Chapter 6

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

People and poverty are linked factors that hinder economic development. While economic growth is extremely important, it has to be accompanied by improvement in the quality of the life of the people for the development process to be sustainable in the medium to long run. Poverty alleviation programmes organized by the government authority are planned without participation of the local people and, therefore, often fail to address the needs and requirements of the poor. This results in complete failure to improve the socio-economic condition of the poor for which these are evolved. In a society, poverty primarily affects women and children; it requires schemes, and programmes for the uplift of these marginal sections, especially rural women. Poverty is closely linked with unemployment and under-employment. Workforce participation rate of women in Kerala has remained lower than the all-India level and even that of the neighbouring states of South India during all the years from 1951 onwards. The economic significance of rural development is very important as it includes contribution to national income.
through rural agricultural production, higher level of employment, solving food problems, accelerating industrial growth and developing trade, both internal and international. The chief problem of our country is how to raise the living standards of the low income population of the rural areas and to ensure them gainful employment that would assist them in procuring adequate food, clothing and shelter. Nowadays, micro finance has taken a development strategy to address the alleviation of poverty and the empowerment of the society through provision of thrift, credit and other financial services, and products of very small amounts to raise the income level of clients and improve their living standards. The basic unit of micro finance is a group of persons called Self-Help Group. These small and homogeneous groups are involved in savings and credit activity capable of taking care of risks through peer monitoring. SHGs borrow funds from banks to disburse them among the group members to undertake various income-generating activities. The present study concentrates on the production and marketing problems of SHGs in Kerala, with the specific objective to evaluate the production and marketing problems faced by SHGs.

6.2 Objectives

The main objectives of the study are as follows:

1. To identify the various financial and non-financial difficulties faced by the Self Help Groups to bring out their products.

2. To analyse the various problems faced by the SHGs to market their products among the public.

3. To evaluate the service provided by the governmental and non-governmental agencies to the SHGs.

4. To make practical recommendations to solve the various problems and difficulties faced by the SHGs.
6.3 Summary of Findings

6.3.1 Self Help Groups in India

1. The growth of Self-Help Groups in India shows a tremendous increase in the number of SHGs linked with banks. The cumulative bank loan of ₹ 480.87 crore in 2001 multiplied to ₹ 37133.14 crore in 2010. The cumulative number of SHGs that availed the respective loan increased from 263825 in 2001 to 5811160 in 2010. The loan availed per SHG increased from ₹ 19315 in 2001 to ₹ 91083 in 2010.

2. The cumulative bank loan outstanding in India over the period reveals that the total number of SHGs linked with various banks increased in to 47.87 lakh as on 31st March 2011. It also shows the cumulative loan amount outstanding to the SHGs by the various financial institutions. The amount was ₹ 12366.49 crore in the year 2007 and it had a manifold increase to ₹ 31221.16 crore as on 31.03.2011. This indicates that the growth of linkage was tremendous.

3. The region-wise savings of SHGs with various banks reveal that the number of SHGs keeping savings with banks in northern, north-eastern, eastern, central, western and southern regions constituted 4.99 per cent, 4.35 per cent, 20.47 per cent, 10.54 per cent, 12.88 per cent and 46.77 per cent respectively.

4. It is clear from the analysis of the region-wise amount of bank loans outstanding with various banks, that the number of SHGs’ outstanding loan with banks in northern, north-eastern, eastern, central, western and southern regions constituted 3.11 per cent, 3.13 per cent, 23.10 per cent, 7.5 per cent, 6.62 per cent and 56.54 per cent respectively. The amount of loan outstanding with banks constituted 2.90 per cent, 2.23 per cent,
13.46 per cent, 7.57 per cent, 3.99 per cent and 69.85 per cent respectively in northern, north-eastern, eastern, central, western and southern regions.

5. It is evident that the commercial banks have the major share of savings of the SHGs with 60.28 per cent of the total savings amount. Co-operative banks and regional rural banks hold 19.26 per cent and 20.46 per cent respectively of the total savings.

6. The agency-wise analysis of the bank loan outstanding discloses that, out of the total loan outstanding, 70.09 per cent is provided by commercial banks. The co-operative banks provided 6.11 per cent and the regional rural bank provided 23.80 per cent of the total loans to the SHGs. It is clear that commercial banks are playing an important role in the issuing of loans to the SHGs.

6.3.2 Self-Help Groups in Kerala

1. The number of SHGs in Kerala increased from 263825 to 5811160 over a period of ten years from 2001 to 2010. The data over this period seem to show an exponential growth in the number of SHGs in Kerala.

2. It is observed that the Kudumbashree system is more active in the rural areas. At the grassroots level, there is a substantial increase in the growth of the NHGs. During the period from 2000 to 2011, the number of NHGs in the rural areas grew from 22308 to 195352 groups, and in the urban areas it increased from 7538 to 26348 groups. The growth of NHGs in rural area during the twelve years from 2000 to 2012 shows a tremendous increasing trend.

3. The number of urban NHGs in Kerala increased from 7538 to 26348 over a period of twelve years from 2000 to 2012. The data over this
period seem to show an exponential growth in the number of NHGs in the urban areas of Kerala.

4. The gross amounts of the cumulative thrift collected and the internal loans distributed among the members by the rural NHGs in Kerala reveal that there is a significant increase in the thrift and loan amounts of the NHGs within a period of ten years and in the cumulative thrift mobilized by the rural NHGs.

5. The loan distributed through the urban NHGs in Kerala increased from ₹16.116 crore to ₹187.56 crore over a period of eleven years from 2001 to 2011. The data over this period seem to show an exponential growth in the amount of loans of urban NHGs in Kerala.

6.3.3 Sample profile and enterprise details of SHGs

1. The district-wise classification of the starting year of SHGs reveals that a majority of the SHGs started their functioning during the period of 2005-2010. The majority of them were concentrated in Kollam district.

2. It is observed that the majority of the SHGs (71.71\% per cent) consisted of 5-10 members, which means that over a period of time the groups were becoming smaller due to some dropouts. Also, in the recent past, many SHPIs have been promoting SHGs which have 10 members.

3. A classification of the sample based on the place of residence reveals that the majority located in rural areas (60.6 per cent) and 39.4 per cent located in urban areas, and that most of the respondents were housewives (58.6 per cent), before joining the SHGs, others were wage employees (26.3 per cent) and agricultural labourers (15.1 per cent), before joining the SHGs. The educational qualification-wise classification reveals that
most of them (63.1 per cent) were qualified at high school level of education.

4. Based on the mean rank, the factors determining the selection of activities, it can be observed that, in the case of food processing, advice by the resource persons is the main influencing element, whereas, low capital investment is the influencing factor for starting animal husbandry units. Advice by resource person, in the case of agriculture units, market opportunity, in the case of hotel/catering units, and prior experience in the case of dress material and furniture/wood processing units’ are the leading factors in the selecting of the activities. This is further validated by observing the mean rank variation and its associated Value of Friedman Chi-square which is significant statistically at 5 per cent level of significance (P=.000<.05), in all the cases.

5. Most of the respondents are performing their economic activity collectively, and a large number (48.3 per cent) spend 4 to 8 hours per day for the enterprises in order to perform the economic activity. It is clear that, of the large majority of the group units (91.14 per cent), most of them (51.7 per cent) spend 4 to 8 hours daily for their enterprises and most of the individual units spend less than 4 hours (48.4 per cent).

6.3.4 Financial details of Self-Help Groups

1. It is observed that in Malappuram district, a good number (39 per cent) of the SHGs earn an average monthly income of below ₹ 2000; in Kollam district, 31.3 per cent earn a monthly income of `5000 to `10000, and in Kottayam district, most of the SHG members (58.2 per cent) earn a monthly income of `2000 to `5000. The place of residence-wise classification of respondents reveals that most of the urban SHGs
(47.8 per cent) have a monthly income of ₹ 2000 to ₹ 5000, and 34.4 per cent of the rural SHGs earn below ₹ 2000.

2. It is observed that the commercial banks are in the forefront of making linkage with Self-Help Groups. In Malappuram district, Co-operative banks are also making a notable contribution in this regard. Most of the Self-Help Group members (81.1 per cent) prefer group loans to run the units. Compared to urban areas (14.5 per cent), rural areas (21.7 per cent) prefer individual loans.

3. Most of the respondents are found to receive loan amounts ranging from ₹ 50000 to ₹ 200000. The number of respondents who received low interest rates on loans is very low. It is also discovered that most of them (54.9 per cent) pay above 12 per cent interest on loan. Only a small per cent of respondents (7.1 per cent) enjoy the low interest rate (below 10 per cent).

4. Most of the SHGs (41.6 per cent) are founds to create fixed assets worth below ₹ 50000; in Kottayam district, 46.3 per cent of SHGs created fixed assets worth ₹ 50000 to 200000. The place of residence-wise distribution reveals that urban SHGs created more assets than the rural SHGs.

6.3.5 Financial problems of Self-Help Groups

1. The major financial problems identified are those relating to Capital, Book keeping, Banking support and Repayment. The importance of the above four problems was analysed on the basis of agreement by the SHG respondents, indicated through a five-point scale. The analysis based on mean scores proves that all variables are relevant in describing the financial problems of SHGs in Kerala.
2. The district-wise and place of residence-wise analyses of the mean scores indicate the degree of problems in each district and place of residence. It is found that all the financial problems such as Capital-related, Book keeping-related, Banking support-related and Repayment-related, are very high in Kollam district especially in the SHGs in rural areas except for repayment-related problems.

3. The prior occupation-wise analysis of the mean scores suggests that the Book keeping-related and Repayment-related problems are high among wage employees; Capital-related financial problems are high among the SHGs whose leaders’ prior occupation was that of housewives, and Banking-related problem is high among SHGs whose leaders’ prior occupation was that of agricultural labourers. The mean score variations of the responses on these problems are statistically significant among housewives, wage employees and agricultural labourers (p<.050) except in the case of banking support (p>.05).

4. To explain the possible variations observed in all financial problems across the three selected districts and prior occupation, MANOVA for the bundle of four variables was conducted, with significant multivariate test results at 5 per cent level. The univariate analysis results with reference to each variable in all the cases, provided significant F-values at 5 per cent level. This indicates that the financial problems are varying in the three selected districts, according to place of residence (Pillai’s trace and its associated F values are significant at p<.05).

5. The activity-wise analysis reveals that all the financial problems like Capital-related, Book keeping-related and Banking support-related are high for Dress material, except Repayment-related financial problems,
which are high among Furniture and Wood processing units. The mean score variations of the responses on all these problems are statistically significant except in the case of Book keeping and Repayment.

6. The Discriminant Analysis used for locating the important financial problems in rural and urban areas reveals that Banking support-related problems is the variable with a high positive correlation of 0.925 which discriminates between the SHGs in rural areas from urban areas, and Repayment-related problems with a negative correlation of -0.249 is the important variable discriminating urban area from rural areas.

6.3.6 Production problems of SHGs

1. The major problems identified in production are those relating to Raw material, Technology, Training, Labour and Other problems. The importance of the above five problems was analysed on the basis of responses on a five-point scale by the respondents. The analysis based on mean scores proves that all variables are relevant in describing the production problems of SHGs in Kerala.

2. The district-wise analysis of the mean scores indicating the degree of problems in each district suggests that the production problems of SHGs such as raw material-related and technology-related, are very high in Kottayam district; training-related problems of SHG are high in Malappuram district; labour-related and other problems of SHGs are high in Kollam district. The majority of the production problems are dominant in Kollam and Kottayam districts.

3. The prior occupation-wise analysis of the mean scores suggests that most of the production problems, such as technology-related and training-related, are very high among the respondents whose prior
occupation was that of wage employees. At the same time, raw material-related, labour-related and other problems are high among the respondents whose prior occupation was that of agricultural labourers; the mean score variations of the responses towards these problems are statistically significant among housewives, agricultural labourers and wage employees, except in the case of other production problems.

4. Similarly, the place of residence-wise analysis reveals that problems related to raw material, technology and labour are very high in urban areas; training related and other problems are high in rural areas. But the mean score variations of the responses on these problems are not statistically significant in the urban and rural areas except in the case of training-related problems.

5. To explain the possible variations observed in all production problems across the three selected districts, prior occupation and place of residence, MANOVA was conducted for the bundle of five variables, which resulted in significant multi-variate test results at 5 per cent level. The univariate analysis results by considering each variable in all the cases provided significant F-values at 5 per cent level. This indicates that the production problems are varying among the SHGs in the three districts, with place of residence and prior occupations.

6. The activity-wise analysis reveals that Animal husbandry units have more production and raw material problems. Problems related to technology are seen to be more in dress material units. Other products have more of training-related issues; labour issues are seen to be high in relation to agriculture. The mean score variations of the responses on all these problems are statistically significant ($P=.000<.05$).
7. The Discriminant Analysis in rural and urban areas reveals that the most important variable with a high degree of positive correlation is ‘Training-related problems’ (0.735), which discriminates the SHGs in rural area from urban area and the most important variable with negative correlation is ‘Technology-related problems’ (-0.542), which discriminates the SHGs in urban areas from rural areas.

6.3.7 Evaluation of agencies supporting production process of SHGs in Kerala


2. A Factor Analysis performed on the above sixteen variables reduced them to five factors with 69.997 per cent explanation of the total variance. The factors are: 1. Technology and cost reduction, 2. Production management, 3. Product safety, 4. Training, 5. Subsidies and product improvement.

3. The mean scores derived for the five factors used for evaluating the functioning of agencies reveal that Kollam district and Rural areas show
high mean value. This indicates that the production interventions of agencies are better in Kollam districts, compared to Kottayam and Malappuram districts. Similarly, interventions of agencies are better in Rural area compared to urban areas.

6.3.8 Marketing details of SHGs

1. The evaluation of the nature of the market reveals that a majority of the Self-Help Groups (95.7 per cent) have a continuous market. The Place of residence-wise tabulation reveals that most of the SHG members in the urban (95.7 per cent) and rural areas (89.2 per cent) sell their products in the domestic market.

2. It is observed that a majority of the SHGs (79.1 per cent) opt for direct marketing in the domestic market.

3. A majority of the SHGs use other vehicles like auto rickshaws, jeeps and mini vans as a means of transportation for marketing their products. But, in Kottayam district, majorities (58.2 per cent) prefer motor cycles as the means of transportation.

4. High cost of transportation and lack of proper road to reach the market are the main transportation problems faced by the Self Help Groups like, those for food processing, dress material, agriculture, hotel and catering and furniture products units. Moreover, the mean rank variation and value of Friedman’s Chi-square among all the variables are found statistically significant at 5 per cent level of significance, with $P = .000 < .05$, in all cases.

5. A majority of the units (70.6 per cent) undertake marketing of the products themselves. The Place of residence-wise details of the number
of sales people employed reveal that, in urban areas, 62.3 per cent and in rural areas, 70.3 per cent opined that there are no sales people employed by the Groups.

6. Most of the SHGs assigned the task of locating prospects and the display of products to the sales people. In the case of dress material and furniture and wooden products units, negotiation with the purchase staff, locating prospects, display of products and collection of sales proceeds, are equally important tasks assigned to sales people. Advertisement and souvenir publicity are the main promotional activities followed by the entire sample SHGs. Moreover, the mean rank variation among all the variables is found statistically significance at 5 per cent level of significance (P=.000<.05).

7. Most of the food processing, hotel & catering and other product-making SHGs follow variable pricing as the method of pricing; fisheries and agricultural units follow the pricing strategy based on market condition; animal husbandry and furniture & wood processing units follow fixed amount per unit as the method of pricing.

8. The factors influencing pricing of the products reveal that the demand and supply condition is the main influencing factor for all the SHGs except in the case of food processing and agricultural units. Quality of the produce and middlemen’s influence are the influencing factors in the case of food processing and agriculture units respectively. A majority of the respondents opine that the current price of the products is bad (47.4 per cent).

9. A majority of the respondents opine that other entrepreneurs are the main source of information about the price of the products of Self-Help
Groups, and, in the case of food processing SHGs, Customers’ feedback is the main source of information.

6.3.9 Marketing problems of SHGs


2. It is observed that the marketing problems of SHG’s, such as Price-related, and transportation and export-related are very high in the SHGs of Kollam district; advertising problems of SHGs are high in Malappuram district; storage and grading problems of SHGs are high in Kottayam district. Similarly, pricing-related, advertising and transportation-related problems are very high for Furniture and wood processing units; Storage and grading problems are crucial among agricultural units; export-related problems are very high among other units. The mean score variations of the responses towards these problems are statistically significant in the different activities undertaken.

3. To explain the possible variations observed in all marketing problems of SHGs across the three selected districts, MANOVA for the bundle of five variables was conducted, which brought out significant multivariate test results at 5 per cent level. The univariate analysis results by considering each variable separately also provided significant F-values at 5 per cent level. This indicates the variations in marketing problems of SHGs in the three districts selected.

4. The Discriminant Analysis in rural and urban areas reveals that the most important variable with the highest degree of positive correlation is ‘Advertising’ (0.668) and the variable with negative correlation is
‘Transportation’ (-.287). Thus ‘advertising-related problems’ is the variable that discriminates between the SHGs in rural areas from urban area; and ‘transportation-related problem’ is the important variable discriminating SHGs in urban areas from rural areas.

6.3.10 Evaluation of agencies promoting marketing of the products of SHGs in Kerala


3. The agencies supporting Product promotion among the SHGs observe that the urban SHGs are more concerned about Product promotion than the SHGs of rural areas. The SHGs from Kollam district show a higher degree of Product promotion concern than the SHGs from Kottayam and Malappuram districts. This can be further validated by the mean score variation with statistically significant F values in the Two-way ANOVA General Linear Model.
4. Marketing support of government and other agencies among the enterprises run by SHGs is higher among the SHGs of urban area than among the SHGs of rural areas and SHGs in Kollam district shows higher marketing support by government and other agencies among the enterprises than Kottayam and Malappuram districts, as the area-wise and district-wise observed mean score variation of the responses is statistically significant in the Two-way ANOVA General Linear Interaction Model with associated F values.

5. The level of Market research support of different agencies is found to be very high among the SHGs of Malappuram district. This is further validated by the significant F values in the Two-way ANOVA General Linear Model for testing the mean score variation of the responses about the level of market research support.

6. Considering the Assistance in marketing problem-solving support, it is found that the SHGs of rural areas and the SHGs of Kottayam district are getting more support from the agencies. This is validated by testing the district-wise mean score variation of the responses with Two-way ANOVA General Linear Model, in which the F values are significant statistically by \( p=0.001<0.05 \).

7. Regarding Pricing strategy support among the SHGs, the rural SHGs are more concerned than the SHGs of urban areas. Similarly, respondents from Malappuram district show a higher degree of Pricing strategy concern than the SHGs from Kollam and Kottayam districts. This can be further validated by the mean score variation with statistically significant F values in the Two-way ANOVA General Linear Model (\( P<.05 \) in these case).
8. The Export support of different agencies among the SHGs is higher among the SHGs of urban area and the SHGs in Malappuram district show high Export support by government and other agencies. This is validated by testing the district-wise mean score variation of the responses with Two-way ANOVA General Linear Model in which the F values are significant statistically.

9. The mean scores derived for the six factors used for evaluating the functioning of agencies reveal that SHGs in Kollam and Malappuram districts and the urban areas show high mean value. This indicates that the interventions of agencies in the marketing of the products of SHGs are better in Kollam and Malappuram districts while compared to Kottayam district. Similarly, interventions of agencies are better in urban areas compared to rural areas.

6.4 Testing of Hypotheses

1. *There is no variation in the means of the set of variables describing financial problems of SHGs among the three districts.*

   Multi-variate Analysis of Variance (MANOVA) is used to test the above null hypothesis. From the test results, Pillai’s Trace provides a value of 0.181, which is significant at 5 per cent level with an F-value of 8.533. The other multi-variate test results also give significant results at 5 per cent level of significance. Thus the null hypothesis is rejected. Hence, it can be concluded that the financial problems of SHGs vary across the three selected districts.

2. *There is no variation in the means of the set of variables describing financial problems of SHG in the urban and rural areas.*

   Multi-variate Analysis of Variance (MANOVA) is used to test the above null hypothesis. As per the test results, Pillai’s Trace provides a value of
0.044, which is significant at 5 per cent level with an F-value of 3.964. The other multi-variate test output also give significant results at 5 per cent level of significance. Thus, the null hypothesis is rejected. Hence, it can be concluded that the financial problems of SHGs vary among the urban and rural areas.

3. The Discriminant function for the problems of finance of SHGs between rural and urban areas is not valid.
The Discriminant Function for the financial problems of SHGs in rural and urban areas is significant at 5 per cent level with canonical correlation of 0.199 and Wilk’s Lambda providing a $\chi^2 = 13.988$ with $p<0.05$. Thus, the Discriminant function relating to financial problems of SHGs between rural and urban areas is valid. Therefore, the null hypothesis is rejected. Using the structure matrix, it can be concluded that ‘Banking support-related problems’ is the variable that discriminates SHGs between rural areas from urban areas while ‘Repayment-related problem’ is the important variable discriminating SHGs in urban areas from rural areas.

4. There is no variation in the means of the set of variables describing production problems of SHGs among the three districts.
Multi-variate Analysis of Variance (MANOVA) is used to test the above null hypothesis. As per the test results, Pillai’s Trace provides a value of 0.316, which is significant at 5 per cent level with an F-value of 12.855. The other multi-variate test results also give significant results at 5 per cent level of significance. Thus, the null hypothesis is rejected. Hence, it can be concluded that the production problems of SHGs vary across the three districts selected.
5. **There is no variation in the means of the set of variables describing production problems of SHGs among the prior occupation of the leaders.**

Multi-variate Analysis of Variance (MANOVA) is used to test the above null hypothesis. As per the test results, Pillai’s Trace provides a value of **0.205**, which is significant at 5 per cent level with an F-value of **7.827**. The other multi-variate test results also give significant results at 5 per cent level of significance. Thus, the null hypothesis is rejected. Hence, it can be concluded that the production problems vary among the SHG leaders whose prior occupation is that of Housewives, wage employees or agricultural labourers.

6. **The Discriminant function for the problems of production of SHGs between urban and rural area is not valid.**

The Discriminant Function for rural and urban areas is significant at 5 per cent level with canonical correlation of **0.235** and Wilk’s Lambda providing a $\chi^2 = 19.611$ with $p = .001 < 0.05$. Thus, the Discriminant function relating to production problems between rural and urban areas is valid. Therefore, the null hypothesis is rejected. Using the structure matrix, it can be concluded that ‘Training-related problems’, discriminates SHGs in rural areas from urban areas and ‘Technology related problems’, discriminates SHGs in urban areas from rural areas.

7. **The Discriminant function for the problems of marketing of SHGs between rural and urban areas is not valid.**

The Discriminant Function for rural and urban areas is significant at 5 per cent level with canonical correlation of **0.285** and Wilk’s Lambda providing a $\chi^2 = 29.252$ with $p = .000 < 0.05$. Thus, the Discriminant
function relating to marketing problems between rural and urban area is valid. Therefore, the null hypothesis is rejected. Using the structure matrix, it can be concluded that ‘advertising-related problem’ is the variable that discriminates SHGs between rural areas from urban areas while ‘transportation related problem’ is the important variable discriminating SHGs in urban areas from rural areas.

8. **There is no variation in the means of the set of variables describing marketing problems of SHGs among the different activities undertaken.**

As per the test results, of MANOVA Pillai’s Trace provides a value of **0.649**, which is significant at 5 per cent level with an F-value of **8.471**. The other multi-variate test results also give significant results at 5 per cent level of significance. Thus, the null hypothesis is rejected. Hence, it can be concluded that the marketing problems vary among the different activities undertaken by the SHGs.

9. **There is no variation in the means of the set of variables describing marketing problems of SHGs among the three districts.**

As per the test results, Pillai’s Trace of MANOVA model provides a value of **0.237**, which is significant at 5 per cent level with an F-value of **9.083**. The other multi-variate test results also give significant results at 5 per cent level of significance. Thus, the null hypothesis is rejected. Hence, it can be concluded that the marketing problems vary across the three districts selected.
6.5 Conclusions

The following conclusions were made from the data collected and analysed, and from the findings of the study.

1. The history of Self-Help Groups in India shows a tremendous increase in the number linked with banks. The cumulative bank loan amount outstanding in India over the period reveals that the growth of linkage was tremendous. The number of SHGs’ outstanding loan with banks in northern, north-eastern, eastern, central, western and southern regions constitutes 3.11 per cent, 3.13 per cent, 23.10 per cent, 7.5 per cent, 6.62 per cent and 56.54 per cent respectively. The commercial banks have the major share of savings of the SHGs and are playing an important role in the issuing of loans to the SHGs.

2. The number of SHGs in Kerala increased from 263825 to 5811160 over a period of ten years from 2001 to 2010. The data over this period seem to show an exponential growth in the number of SHGs in Kerala. The Kudumbashree system is more active in the rural areas. At the grassroots level, there is a substantial increase in the growth of the NHGs. The growth of NHGs in rural areas during the twelve years from 2000 to 2012 shows a tremendous increasing trend. The number of urban NHGs in Kerala increased from 7538 to 26348 over a period of twelve years from 2000 to 2012. The data over this period seem to show an exponential growth in the number of NHGs in the urban areas of Kerala. The gross of the cumulative thrift collected and the internal loans distributed among the members by the rural NHGs in Kerala reveal that there is a significant increase in the thrift and loan amount of the NHGs. The loan distributed through the urban NHGs in Kerala seems to show an exponential growth in the amount.
3. The SHGs provide the poor with alternative means of obtaining economic and social entitlement to resources through their active participation. In most of the cases, the formation of SHGs has been facilitated by the NGOs, although the government has also been an active player. The cumulative savings of SHGs in India with various banks reveals that as on March 2011 the total amount saved was ₹ 7016.30 crore. The cumulative number of SHGs that availed loans increased from 263825 in 2001 to 5811160 in 2010. The loan availed per SHGs increased from ₹ 19315 in 2001 to ₹ 91083 in 2010. The bank loan given to each SHG during the ten years from 2001 to 2010 shows an increasing trend. The cumulative bank loan outstanding in India over the period reveals that the total number of SHGs linked with various banks increased to 47.87 lakh as on 31st March 2011. Thus, the Government of India promotes this sector through a wide range of institutions functioning with a view to wiping out poverty from the country.

4. During the late nineties, the Government of Kerala accepted the NHG model for eradication of poverty from the state by forming Kudumbashree Mission under the Local Self-Government. Kudumbashree had a three-tier structure with NHGs at the grassroots level, Area Development Society (ADS) at the ward level, and Community Development Society (CDS) at the Panchayath level. During the period from 2000 to 2011, the number of NHGs in the rural areas grew from 22308 to 195352 and in the urban areas it increased from 7538 to 26348 groups. The bank loan distributed through the rural and urban NHGs during the twelve years from 2000 to 2012 showed an increasing trend. All these show that the SHGs/NHGs in Kerala have made significant progress in this area.
5. The sample profile and enterprise details of SHGs are studied through the primary data collected from the field. The membership of SHGs in most of the units consisting of below 10 showed some variations across the three districts selected. Most of the groups were facing the problems of dropouts. The study on the starting year of SHG reveals that the majority started functioning before 2010. Most of the leaders were housewives before joining the SHGs; others were wage employees and agricultural labourers. The study on educational qualification-wise classification reveals that most of them had high school level of education. Advice by the resource person and low capital investment are found the leading reasons influencing the starting of the SHGs. Most of the respondents are performing their economic activity collectively, and the majorities spend 4 to 8 hours per day for the enterprises in order to perform the economic activity.

6. The Financial details of Self-Help Groups show that commercial banks are in the forefront of making linkage with Self-Help Groups. Most of the Self-Help Groups prefer group loans to run the units. Compared to urban areas, the rural areas, prefer individual loans. Likewise, the urban SHGs created more value of assets than the rural SHGs. The number of SHGs who received the low interest loans is very low.

7. The major financial problems identified are those relating to Capital, Book keeping, banking support and Repayment. The analysis based on the mean scores proves that all variables are relevant in describing the financial problems of SHGs in Kerala. The district-wise and place of residence-wise analysis of the mean scores indicating the degree of problems in each district and place of residence suggests that all the financial problems such as Capital-related, Book keeping-related,
Banking support-related and Repayment-related are very high in Kollam district especially in the SHGs in rural areas. The prior occupation-wise analysis of the mean scores suggests that the financial problems, such as Book keeping-related and Repayment-related, are high among wage employees, Capital-related financial problem is high among the SHG leaders whose prior occupation was that of housewives and Banking-related problem is high among the SHG leaders whose prior occupation was agricultural labour. The mean score variations of the responses on these problems are statistically significant among housewives, wage employees and agricultural labourers except in the case of banking support. The univariate analysis results by considering each variable in all the cases provided significant F-values at 5 per cent level. Thus, it may be concluded that there are variations in financial problems in the three districts and places of residence selected.

8. The activity-wise analysis reveals that all the financial problems, such as Capital-related, Book keeping-related and Banking support-related, are high for Dress material, except Repayment-related financial problems, which is high among furniture and wood processing units. The mean score variation of the responses on all these problems are statistically significant except in the case of Book keeping and Repayment. The Discriminant Analysis used for locating the important problem variable of SHGs in rural and urban areas reveals that the ‘Banking support-related problem’ is the important financial problem of SHGs in rural areas; and ‘Repayment related-problem’ is the important problem in the urban areas.

9. The major problems identified in the production are those relating to Raw material, Technology, Training, and Labour, and Other problems.
Summary of Findings, Conclusions and Recommendations

The analysis based on the mean scores proves that all variables are relevant in describing the production problems of SHGs in Kerala. The district-wise analysis of the mean scores indicating the degree of problems in each district suggests that the production problems of SHGs, such as Raw material-related and Technology-related, are very high in Kottayam district; Training-related problems of SHG are high in Malappuram district; Labour-related and other problems of SHGs are high in Kollam district. The majority of the production problems are dominant in Kollam and Kottayam districts. The prior occupation-wise analysis of the mean scores suggests that most of the production problems, such as Technology-related and Training related, are very high among wage employees. Similarly, the residence-wise analysis reveals that Raw material-related, Technology and Labour-related problems are very high in urban areas. Training-related and other problems are high in rural areas. To explain the possible variations observed in all production problems of SHGs across the three selected districts, based on prior occupation and place of residence, MANOVA for the bundle of five variables was conducted. This resulted in significant multi-variate test at 5 per cent level. The univariate analysis results by considering each variable in all the cases provided significant F-values at 5 per cent level. This indicates the variations in production problems of SHGs in the three districts.

10. The activity-wise analysis reveals that Animal husbandry units have more production problems, and problems related to Technology are seen to be more in Dress material. ‘Other products’ have more of Training-related issues; Labour issues are seen to be high in Agriculture. ‘Other problems’ are high in Animal husbandry. The mean score variations of the responses on all these problems are statistically significant. The
Discriminant Analysis in rural and urban areas reveals that ‘Training-related problems’ is the main production problem of SHGs in the rural areas and ‘Technology related problems’ in the urban area. The evaluation of agencies promoting production process of SHGs in Kerala reveals that the production interventions of agencies are better in Kollam district compared to Kottayam and Malappuram districts. Similarly, interventions of agencies are better in rural areas compared to urban areas.

11. The marketing details of SHGs reveal that the majority of the Self-Help Groups have a continuous market and most of the SHGs sell their products in the domestic market. It is observed that the majority of the respondents opted for direct marketing as the channel of distribution in the domestic market. High cost of transportation and lack of proper road to reach the market are the main transportation problems faced by the Self-Help Groups and they are following variable pricing as the method of pricing.

12. The five marketing problems analysed are: 1. Price-related, 2. Advertising-related, 3. Transportation-related, 4. Storage and grading-related and 5. Export-related. It is observed that the marketing problems of SHGs are very high in Kollam district; advertising problems of SHGs are high in Malappuram district; storage and grading problems of SHGs are high in Kottayam district. Similarly Pricing-related, Advertising and Transportation-related problems are very high for Furniture and wood processing units; Storage and grading problems are crucial for agricultural units. The mean score variations of the responses towards these problems are statistically significant among the different activities undertaken. To explain the possible variations observed in all the marketing problems of SHGs across the three selected districts, MANOVA for the bundle of
five variables was conducted. It resulted in significant multi-variate test at 5 per cent level. This indicates the variations in marketing problems in the three districts selected. The Discriminant Analysis reveals that Advertising-related problems’ is the important problem in the rural areas and ‘Transportation-related problem’ is the important problem of SHGs in the urban areas. The mean scores derived for the six factors used for evaluating the functioning of agencies reveal that the interventions of agencies in the marketing of the products of SHGs are better in Kollam and Malappuram districts while compared to Kottayam district. Similarly, interventions of agencies are better in urban areas compared to rural areas. The poor performance of the agencies in supporting marketing in the rural areas is clearly discovered from the opinion scores reported.

6.6 Recommendations

6.6.1 General recommendations

1. The development of women entrepreneurship through Self-Help Group in Kerala requires, basically, to make the woman more aware regarding her existence, her unique identity, her special ability and her contribution towards the economic growth and development of the country. This could be achieved by carefully designing training programmes that will impart practical knowledge along with its practical implications regarding management (financial, production, marketing and legal aspects) of SHG enterprise.

2. A separate financial management and cost control training may be arranged for the women entrepreneurs. The banks and financial institutions must change their attitude against financing women-based projects.
3. Government, financial institution and community-based organizations should give adequate and continuous training on production, capacity building and administration at all the stages of enterprises. The training programme should be different for urban and rural SHGs.

4. Family commitments bar SHG members from becoming successful entrepreneurs. They cannot attend the training programmes regularly and completely. So, for making the training programmes effective, Block level training centers’ and decentralized training programmes should be implemented through government agencies.

5. The agencies should provide timely and responsive support mechanism for resolving production and marketing problems. They should concentrate on providing relevant information about the market, checking exploitation by middlemen, helping to locate raw material, intervention during technology breakdown and help to locate market. The programmes implemented through the agencies should be continuously monitored by the extension officers.

6. The State government and local self-government should provide tax exemption to SHG products in order to face the tough competition in the market.

7. The Government should ensure quality checking regularly and ensure the standardization of the products. Government institutions may be advised to purchase the products produced by SHGs.

8. In order to overcome the transportation problem, co-operation among the different SHGs in the locality should be promoted through cluster formation. A district level marketing chain should be developed; exploitation by middlemen in markets should be checked.
9. The government should initiate more marketing arrangements for the SHG products and ensure their speedy distribution.

10. Permanent retail outlets at the local level must be implemented; shops should be established with better access to consumers, and shopping hours should match with the local demand of the consumers. Credit facility to customers may also be promoted. Better publicity and communication through the media, especially television channels, radio and newspapers should also be made in order to attract customers. For the effective implementation of this, Block level cluster formation of SHGs should be promoted.

6.6.2 Specific recommendation

1. Inadequate financial resources and working capital is one of the main constraints faced by SHG units in Kerala. Credit can solve the Capital constrains to undertake the income generation activities of SHGs that can solve the un-employment problems and lead to eradication of poverty. So, the credit policy of banks and financial institutions must be liberal and credit facility must be extended to the SHGs.

2. A uniform and lower interest rate should be charged on loan to the SHGs. Banks and the Government should take positive steps towards this.

3. The SHGs should select the types of activities based on the availability of raw material and local market demand. They must collect innovative information regarding the market and technology.

4. Adaptation of innovative technologies is essential to enhance production. Value-added products should improve the profitability of the Self-Help Groups.
5. To improve the price of products, product designing and modification should be based on locally available resource and skills, which suit area-specific and location-specific requirements.

6. The SHGs going to start Furniture and wood processing units must attend the marketing training seriously to overcome the pricing related, advertising-related and transportation-related problems and SHGs starting agricultural units must carefully understand about storage and grading problems before starting the operation.

7. The SHGs concentrated in the rural areas need to improve their product promotion and market research. The agencies should provide more marketing support in the rural areas.

8. The unexplored talents of young SHG members can be identified; they can be trained and used for various types of industries to increase the productivity in the industrial sectors, like Herbal medicine and health care, Tourism industry, Telecommunication, Eco-friendly technology, Fruit, & Vegetable processing, and Event management.

6.7 Scope for future research

