CHAPTER III

THEORETICAL PERSPECTIVE AND DEVELOPMENT OF
WOMEN SELF HELP GROUPS IN ERODE DISTRICT

3.1 INTRODUCTION OF SELF HELP GROUPS

Generally, a ‘Self Help Group’ (SHG) is formed when members of a community, who have the same or similar problem come together, meet, share experiences, have discussions, and thereby arrive at solutions. Internationally, such groups have been formed around medical problems and addictions. Self-help is seen as an inexpensive way of providing vital community services. As an ethos, a SHG symbolizes community initiatives to tide a problem over and achieve a level of Self-sufficiency. It is a concept that has evolved over time and has gone through several and substantial modifications. The SHG has evolved over time all over the world and the journey has been at several levels – from labor/kind/pre-monetary currency to cash; from non-financial to financial groups; from rotating to non-rotating patterns; from short lived in semi-permanent or supposedly permanent groups; and from savings-only to savings driven credit groups.

From the time that the first SHGs emerged in 1985 with the inclusion of the SHG strategy in the annual plan for 2000/01 (Government of India, 2000), several important steps were taken by the National Bank for Agriculture and Rural Development (NABARD), the Reserve Bank of India (RBI) and leading NGOs, as well as by multilateral agencies, particularly International Fund for Agricultural Development...
The SHG strategy is an important component of the Government’s overall thrust to mitigate poverty and has been included in every annual plan since 2000. This period of 20 years can be divided broadly into two phases.

3.1.1 Phase I: From 1987 to 1992

During this phase – largely omitted in recent studies – NABARD focused on supporting NGO initiatives to promote SHGs and on analysing their potential and performance. In 1987 NABARD first put funds into the SHG movement (in response to a proposal from MYRADA submitted in 1986). The Tamil Nadu Women’s Empowerment Project, an IFAD supported project implemented through the Tamil Nadu Women’s Development Corporation (TNWDC) was the first project in the country, in about 1990, to incorporate the SHG concept into a state sponsored program.

3.1.2 Phase II: From 1992 Onwards – The SHG-Bank Linkage Programme

The SHG-Bank Linkage Programme was slow to take off, but has been speeding along since 1999. It has received unstinting support from the RBI, the central and several state governments of India – notably Tamil Nadu, Andhra Pradesh, Maharashtra and Karnataka – and thousands of NGOs (Non Government Organization) and the banking sector, as well as multilateral agencies, notably IFAD.

3.2 THE CONCEPT OF SELF-HELP GROUP

Experience in many countries demonstrates that poor women make investments wisely and earn returns. However, the flow of financial assistance to them was too marginal, if at all, to enable them to cross the poverty line. The need to create a grass root
organisational base to enable women to come together, to analyse their issues and problems themselves and to fulfill their needs was strongly advocated. In fact, experience shows that some of the successful ‘group-based participatory programs have made a significant improvement in the conditions of living poor women. The concept of self-help groups gained significance, especially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. The strategy made a quiet revolution in Bangladesh in poverty eradication ‘by empowering the poor women.

SHGs are small informal associations created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity, and joint responsibility. These groups by way of joint liability enable the poor to overcome the problem of collateral security and thus free them from the clutches of moneylenders. Hence, in many parts of the country, these groups are known as ‘Bachat Gut’. Women’s leadership and participation in such group is noteworthy. In India, more than 90 per cent groups are formed by women. So these groups are also known as ‘Mahila Bachat Gut’

3.3 NEED AND OBJECTIVE OF THE SELF HELP GROUP

The origin of the SHGs could be traced to mutual aid in the Indian village community. The Co–operatives are formal bodies whereas the SHGs are informal. It is therefore important to understand the potentials and limitations of SHG programs as a mechanism for empowering women. SHG research has normally tended to look at outcomes, in which the SHG members themselves are the unit of research, generally by tracking changes in women’s lives through the use of proxy indicators. The SHGs
encourage savings and promote income-generating activities through small loans. The
SHGs have reliability, stimulate savings and in the process help borrowers to come out of
the vicious circle of poverty. Studies reveal that certain elements become crucial or
critical for the successful formation and functioning of the groups. These include
voluntary nature of the group, small size and homogeneity of membership, transparent
and participative decision-making and brisk use of funds for micro-enterprise creation. A
regular meeting of the members fosters meaningful relationship between them and issues
on gender and social problems also get a platform for discussion.

3.4 SELF HELP GROUPS IN GLOBAL CONTEXT

A major micro-finance experiment was initiated in Bangladesh by Mohd. Yunus
in 1974-76. He realized that the only way out of poverty, lay in going beyond the existing
norm of the market and providing the very poor to non-guaranteed solidarity-based loans
which could enable them to develop gainful economic activities. Yunus succeeded in
founding the ‘Grameen Bank’ which achieved the status of an independent bank in 1983.
By 1994, this poor people’s bank was directly serving two million people. The owners of
the bank were women (94%) organized in solidarity-based groups of five. Currently, the
Grameen Bank is in a credit relationship with nearly 7.0 million poor people spread
across 73,000 villages in Bangladesh, 97% are women. Cumulatively, the total disbursal
of loan has been to the tune of US $ 6.0 billion with a repayment rate is 99%; the
Grameen Bank routinely makes profit. According to the Bank’s internal survey, 58
percent of the borrowers have crossed the poverty line. So far, 80% of the poor families
have, in some form, received micro-credit from the Grameen Bank and the Bank claims
that the coverage is likely to be 100% by 2010.
Apart from Bangladesh, Bolivia, Indonesia and Mexico are some of the other developing countries which have a mature MFI sector. In all these countries, microfinance is used as a synonym for providing financial services to the poor. The goal is to help the poor gain more control over their lives by giving them the same financial services which middle and upper class individuals enjoy. This definition also covers a range of loans that are more commonly considered Small and Medium Enterprise (SME) lending. Bolivia has been one of the leaders of the micro-finance movement in South America. The informal sector in this country is a source of major employment for the impoverished population (63%) and for them the microcredit institutions are of great value. The State has put in place an adequately empowered financial regulatory authority called ‘Superintendencia de Bancos y Entidades Financieras’ (SIBEF) to develop and govern this sector. Micro-finance in Mexico has adopted an altogether different model which works competently in both rural as well as urban areas, which does not insist on collaterals but operates at high interest rates. But it believes in the principle that by pursuing profits, it will be able to provide financial services to many poor people far more quickly than it would if it had continued to act as a charity.

3.5 SELF HELP GROUPS IN INDIA

Self Help Groups fall under the category of village banking which expands the solidarity (Grameen) type model of ten to twenty (primarily female) members. Credit is not immediately extended to members. Formed groups have to build credit discipline by first saving a certain amount. Once savings pass a threshold level, then the groups wait six months to receive loans which are four times the savings amount. The bank then disburses the loan and the group decides how to manage the loan. As savings increase
through the group’s life, the group can access a greater amount of loans. Detractors of SHGs decry the long delay for members to receive loans but the incubation period can favor long term asset creation over short term impact. Group formation occurs through three types. In the first model, banks act as a Self Help Group promoting institution. The most common second model is NGOs form groups and the last model is where NGOs form groups, as well as provide lending to SHGs from banks. Rather than follow strict eligibility criteria, SHGs attract poor with SHPAs (Self Help Promotion Agents) who include NGOs, banks, and government officials. One of the objectives of SHGs is to build the self-help capabilities of the rural poor. Income generating activities are promoted either as a group or as individuals by providing microcredit and giving technical guidance, so that poor families are brought above the poverty line. This objective is achieved when the functioning of the groups (SHGs) becomes effective and sustainable. India’s overall progress under SHG-Banks Linkage Programme is clearly depicted in the Annexure-V and Annexure-VI.

3.5.1 Private Initiative in SHG Development

Though, government efforts have played a major role in advancing the SHG movements in the country, there have been a large number of voluntary organizations (NGOs) which to have facilitated and assisted SHGs in organizing savings and credit in different parts of India. SEWA in Ahmedabad, MYRADA in Karnataka, Nav Bharat Jagriti Kendra and Ramakrishna Mission in Jharkhand, and ADITHI in Bihar are some of the names which took the lead in promoting Self-Help Groups (mostly of women) around income generation activities using local skills. PRADAN (Professional Assistance for Development Action), DHAN Foundation, ASSEFA (Association of Sarva Seva Farms,
MALAR (Mahalir Association for Literacy, Awareness and Rights), Janodaya, Cohesion Foundation and Jan Chetna Sansthan are some of the other major non-governmental institutions which are promoting and nurturing a large number of SHGs of poor people, mostly women into effective organisations which could leverage credit from formal sources, and develop local resources and skills to occupy a place of prominence in the socio-economic fabric of rural India.

3.6 EVOLUTION OF SELF HELP GROUPS IN TAMIL NADU

The success of SEWA of Ahmadabad, MYRADA of Mysore, and several other experiments in different other parts of the country, has attracted many States for replicating this strategy. It has been widely accepted that the program, if taken up and implemented in the right sense, would be very effective in poverty eradication and women empowerment. SHGs in Tamil Nadu have made significant strides in this field. Earlier efforts made by some NGOs were confined mostly to a few areas or remained rather scattered, making the concept relatively unknown and non-replicable. A credit union is a typical system, which organizes the poor into large groups of 150 to 200 members and pools their meager savings for their common benefit. Here also the basic objective has been to help the poor meet emergent needs and come out of the clutches of moneylenders. These credit unions lacked the participatory decision-making found in SHGs. During the late 1980s this drawback was realized and under the guidance of NABARD many voluntary agencies reorganized their Credit Unions into smaller and more effective SHGs. From the budget report of Tamil Nadu since 2010-11, new 1,11,728 Women Self Help Groups comprising of 17.12 lakh women have been started over the last four years. As a result of the tremendous efforts taken by this Government,
Self Help Groups in Tamil Nadu received Rs.5, 990 crores as bank loans. In view of the fact that only a small number of Women Self Help Groups have been formed particularly in urban slum areas, priority was given for formation of Self Help Groups consisting of women from the urban slum areas. A sum of Rs.124 crores has been allocated to Tamil Nadu Corporation for Development of Women for providing various supportive measures to the Women Self Help Groups. Group formation in Tamil Nadu as on 31.10.2011 is clearly shown in the Annexure I table.

3.6.1 Restructuring and Strengthening of TNCDW

In order to bring about synergy in implementing schemes meant for SHGs, the Tamil Nadu Corporation for Development of Women Ltd. (TNCDW) was brought under the administrative control of Rural Development and Panchayat Raj Department from July 2006. The Government vide G.O.Ms.No:14, Rural Development and Panchayats Raj (CGS-III) Department, dated 4.02.2010 have brought Tamil Nadu Welfare Society for the help of Self Help Groups, it is a specialized agency to undertake initiatives to market SHG products, under the control of TNCDW. Self Help Groups formed by TNCDW Ltd. (as on 31.03.2011) is depicted in the Annexure- II table.

3.6.2 Mahalir Thittam

Under Mahalir Thittam 4,74,874 SHGs was formed as on 30.09.2010 with 73.60 lakh women members and total savings of Rs. 2658 crores. This includes 1,59,056 new SHGs formed since July 2006 with a membership of 23,95,912 women. It was the endeavor of the Government to extend the benefits of the SHG approach to the uncovered
areas of the state and uncovered sections of society and ensure that all poor women particularly widows, destitute and marginalized are included in SHGs.

3.6.3 Swaranjayanti Gram Swarozgar Yojana (SGSY)

SGSY, a major anti-poverty programme is being implemented since 1999, with the prime objective of bringing the assisted poor families above the poverty line by ensuring reasonable and sustained level of income over a period of time. This scheme adopts SHG approach and aims to provide skill development training, bank credit, infrastructure facilities and the much needed marketing support to the products produced by them. The SGSY programme has been transferred to TNCDW from 01.04.2008 to bring about convergence and avoid duplication in schemes meant for SHGs. The SGSY fund is used to provide subsidy for the Revolving fund and Economic assistance to Self Help Groups. Upto 20% of the total allocation can also be spent on putting up of Infrastructure required for promotion of activities of SHGs. During the year 2010-11, Rs.155.32 crores was sanctioned under this scheme, of which Rs.50 crore has been earmarked for releasing Revolving Fund (RF) subsidy to 50,000 SHGs and Rs.89.78 crores has been earmarked for economic assistance subsidy to 8,813 SHGs.

3.6.4 SHG Federation

The spread of SHGs also led to the formation of SHG Federations which are a more sophisticated form of organization that involve several SHGs forming into Village Organizations (VO) / Cluster Federations and then ultimately into higher level federations (called as Mandal Samakhya (MS) in AP or SHG Federation generally). SHG Federations are formal institutions while the SHGs are informal. Many of these SHG
Federations are registered as societies, mutual benefit trusts and mutually aided cooperative societies. The SHG Federation is recognized by RBI, NABARD, IRDA, Government of India, State Governments, NGOs and the corporate world. There is near unanimity on the need for SHG Federations to provide non-financial services to members contributing to SHG sustainability. Some of the federations call themselves "Mahila Banks" (women's banks).

3.6.5 Panchayat Level Federations (PLF)

The Governments of Tamil Nadu have formed about 4.41 lakh Self Help Groups under Mahalir Thittam implemented through TNCDW over a period of 20 years. The success achieved in the project has prompted the State Government to further strengthen the movement and make it sustainable by forming Federations of SHGs at Village Panchayats, Block and District level. PLFs have been formed in all the Village Panchayats in the State. The Panchayats Level Federation provides a common platform for the SHGs to share their experiences and to voice their problems. The PLF can help achieve what individual SHGs cannot, by pooling in their talents and resources and exploiting economies of scale both in marketing. Strengthening PLFs is the key in achieving sustainability of the SHG movement in the long run. In order to accord legal status to the PLFs and facilitate them to access Bank Credit, the Government has ordered to register all PLFs under Tamil Nadu Societies Registration Act, 1975. During 2010-11 a total of 3,780 PLFs was restructured and further strengthened by providing capacity building to the office bearers and members on Governance and Finance Management modules.
3.6.6 Self Help Groups Credit Linkage

A most notable milestone in the SHG movement was when NABARD launched the pilot phase of the SHG Bank Linkage programme in February 1992. This was the first instance of mature SHGs that were directly financed by a commercial bank. The RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations, thus creating SHG Bank Linkage. Bankers are playing significant role in the empowerment of women by extending credit to the SHG members for debt swapping, consumption needs and for productive purposes. A year wise Self Help Group credit linkage programme in Tamil Nadu is shown in the Annexure VIII table. During 2010-11, the focus of Mahalir Thittam would be on increasing credit linkages to SHGs, particularly repeat loans and a credit target of Rs.3,000 crores has been achieved in the year 2010-11.

3.6.7 Revolving Fund

Revolving Fund is provided to SHGs to augment their group corpus and create credit discipline by enhancing their financial management skills. Proper utilization of revolving fund will help in making SHGs creditworthy and access Bank loans. SHGs become eligible for Revolving Fund (RF) after passing the first credit rating which is undertaken 6 months after the date of formation of the SHGs. It is aimed at augmenting the group corpus and makes them credit worthy to access Bank loan. SHGs in rural areas are provided with Revolving Fund subsidy of Rs.10,000/- under schemes like SGSY. But RF subsidy was not available to SHGs in urban areas which restricted their access to credit from banks. Prior to 2006-07, there was no scheme to provide RF subsidy to urban SHGs. With the enhanced allocation of RF subsidy by the Government, the waiting time
of the SHGs to receive RF after the credit rating which used to vary from 6 months to 4 years has been reduced to almost zero. A year-wise detail of revolving fund disbursal in Tamil Nadu is shown in the Annexure- IX table. During 2010-11, nearly 52,000 (up to 31.12.10) SHGs received RF subsidy.

3.7 BRIEF PROFILE OF ERODE DISTRICT

Erode District lies on the extreme north of Tamil Nadu. It is bounded mostly by Karnataka State and also River Palar covers a pretty long distance. To the East lie Namakkal and Karur Districts. Dindigal District is its immediate neighbor to the South and in the West it has Coimbatore and Nilgiri Districts, as its boundaries. Erode District came into being as a result of the bifurcation of Coimbatore District, through the G.O.Ms.No.1917, Revenue dated 31.08.1979. New profiles of Erode District is shown in the table of Annexure X. Erode District consists of 5 taluks viz., Sathyamangalam, Bhavani, Gobichettipalayam, Perundurai and Erode. There are 4 Municipalities in the district viz., Sathyamangalam, Bhavani, Gobichettipalayam, and Punjai Puliampatti. The other four Municipalities in the district viz. Periasemur, Kasipalayam, Surampatti and Veerappanchatram have been merged recently with Erode Corporation. There are 42 Town Panchayats, 230 Village Panchayats and 375 Revenue Villages. There are 14 Community Development Blocks in the district.

3.7.1 Formation of Self Help Groups

Generally Self-Help Group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20. The difficult areas
have to be identified by the State Level SGSY Committee and the above relaxation in membership will be permitted only in such areas. Generally all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases, a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL (Below Poverty Line) families and if they are acceptable to the BPL members of the group. This will help the families of occupational groups like agricultural labourers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. However, the APL (Above Poverty Line) members will not be eligible for the subsidy under the scheme. The group shall not consist of more than one member of the same family. A person should not be a member of more than one group. The group should devise a code of conduct (Group management norms) to bind itself. This should be in the form of regular meetings (weekly or fortnightly), functioning in a democratic manner, allowing free exchange of views, participation by the members in the decision making process. Formation of Self Help Group in the selected study area is portrayed in the Annexure III, Annexure III (a) and Annexure IV.

3.7.2 Characteristics of SHGs

Self-Help Group is an informal association of people in a village, hamlet or urban neighbourhood with the following characteristics:

- The size of the group is in the range of 10-20.
- The members share similar characteristics such as same sex, caste, occupation, poverty attributes etc. (homogeneity).
• Members are bound by trust, mutual respect and affection (affinity).

• Though informal, the group follows sound organizational management principles such as agreed rules and regulations, frequent meetings, maintenance of accounts etc.

• Mutual help (one for all and all for one) and principle of self-help rather than depend on external help are the guiding principles of the group.

• Members are bound together with the collective goal of improving their income and social status through the organizational strength of working together.

• As the first step, members make small savings every month. From the common pool of money, they meet the small credit needs of members. Interest is charged on this small loan, which helps the group to build up its common pool. Members decide the rates of interest and loan repayment installments.

• The group opens a saving bank account in a financial institution (bank, cooperative society) in which all cash balances, except those that are needed for day-to-day expenses, are deposited.

• On the strength of its common fund (including savings, outstanding internal loans and interest collections) the group accesses credit from the bank. The group can withdraw money from this credit line as and when its members need credit to start income generating ventures.
During its meetings, the group also discusses other common issues and takes up collective action to solve problems of their own members as well as of the community. The group also becomes capable to access support from government and non-government organizations.

3.7.3 Role of Self Help Groups

Self Help Groups can be defined as a supportive educational channel and usually change oriented mutual aid group that addresses life problems or conditions commonly shared by all members. The purpose may be personal or for societal change or for both. In view of this, the success of the Self Help Groups is crucial in channelising their efforts constructively through motivated and inspired individuals in the field. The role of SHG is categorized into two heads. They are as follows,

➢ Self Help Groups in Women Development

Self help groups enhance the equality status of women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The Self Help Groups bring out the possibility of women in moulding the community in right perspective and explore the initiatives of women in taking up entrepreneurial ventures. It empowers women and trains them to take active part in the socioeconomic progress of the nation and make them sensitized, self made and self disciplined. The Self Help Groups inculcates a great confidence in the minds of rural women to succeed in their day to day life.
Self Help Groups in Social Development

In recent years, SHGs have become significant institutions for rural development. It is now being increasingly realized that instead of targeting the individual in the process of development, it would be more useful to adopt the approach of group development. The group approach makes available the collective wisdom and combined resources for any task.

3.7.4 Functions of Self Help Groups

The basic objective of a SHG is to develop a group into a well-managed Self Help Group. The members should evolve rules and regulations, which are to be followed, after discussions with all the members. Checklist to assess the performance of Self Help Group is shown in the Annexure VII table.

Functioning of the Group:

- Normally, each group has 2 or 3 office bearers (ie) Animator(A) – to preside the group meetings, there should be two Representatives(R), one has to ensure the norms and other representative for maintenance of accounts.

- NGOs - help in conducting meetings and maintenance of accounts.

- Attendance register is to be maintained.

- Regular contribution of monthly savings is compulsory.

- The group decides the quantum of amount for monthly savings.
• All the money pooled is revolved among the members during the regular group meeting. All lending norms, purpose, amount, repayment, unit cost have arrived at consensus.

• Each group opens a Bank account jointly operated by the animator, first representative or the second representative as decided by the group members. Records are maintained for formation, activities, and resolutions of the group.

Meeting

• The group should meet at regular interval. Ideally, the meetings should be held in every week or at least once in a month. They can check out their plans and programs effectively.

• Compulsory attendance at all the group meetings will make it easy for the SHG to stabilize and start working to the satisfaction of all.

• Membership registers, minutes register etc. are to be kept upto date by the group by making the entries regularly. It also helps to build trust among the SHG members.

• The group should have a specific day or date and commonplace for the meetings to help the members to plan their works in advance.

Savings and Keeping of Accounts:

• Savings that are generated as income during the course of business should be deposited by all the members in the meeting itself. This will help to inculcate the
habit of regular savings. By depositing regular savings in the meetings before all members will create confidence between each other.

- Simple and clear books of accounts for all transactions are to be maintained. If no member is able to maintain the books, the SHG may take outsider help for the purpose.

- All registers and account books should be written and presented during the course of the meeting.

Books to be maintained by a SHG

- Minutes Book: The proceedings of meetings, the rules of the group, the names of the member etc. are recorded in this book.

- Savings and Loan Register: Shows the savings of individual members and that of the group as a whole separately. Details of individual loans, repayments, interest collect balance etc. are entered for future record.

- Weekly/Fortnightly/Monthly Register: Summary of receipts and payments, updated in every meeting are to be kept updated to know the growth and financial status of the group.

- Members Passbooks: Individual members pass books in which individual's saving and loan balance outstanding is regularly entered.

3.7.5 Challenges in Organizing Groups
Many difficulties are faced in the process of forming cohesive groups of persons with disability. In urban settings, particularly in the lower income sections, group formation can be particularly difficult. People, who live in poorer sections of urban areas that exhibit many forms of social discomforts, do not easily trust each other. They often do not have a permanent address, do not easily form human bonding and show less concern for collective causes. The initial time taken for group formation in this context can be quite long. In rural areas, there are other problems such as distances between clients, and difficult terrain, that can make group formation less practical. Another problem is the fear that a powerful few in the group will hijack the benefits of others. In order to prevent a few from hijacking the benefits of the group, especially micro-credit activity, time needs to be given to the process of cohesive group formation before initiating credit activities. Groups would also need considerable training and capacity building before they can function effectively and democratically.

3.7.6 Problems in Self Help Group Movement

There are also features that have undermined the strength and effectiveness of this initiative to promote the SHG movement. As a result, there are several areas in which there was good growth in the number of SHGs but their quality was poor, and many are collapsing as a result. The major features weakening the movement are:

- Government recognition and mainstreaming of an initiative is often pursued by NGOs as an indicator of success, but it is always double-edged.

- Funds for capacity-building of the whole SHG were often used to train only the SHG leaders. As a result, the institutional capacity of the group as a whole did not

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improve. Assessment of the performance of SHGs is critical to the growth of an institution. Assessment and the methodology to be used were not undertaken properly.

- Groups are formed without participatory identification of poor people and of affinities, and in many cases; government grants and subsidies are given to these groups within a month of their formation. The political parties begin to claim ownership of these groups, instead of realizing that they are ‘owned’ by the members.

- As often happens, the SHG strategy was promoted as an answer to the search for a ‘one-dimensional’ strategy to eradicate poverty. This tended to place undue importance on the other initiatives required for all-round development.

- The unhealthy competition among states to claim the highest number of SHGs, with no concern for quality, led to a rapid increase in forming these groups.

### 3.8 SELF HELP GROUPS - MARKETING ACTIVITIES

SHG members trade a large number of products, some of which compete with branded/market-established products in terms of quality. Some products are agarbathies, candles, scented candles, pickles, soaps, handmade paper, paper mesh articles, toys, handicrafts, wood carvings, wooden furniture, etc. Some groups near the towns also engage in production of ready-made idly dosa mix, ready made variety rice mix etc. Even some groups engage in agriculture, sericulture, prawn rearing and pond fish rearing.
Some of the products, which are conveniently produced / marketed by SHGs include: Fiber based products, like carry bags, hand bags, decorative items, Palm leaf products like baskets, leaf mats, Coconut shell products, toys made of paper, Sea shell crafts, Cut flower items, and bead ornaments; Food items, Honey and honey based products, Pickles, Sea foods, Wafers (Appalam), Flours items, Bakery items, Masala Powders, Fried Chips like banana, tapioca etc., Murukku, Awal, Jams, squash, Palm candies, detergents, soaps and Phenyl.

The general opinions on the marketing activities of the SHGs are far below the new standards set by globalization. They only engage in direct marketing. They market their products only locally. They don’t think of mass production and massive marketing globally. The packing of the finished products does not attract the mass as other manufactured products do. The SHGs don’t even engage in advertising their products. They don’t like to market their products to unknown persons. They target only known people, relatives and other SHG members as their customers. They don’t try to market their products through the nearby shops. They don’t even put stalls in local shandys. Even some SHG women indulge in door to door marketing of their products. This provides less scope of sales and they end with lesser profits.

3.8.1 Marketing Mix and Strategies of SHGs

Marketing Mix is the term used to describe the combination of the four inputs which constitute the core of the company’s marketing system. The product, price structure, promotional activities and physical distribution system. These are popularly known as “Four Ps.” The success of SHGs depends on the effective utilization of the
marketing mix. The marketing mix is used for accessing the marketing performance of SHGs. Marketing strategies may differ depending on the unique situation of the individual business. In the initial stage the SHG members may enter the market as market followers. They can slowly transform themselves as a challenger in course of time and finally after gaining adequate strength they can become leaders.

- **Porter generic strategies**

  The strategy focuses on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strategic strength refers to the firm’s sustainable competitive advantage. The generic strategy framework comprises two alternatives each with two alternative scopes. These are differentiation and low-cost leadership each with a dimension of focus-broad or narrow. They are product differentiation (broad), cost leadership (broad) and market segmentation (narrow)

  While entering the competition, the SHGs may possess a unique advantage of cost minimization. While entering into market competition, they can become cost leaders. When they gain knowledge of all manufacturing strategies they can differentiate their products from that of others and also focus on product differentiation.

- **Innovation strategies**

  This deals with the firm’s rate of the new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types: - Pioneers, Close Followers and Late Followers. As the SHGs are just now entering the market segment, they can only be late followers of innovative strategies. But in the course of time if they innovate they can also
become pioneers. They can make use of their locality advantage to explore product differentiation and be the best competitors of global products as “Mappillai Vinayagar Soda”, “Kali Mark” and “Bovento” in the field of cool drinks who give tough competition to MNC products.

➢ Growth strategies

In this scheme, they have to ask the question, “How should the firm grow?” There are a number of different ways of answering that question. But the most common gives four answers. They are Horizontal Integration, Vertical Integration, Diversification and Intensification. The SHGs under one umbrella of same NGO can have a horizontal integration in marketing their products and reap the benefits of the integration. Even the national corporations are joining hands with prominent MNCs and merge or amalgamate with them to ensure their survival in this global economy.

In order to promote the marketing of products produced by SHGs, Calendar of Exhibitions to market SHG products at District level were prepared for the year 2010-11. 62 District level exhibitions and 134 Taluk level exhibitions were organized in this year. Two District Level Mandatory Exhibitions were conducted with the total sale of Rs.34.88 lakhs and 51 Taluk Level Optional Exhibitions were conducted with the total sale of Rs.165 lakhs. Further two State Level Exhibitions were organized during Navarathiri Festival and Christmas, New Year and Pongal Festival. A major permanent marketing complex for SHG products is being constructed at a cost of Rs. 15.33 crores near Valluvarkottam in Chennai. Similarly, to create better marketing facilities in rural areas, 86 Village Haats (three per district) are being constructed at the cost of Rs. 12.90 crores.
3.8.2 Consumer Attitude and Preferences towards SHG Products

Empowerment of women’s groups involves the creation of a political space for these groups by the state and hence liberates them from man-made bondage through sustained struggle and resistance. Self Help Group (SHG) plays a crucial role in rural and urban areas of manufacturing and selling the products. Marketing the products made by SHG's is an important and difficult one as the products have to be sold through the rural marketing concept to the rural people themselves. Marketing these products in urban areas is much more difficult. The SHG will have to emphasize on the quality and affordable price to enhance the sales. The study tries to explore the ways and means of providing products and services that meet the needs of rural consumer and evolve appropriate communication strategy and market promotion.

3.9 LIMITATIONS OF SHGs

Though the SHGs become credible and effective partners to many, they themselves are facing a number of constraints and challenges. These include

- Uneven spread of the SHGs across the country.
- Inability to take up livelihood promotion and inability to take up larger issues of gender and social inequality and women empowerment etc.,
- Limitations of promoters to provide capacity building and other necessary inputs at a desired scale and inability of banks to understand and accommodate the needs of the SHGs in some parts of the country, especially in under serviced regions.
• The literacy rate of SHGs members is low, so the level of adaptability to the new innovations, government schemes and policies are poor.

• The SHG model has led to the definite social empowerment of the poor but whether the economic gains are adequate to bring a qualitative change in their life is a matter of debate;

• Many of the activities undertaken by the SHGs are still based on primitive skills related mostly to primary sector enterprises. With poor value added per worker and prevalence of subsistence level wages, such activities often do not lead to any substantial increase in the income of group members.

• There is a lack of qualified resources personnel in the rural areas who could help with skill upgradation / acquisition of new skills by group members.

CHAPTER IV

FACTORS DETERMINING THE MARKETING PERFORMANCE OF WOMEN SELF HELP GROUP PRODUCTS

4.1 INTRODUCTION

In this chapter an attempt has been made to identify the factors that influence the marketing performance of Women Self Help Group (WSHG) products, level of satisfaction with WSHG activities and their success level in their business activities in Erode district. For this purpose a field survey method was employed to collect first hand information from 500 sample respondents. The respondents have been chosen randomly from the different parts of Erode district. The data thus collected were arranged in simple