



A STUDY ABOUT SELF HELP GROUP'S RETAIL BUSINESS IN INDIA

Management

Dr. T. Thileepan

Assistant Professor Dept. of Business Administration Annamalai University Annamalai Nagar - 608 002 Cuddalore, Tamil Nadu

ABSTRACT

Retail is a challenging business but the pressures of today's economic conditions are resulting in even more selective consumer shopping and spending. That's why it is important to have flexible tools that allow retailers to quickly adapt to changing consumer demand. Self Help Group 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.

KEYWORDS

Retail, Socio-economic background, SHG Entrepreneurs

INTRODUCTION

Self Help Group is the small formed by the women or men (normally 20 members) residing in a particular locality, possessing the core skill capability of producing a product individually or in groups and have started business venture of their own with the support of the government agencies. Government of India through the state governments are developing SHGs consisting of women members who are interested in taking up entrepreneurship to set up their own business ventures jointly as a group. The groups members are identified through Magalir Mandrams of the rural areas by the government where the members are from families which are in below poverty line, not much educated and unemployed but young and energetic who are interested in becoming entrepreneurs. Government wants to help these groups during initial period of the business to overcome the teething problems and provides support and training ultimately to function independently as a successful business venture. SHGs normally engage themselves in the manufacturing and marketing business in the small scale level like packaged food items, readymade garment unit, embroidery, etc. They are also in service sector like restaurants, tourist taxi operators, etc. They are also in service sector like restaurants, tourist taxi operators, etc. Government provides loan at subsidized interest rate, does not insist on guarantee while providing loan, and provides all supports in formation, implementation and running the business venture. Government to help the destitute women population has come out with the SHG scheme.

Origin of SHGs in India

In 1976, **Prof. Mohammed Yunus** of Bangladesh started women's groups in Bangladesh and developed thrift and savings among the poorest. Now it has developed into a bank named **Bangladesh Grameen Bank**. Its report in February 1998 states that the bank has 1138 branches and covers 39572 villages. It has 2367503 members of which only 124571 are men. The bank has disbursed a cumulative amount of US \$ 2714.61 Million whereas the savings of the members has reached US \$ 202.73 Million.

- With the success of BGB and similar organisations elsewhere, the concept of **Micro credit** has gained momentum in India. Based on this success many Non-Governmental Organisations (NGOs) in our country are involved in organising SHGs and they serve as an agent between the bank and the poor.
- Self- help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and actively engage in savings and credit, as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The S/C focus in the SHG is the most prominent element and offers a chance to create some control over capital, albeit in very small amounts. The SHG system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation.

Review of Literature

Marketing Problems of SHG

Distribution is one of the biggest obstacles faced by entrepreneurs in

India. Marketing distribution channels are a set of interdependent organizations involved in the process of making a product (or) service available for use (or) consumption (Kotler et al., 2009). The process of delivering market offering to customers or reaching out to potential customers is costlier in India when compared to many other western countries. Bad infrastructure (Kshetri, 2011) and low internet penetration (Wharton, 2010) are the two major factors which hinder a good distribution.

"The self-evident thing about India is distribution is hard", Said Samir Patil, founder and CEO of ACK Media in Mumbai. The firm bought a controlling stake in Indian comic series "Amar Chitra Katha and Tingle" from India Book House in 2007 and is redefining them for new markets in gaming, animation and character development. In a market like this his company would solely focus on content development. But in India he has to set up his own distribution system network with Kiosks and stores (Wharton, 2010).

A good transport distribution system consists of high quality roads, rail roads, ports and air ports. A robust system allows entrepreneurs to save time and cost in distribution (Ponmani, 2011). However, bad roads coupled with poor maintenance have translated into higher costs for the distributor. In 2007, one third of products were reported to be rotten before reaching customers (Hamm and Lakshman, 2007).

In a survey conducted by the National Knowledge Commission, 56% of entrepreneurs found the infrastructure in India to be in unfavourable rating it as extremely unsatisfactory or somewhat satisfactory. A better picture of infrastructure shortcomings is highlighted when comparison is made with other countries.

I. Ranking of India with respect to other countries.

Quality of roads -90
Quality of railroad-23
Quality of port-83
Quality of air transport-71
(world bank & IFC, 2010)

Though India has been part of the IT revolution story, the reality is that India has low internet penetration. The lack of internet penetration has been a major challenge for many entrepreneurs. A higher internet penetration translates into faster reach and scaling up for start – up companies (Jehra, 2000).

According to a study released by Google India in the mid-2011, only 2 million out of 35 million SMEs were online (Narasimhan, 2011). Though India boasts of its presence in IT industry in comparison to other countries, India seems poorly connected.

II. Ranking of India with respect to other countries.

Availability of latest technology	41
Firm – level adoption	39
Internet users	118
Broad band internet subscriptions	100
Internet bandwidth	119

(world bank & IFC, 2010)

The above comparisons clearly show that India lags behind in its infrastructure to support a good physical distribution. The low internet penetration has resulted in a technological distribution which is found to be wanting.

Distribution is plagued by bad infrastructure and low internet penetration. Distribution is a challenge that has to be handled by both the public and private participation. Even the future of existing business depends on the development of a robust distribution system. (Ajay Nayar and Vasanth Kiran, 2012)

An important aspect of micro enterprises is the access to local market or in other words, the ability of the resource – poor to challenge the lack of access to the local market and to its marketing services (adolph, 2003). In this respect self help groups have to depend on marketing agencies as promoters for marketing of their products – which invites the suggestion that SHGs work as integrated networks of local people, where people share the responsibilities of product packaging and distribution (Kibas, 2005).

Taylor and Brooksband (1995) examined the marketing practices among small New Zealand organizations by taking a sample of 427 small business owners. Findings revealed that the small business firm looks at the marketing practices differently from their larger counterparts. Small business owners use marketing practices according to their financial capacity and sometimes have to resort to word of mouth methods.

Meenu Goyal and Jai Prakash (2011) reported that women entrepreneurs have to face a stiff competition with the men entrepreneurs who easily involve in the promotion and development area and carry out easy marketing of their products with both the organized sector and their male counterparts. Such a competition ultimately results in the liquidation of women entrepreneurs.

OBJECTIVES OF THE STUDY

1. To study the nature, type and level of relationship between demographic variables and retail problems of SHG.
2. To study the various marketing problems encountered by the SHG.

Sampling Scheme

A multi stage sampling technique has been followed. In the first stage, it was decided to conduct the study at the district level keeping in the mind, the time period and research constraint. Dindigul district has been selected as it is one of the pioneering district in implementing SHGs programme. Among the thirty districts, Dindigul secures second place in getting training for SHGs from government of TamilNadu. In the second stage, there are seven taluks in Dindigul district; all the seven taluks have been selected. In the third stage there are twenty blocks in Dindigul district; from twenty blocks 14 blocks have been selected. From each block 35 groups have been selected. In final stage the list of members has been obtained from each group and one member have been selected. This 490 members have been selected for the study. The number of sample was determined by applying the formula by

$$TaroYamani = \frac{N(From\ Dindigul\ District)}{1 + N(0.05)^2}$$

The actual sample size was arrived at 500.

Table: 1 and Table 4.2 provides the result of the test statistics comparing the opinion of the respondents about the “retail shop” of the self help group across respondent groups with different socio-economic characteristics. From the examination of the tables, it understood that mean scores are above 3.50 for all socio-economic groups except for those with age above 50 years and those with income above Rs.10,000/- have moderately agreed, other socio-economic groups have agreed with “retail shop” management problems of SHG products. The test statistics values are significant for all socio-economic groups except for the groups by gender, employment nature and job experience.

Table - I Perceived status of “Retail Shop” of SHG comparison by socio-economic variables of two groups

Socio-economic variables	Mean	Standard Deviation	T value	P value
--------------------------	------	--------------------	---------	---------

Gender	Male	3.74	0.81	1.32	0.1923
	Female	3.90	0.82		
Marital Status	Married	3.75	0.80	2.13	0.0341**
	Unmarried	3.92	0.83		
Job Nature	Permanent	3.83	0.81	2.42	0.0162**
	Temporary	3.70	0.80		
Place of Residence	Urban	3.73	0.80	0.51	0.6062
	Rural	3.82	0.81		

** Significant at 5% level.

That is difference in the degree of agreement in significant among respondent groups by age (F value=6.65, P<0.01), education (F value=3.50, P<0.01), Marital Status (t value=2.13, P<0.05), community (F value=3.33, P<0.05) and religion (F value = 7.48, P<0.01). As significant difference in the perception level is observed for most of the socio-economic groups. It is concluded that there is a significant relationship between socio-economic characteristics and the extent of agreement with 'retail shop' of SHG members in the sample.

Table- II Perceived extent of “Retail shop” of SHG – comparison by socio-economic variables of two groups

Socio-economic Variables	Mean	Standard Deviation	F Value	P Value	
Age	<30	3.75	0.79	6.65	0.0003***
	31-40	3.83	0.86		
	41-50	3.92	0.78		
	>50	3.98	0.87		
Education	Illiterate	3.79	0.86	3.50	0.0134***
	SSLC	3.84	0.78		
	HSC	3.93	0.89		
	Degree	3.89	0.81		
No. of Dependent	<3	3.79	0.78	3.39	0.0343**
	3-5	3.84	0.79		
	>5	3.79	0.81		
Community	BC	3.78	0.79	3.33	0.0380**
	MBC	3.84	0.82		
	SC	3.83	0.79		
	ST	3.79	0.72		
Income	<2000	3.88	0.78	1.76	0.1517
	2001-5000	3.91	0.84		
	50001-10,000	3.79	0.77		
	>10,000	3.48	0.76		
Religion	Hindu	3.78	0.84	7.48	0.0001***
	Muslim	3.81	0.75		
	Christian	3.79	0.76		

** Significant at 5% level; *** significant at 1% level.

The retail related problem in self help group in dindigul district was observed differently by group members with different age levels, education qualification number of dependents, religion, marital status and job nature.

REFERENCES

1. Adolph, B. (2003). The role of Self Help Groups in rural non-farm employment, rural non-form economy: Access Factors. Discussion Paper. Natural Resource Institute. University of Greenwich, Medway, United Kingdom.
2. Ajay Nayar and Vasanth Kiran (2012). “Entrepreneurship: problems and Challenges Faced”. Journal of Entrepreneurship and Management. Vol. 1, June 2012, 27 – 31.
3. Hamm, S., and Lakshman, N. (2007). Widening a Lessons for Indian Shoppers. Business week, April 30, 2007, PP. 44.
4. Jehra, B.D. (2000). "Small Scale Units in Era of Globalization: Problems and Prospects". Economic and Political Weekly, vol.5, 305-310.
5. Kibas peter, B. (2005). Challenges Facing Women Entrepreneurs. Paper Presented at the Third Africa Resource Bank Meeting, Nairobi – Kenya, November 27 – 30, 2005.
6. Kotler, P., Kevin, K., Koshy, A., and Jha, M. (2011). Marketing Management (13rd ed). New Delhi: Pearson Publications.
7. Kshetri, N. (2011). The Indian Environment for Entrepreneurship and small Business Development. Studia Negotia, 56(4), 35 – 52.
8. Meenu Goyal and Jai Prakash (2011). “Women Entrepreneurship in India Problems and Prospects”. International Journal of Multidisciplinary Research. Vol. 1, No. 5, September 2011, 195 – 207.
9. Ponmani, R. (2011). Infrastructure and SMEs Development in Selected Asian Countries. Asian Journal of Research in Social Science and Humanities, 1(4), 465 – 473. pp. 34 – 38.
10. Taylor and Brooksband (1995). “Marketing Practices among Small New – Zealand Organisations”. Journal of Enterprising Culture, 3(2), 149 – 160.
11. Wharton, (2010). Myths and Realities of Being an Entrepreneur in India. Retrieved 2012, Feb. 28 From <http://knowledge.wharton.upenn.edu/india/article>.