced the problem of distance of market from their locality. The remaining seven percent of the respondents don't have proper market intelligence for selling their products.

The major cause of the distress sale is diseases and mortality of animals. 64 percent of the respondents reported that diseased conditions of the animals are the cause of distress sale of livestock products whereas 22 percent of the respondents said that the lack of bargaining power is the root cause of distress sale. Remaining 14 percent of the respondents have to undergo distress sale because of false market information.

The main problem in transportation lies with low volume of production level. 46 respondents reported that they have too low production level to transport it to organized markets. Low volume of production level ultimately makes the cost of transportation dearer. 23 respondents reported that the cost of transportation is very high. They prefer that sell the products from their home instead of carrying it to local markets. 17 respondents reported carrying the products to local markets was a time consuming affair. They used to do other works (cultivation) during that time. 5 respondents reported that lack of market information was a major constraint for transportation.

For removing the above problems, a demographic profile of the target markets was prepared to know the preference of the SHG members for selling their products in the best market of that

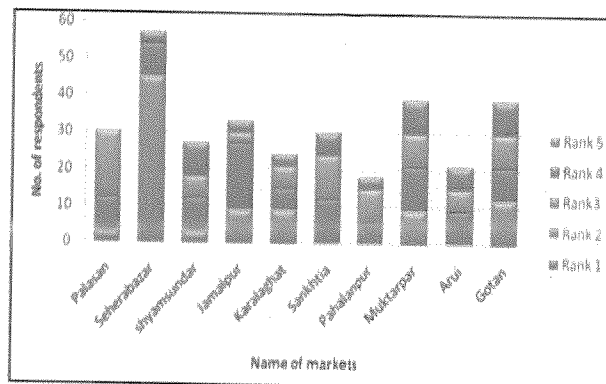


Exhibit 5. Preferential ranking of the local market

area. A preferential ranking of the local markets were taken from the SHG members. It shows the market which is preferred most by the respondents for selling their products. In Exhibit 5. SeheraBazar Haat was ranked first by most of the respondents followed by Jamalpur Haat and Palasan. So it can be inferred that SeheraBazar Haat is the most preferred market where the SHG members are willing to sell their livestock products.

Recommendations

- Sehera Bazar haat which is ranked first by the respondents, is the best market for selling the livestock products, produced by the SHG members in Raina-I and II block of Burdwan district of West Bengal. So, all the SHG members are suggested to sell their products in Sehera Bazar haat for getting more profit.
- Special up and down shuttles of lorry or bus should be rolled on from each GP to the Sehera Bazar haat specially on haat-days. It will remove the transportation problem and motivate the SHG members to sell their products in organized markets. Ultimately the marketing channel will be shortened by avoiding the intermediaries and the SHG members will get a fair share of the profit.
- RIR breed of poultry should be promoted for making it popular and acceptable to the customers. Bulk supplies can be made to the government organizations. Local festivals can be targeted for sale to achieve mass penetration. Thus promotion of RIR breed of poultry to the customers those who have deep pockets will increase the sales as well as profit of the SHG members.
- As the level of income is significantly related to the type of enterprises, a mixed type of farming should be practiced to get more returns.
- Preventive care should be taken during rearing of animals to avoid distress sale.

- Unproductive animals should immediately be culled to reduce the cost of production.
- Steps should be taken to make animals disease free – health care.

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Total Variance Explained by Different Factors

Component	Initial Eigen Values		Extraction Sums of Square Loading			Total		
	Total	% of Variance	Total	% Variance	Cumulative %	Total	% Variance	Cumulative %
1	2.667	26.669	2.667	26.669	26.669	2.026	20.265	20.265
2	1.601	16.010	1.601	16.010	42.680	1.999	19.991	40.255
3	1.289	12.886	1.289	12.886	55.565	1.384	13.841	54.096
4	1.144	11.436	1.144	11.436	67.002	1.291	12.906	67.002
5	0.997	9.996			76.968			
6	0.675	6.753			83.021			
7	0.519	5.189			88.910			
8	0.484	4.843			93.753			
9	0.323	3.229			96.982			
10	0.302	3.018			100.000			