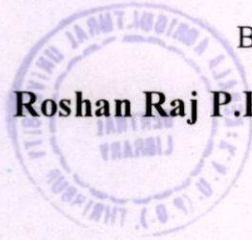


**Value chain analysis of commercial goat rearing:  
A study of selected self-help groups in Alagappa Nagar  
Panachayat of Thrissur Taluk**

By  
**Roshan Raj P.R (2015-31-008)**



**MAJOR PROJECT REPORT**

**Submitted in partial fulfillment of the  
requirements for the Post Graduate Degree of**

**MBA IN AGRIBUSINESS MANAGEMENT**

**Faculty of Agriculture**

**Kerala Agricultural University**



**COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT**

**VELLANIKKARA, THRISSUR- 680656**

**KERALA, INDIA**

**2017**



## Declaration

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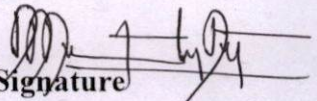


## DECLARATION

I, hereby declare that this project report entitled **Value chain analysis of commercial goat rearing: A study of selected self-help groups in Alagappa Nagar Panachayat of Thrissur Taluk** is a bonafide record of work done by me during the course of project work and that it has not previously formed the basis for the award to me for any degree/diploma, associateship, fellowship or another similar title of any other University or Society.

**Place: Vellanikkara**

**Date:31-10-2017**

  
Signature

**Roshan Raj P.R**

**(2015-31-008)**



# Certificate

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## CERTIFICATE

Certified that this project report entitled **Value chain analysis of commercial goat rearing: A study of selected self-help groups in Alagappa Nagar Panachayat of Thrissur Talukis** a record of project work done independently by **Roshan Raj P.R (2015-31-008)** under my guidance and supervision and that it has not previously formed the basis for the award of any degree, fellowship, or associateship to him.

**Place: Vellanikkara**

**Date: 31-10-2017**



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*I would also use this opportunity to beg to pardon to all those who have ever been hurt, knowingly or unknowingly by my words and deeds.*

*For any errors or inadequacies that may remain in this work, of course, the responsibility is entirely my own.*

***Roshan Raj P.R***

***(2015-31-008)***



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**Chapter 1**  
**Design of The Study**



## Chapter 1

### Design of The Study

#### 1.1 Introduction

The SHGs are small informal groups those enable women to come together, discuss and analyze their issues and problems and reap economic benefit out of mutual help, solidarity and joint responsibility (Anand, 2002). The group-based approach enables the members to accumulate capital by way of small savings and helps them to get access to formal credit facilities. The steps taken by National Bank for Agriculture and Rural Development (NABARD) for implementing the linkage programme of the SHGs with the formal credit institutions have strengthened this approach. The groups function as Thrift and Credit societies whose members pool savings and relend within the group on rotational or need basis. Regular meetings of the members strengthen the relationship among the members through sharing of experiences and informal discussions. Issues on gender and social problems also get a platform for discussion. SHGs operate under the principles of self help, mutual trust and cooperation to achieve the goal of empowerment. Self-help groups are seen as instruments for goals including empowering women, developing leadership abilities among poor and the needy people, increasing school enrollments, and improving nutrition and the use of birth control. In countries like India, SHGs bridge the gap between high-caste & low-caste members.

The micro enterprises in Animal Husbandry sector have considerable potential as sustainable income generating activities for the rural women in SHGs. Especially, goat farming as a micro enterprise has special advantage for women since the management of goats is comparatively less labour and input intensive. The projects in goat farming are being implemented successfully by some SHGs under Kudumbashree in Thrissur district..

#### 1.2 Background of The Study

The livestock sub sector has emerged as one of the key components of agricultural growth in developing countries in recent years. The Indian livestock system is the endeavour of small holders and it is a centuries old tradition. As a result of gradual transition from subsistence to market system, the economic dimensions of livestock keeping have assumed increasing significance in household behaviour. Goats constitute a very important species of



livestock in India, mainly on account of their short generation intervals, higher rates of prolificacy, and the ease with which the goats as also their products can be marketed. They are considered to be very important for their contribution to the development of rural zones and people. The country has 140.5 million goat as per 2007 livestock census has decreased to 135.2 million in 2012 (National Dairy Development Board), Goat population has declined by 3.82% over the previous census and ranks second in the world Goat meat production stands at the level of 0.50 million tonnes. The total Goat contributes around 26.40 % of the total livestock population. The slaughter rate of goat is at the level of 39.7 % as compared to 31.8% for sheep and 11% for buffaloes respectively. Goat also produce 4 million tonnes of milk as per FAO 2008 report (FAO report). Goat makes a valuable contribution to the livelihood of economically weaker sections of the society. Amongst the livestock owners goat farmers are the poorest of the lot. Goat population is also on the decline mainly due to indiscriminate slaughter, shrinking of grazing lands and urbanisation. Realizing the importance of goat in the agrarian economy of the country, various developmental activities have been taken up by Govt of India. India is the largest exporters of Sheep & Goat meat to the world. The country has exported 22,060.15 MT of sheep & goat meat to the world for the worth of Rs. 871.08 crores/ 130.17 USD Millions during the year 2016-17 (APEDA)

In Kerala majority of livestock owning farmers are either small and marginal or even landless. in view of its suitability for combining with crop sub-sector and sustainability as a household enterprise with the active involvement of women, it is emerging as a very popular supplementary avocation in the small farms. As per 19<sup>th</sup> Livestock Census 2012, the total livestock population consisting of cattle, buffalo, sheep, goat, pig, horses & ponies, mules, donkeys, camels, mithun and yak in the country is 512.05 million numbers in 2012. The total livestock population has decreased by about 3.33% over the previous census

### **1.3 Self-Help Groups**

SHG is a holistic programme of micro-enterprises covering all aspects of self-employment, organization of the rural poor into self Help groups and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing. SHG is a group formed by the community women, which has specific number of members like 15 or 20. Self-Help Group refers to self-governed, peer controlled, informal group of people with same socio-economic background and having a desire to collectively perform common



purposes. Here poor people voluntarily come together to save whatever amount they can save conveniently out of their earnings, to mutually agree to contribute to a common fund and to lend to the members for meeting their productive and emergent needs. 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. The benefits include mobilisation of savings and credit facilities and pursuit of group enterprise activities. The group-based approach not only enables the poor to accumulate capital by way of small savings but also helps them to get access to formal credit facilities (Shylendra, 1998). 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, The joint liability not only improves group members' accessibility to credit, but also creates mechanisms like peer monitoring leading to better loan recoveries (Stiglitz, 1993). Besides, some of the basic characteristics of SHGs like small size of membership and homogeneity of composition bring about cohesiveness and effective participation of members in the functioning of the group (Fernandez, 1994). In general, SHGs created on the above lines of functioning have been able to reach the poor effectively, especially women and help them obtain easy access to facilities like savings and credit and empower them.

#### **1.4 Statement of Problem**

The present study will be analyzing the production and marketing problems in the framework value chain analysis and evaluates the impact of this business on the SHG member's household living conditions.

#### **1.5 Objectives**

The study will have the following objectives:

1. To identify and map the value chain of commercial goat rearing by SHGs in Alagappa nagar panchayath of Thrissur Taluk.
2. To study the socio economic benefits of goat rearing to the members of SHGs and suggest measures to enhance the benefits of goat rearing.



## **1.6 Methodology**

### **1.6.1 Period of Study**

Period selected for the study is August-September 2017

### **1.6.2 Observations to Be Made**

- 1) Sources of inputs
- 2) Cost of production
- 3) Different players in the value chain and their benefits
- 4) Value addition at different stages
- 5) Existing marketing channels
- 6) Consumers
- 7) Role of SHG in farming and marketing of goats
- 8) Income
- 9) Savings

### **1.6.3 Data Collection**

The study will be based on primary as well as secondary data. The primary data will be collected by sample survey using interview schedule. The primary data for the study will be collected from the identified actors of value chain such as five SHGs groups from Alagapanagar Panchayath, Traders, Feed suppliers, Wholesalers, Retailers, and Consumers.

A sample size of 25 SHG members is taken and the details regarding the goat rearing are collected from goat farms managed by SHGs. The data required for the study was collected from the sample of 25 producers, 5 retailers and 15 consumers.

The secondary data will be collected from the sources like books, journals and websites

### **1.6.4 Data Analysis**

The data analysis will be done using appropriate statistical tools.

## **1.7 Significance of The Study**

Study helps to establish the relative importance of each activity in the total cost of the product also helps to examine the various economic and marketing problems faced by SHGs in goat farming. Possible solutions to problems related to goat farming by SHGs may be emerged.



### **1.8 Scope of The Study**

The study will try to Identify cost drivers for each activity. Identify links between activities, identify opportunities for reducing costs. The study will focus on the goat rearing business done by SHGs and will highlight the issues in the value chain of commercial goat rearing

### **1.9 Limitations of The Study**

- I. i The study will be limited to Alagappanagar Grama Panchayath area using a small sample. Therefore, any generalizations of the findings need to be made with caution.

### **1.10 Chapterisation**

1. Chapter 1 Design of the study
2. Chapter 2 Review of Literature
3. Chapter 3 Theoretical framework on value chain
4. Chapter 4 Profile of self help groups
5. Chapter 5 Analysis and interpretation
6. Chapter 6 Value chain analysis of commercial goat rearing - actors perspective
7. Chapter 7 Summary of the study findings and policy implications



**CHAPTER 2**  
**Review of Literature**



## CHAPTER 2

### Review Of Literature

#### 2.1 Introduction

A literature review is an evaluative report of information found in the literature related to your selected area of study. The review should describe, summarise, evaluate and clarify this literature. It should give a theoretical base for the research and help you (the author) determine the nature of your research. The literature review gives the author an opportunity to refer previous research publications to provide strengths and weakness of the research and also conveys to the reader what knowledge and ideas have been established on a topic. The review of the available literatures related to various aspects of value chain analysis of goat rearing were collected.

The study made by Manimekalai and Rajendran (1993) reveals that the DWCRA (Development of Women and Children in Rural Areas) Programme was helping and promoting self-employment among the rural 28 women who are below the poverty line. It helped them in organizing the beneficiaries in group activities and promotes economic and social selfreliance.

Karl (1995) in his study examined the role of empowerment of women on decision making. He maintains that empowerment is a multifaceted process, involving the pooling of resources to achieve collective strength and countervailing power and entailing the improvement technical skill, administrative, managerial and planning capacities and analytical reflectiv

Kumar (1997) in his study found that the SHGs are mostly homogeneous in terms of their socio-economic background. The savings level was reasonably satisfactory because of low interest rates charged by the banks and the revolving fund. Due to irregularity in repayment of loan, non adherence to the norms set by the group and lack of mutual trust and confidence among group members, some of the groups are defuncte abilities of local women.

Lalitha and Seethalakshmi (1999) who reported that the SHG members had high level of knowledge in dairying. Moreover, two third of the respondents had highly favourable attitude towards group activity. Similar finding was reported by Saravanakumar (2000) in his study on SHGs, that majority of the members were having high level of favourable attitude towards the group action.



Annapurna (2000) studied the role of women in economic development. She reported that women are actively contributing to the promotion of economic development in different capacities, namely, as housewife, mother, labourer, officer, scientist, executive and technocrat. With the spread of education, training and technology, their mobility has been increased and they are coming out of their shells to do different works to raise the living standards of their families.

The SHGs are small informal groups those enable women to come together, discuss and analyze their issues and problems and reap economic benefit out of mutual help, solidarity and joint responsibility (Anand, 2002). The group-based approach enables the members to accumulate capital by way of small savings and helps them to get access to formal credit facilities.

According to the reports of Jha (2001), Kumaran (2002), Paul (2002), Nirmala and Saoundary (2003), Meenambigai (2004), Nirmala et al. (2004) and Vadivoo and Sekar (2004), the perceived opportunities availed and threats faced by the members after joining the SHGs bring out the factors which enhanced and those impeded the empowerment process. More than half of the members recognized the opportunity to earn income of their own, and some of the members reported that they could provide their children with better education. Acquisition and use of property and access to self-employment avenues were also reported as opportunities by some of the respondents. The working of SHGs as informal banks of poor women with thrift and credit operations and linkage banking might have imparted the feeling of economic security among the members which might have in turn strengthened their access to and control over resources

Sarangi (2003) found that women-led SHGs in many parts of the country succeeded in bringing the women to the mainstream of decision - making. SHG is also a viable set-up to disburse micro-credit to the rural women and encourage them to enter into entrepreneurial activities. The women-led SHGs in the village of Purushothampur block of Ganjam district of Orissa State have successfully demonstrated how to mobilize and manage thrift, appraise credit needs, maintain linkage with the banks and enforce financial self-discipline.



Suneetha Kadiyala (2003) in her discussion paper "Scaling up kudumbashree for collective action for poverty alleviation and women empowerment" discusses the factors that enabled and constrained the scaling up of a multi sectoral poverty alleviation program called Kudumbashree initiated by the government of Kerala (GOK), India, in 1998 to eradicate poverty by 2008. It also discusses some potential threats to and trade-offs of scaling up Kudumbashree. This report draws primarily upon the available literature and qualitative data collected during a five-day visit to Kudumbashree in March 2003.

Goyal (2004) and Nirmala et al. (2004) in their study pointed out that Political intervention and lack of cooperation between members were also found to hamper the empowerment process among the SHG members

The study of Rangi (2004) shows that majority of the respondents of the SHGs was in the young and educated though the level of education was not very high. All the respondents saved a sum of Rs.100 per month with 36 their respective SHGs. The amount of loans taken from the banks was high as compared to the internal borrowing from the SHGs, but the rate of interest was high in the latter category. The internal external loans to the members of the SHGs have benefited them for their economic empowerment. The additional income generated with the help of the SHGs provided them big moral support.

Sudhansu Kumar Das (2006) has studied the role of SHGs in rural credit delivery system. His results show that SHG model of micro finance has tested to be very effective in meeting credit need of rural poor. However, there are many issues which more or less restrict the working of the groups. The members forming group are the rural poor and mostly landless marginal workers. Due to low income and poor saving the poor can contribute a very small amount towards the common fund of the group. Therefore, SHGs always face the problem of scarcity of funds. Because of weak financial condition, SHGs always need external finance through linkage with banks.

Roopa .Y\_O (2007) in her study on "Sheep and goat rearing in Chikmagalur district, Karnataka-An economic analysis" states that The findings of the present study revealed that there was a negative growth in sheep and goat population, but the socio-economic status of the rearers was found to be better in the district from the year 1972 to 2003. The major problems observed in rearing were lack of quality feed and fodder, inadequate market facilities, lack of technical knowledge, non-availability of quality breeds and mortality of animals.



Jothi (2010) opined that SHG plays a pivotal role in improving the both social and economic lives of the members, bring them more respect both domestically and socially. The sample respondents after joining SHGs have become very active by becoming full employed in varied activities and thereby earning more. She concluded that the self-help groups contribute substantially in pushing the conditions of the female population up and through that chip in poverty eradication as well.

Sato Keiko (2011) in his study "Goat-rearing practices and the limited effects of the SHG program in India: Evidence from a Tamil Nadu village" states that Livestock rearing has been promoted in India by government-sponsored micro-finance schemes such as the IRDP and the "SHG-Bank Linkage Program," providing rural poor with small loans to augment their non-land assets and thereby alleviate poverty. However, even in the case of small livestock such as sheep and goats, although at a glance it seems easy for poor people to rear them by using their only asset, unskilled labor, the reality is contrary and thereby the effect of the micro-finance programs is questionable.

Urmila Moon (2011) reported that woman's access to and control over their savings, credit and income have improved after joining SHGs. Also, women have improved freedom to move and interact with the officials and other women. He stated that it is crucial for the success of SHGs to have strong support of a fully mature group that achieves competence to independently handle issues of its internal practices both financial and nonfinancial. Groups formed without professional inputs and without the requisite handholding cannot sustain the financial content model and can lead to an increase in defaults and consequent abuses in the system. Record keeping in the groups is another challenge.

Fujita, K. and Sato, K. (2011) in their study. Self-Help Groups and the Rural Financial Market in South India: A Case of a Tamil Nadu Village found that the SHGs had certain impacts on poverty alleviation through the decline of interest rates in the informal financial market, although there was an apparent limitation. The major limitation arose from the small size of loans through the SHGs, either from its revolving fund or from banks, but another major limitation of the SHGs lay in the fact that the poorest people found it difficult to join the SHGs, especially the poorest women from the female-headed households. On the other hand, in recent years, there were increasing opportunities for village people to save in various



forms. Since the mid-1990s, the shift of occupation from agriculture to non-agricultural sectors has accelerated and the income of rural households started to rise rapidly in rural Tamil Nadu, including our study village. And the increased income allowed many villagers to save SHG provided the villagers with one of such saving opportunities, along with banks, post offices and life insurance companies, etc.

Vanithamani and Sandhya Menon (2012) in their study suggested that pragmatic policies need to be formulated in order to ensure the development of Self Help Group women entrepreneurs and increase their participation in economic emancipation process. This is in addition to granting access to economic resources. Further, an integrated and multidisciplinary developmental approach is to be adopted along with a plan of action that has training, institutional and financial support as a composite package. Women entrepreneurs could also be linked to large industrial units for sharing their facilities and Entrepreneurial Development cells/incubation Cells of academic institutions for additional supports.

Reshmi R (2012) in her research paper "Role of kudumbashree micro enterprises in alleviation of poverty with special reference to their marketing strategies" states that the relative success of Kudumbashree enterprises is a clear sign of widespread acceptance of community-based activities done to uplift the poor and downtrodden people. Kudumbashree program has cut across the ideological divide and successfully overcome all the social and economic hindrances in the society. Poor Women have truly been empowered by joining in Kudumbashree organs like Neighbourhood groups and Micro enterprises. Neighbourhood groups and their allied micro enterprises seems to be the one and only solution to save the rock bottom poor who live in utter distress and despair and who were left out from the coverage. Kudumbashree micro enterprises perceptibly depict how grass roots-level activities are essential for women's active participation in social and economic life. Even though there are so many pitfalls and shortcoming . These micro units has been successful in reaching, the unreached through providing ways and means of living and financial independence.

N.V. Kavithaa, R.S. Jiji and N.Vimal Rajkumar(2014) in their study on knowledge and attitude of the members of women self – help groups in goat farming in thrissur district revealed that The study revealed that the majority of respondents had medium level of knowledge of goat farming (75.33%) and as for attitude towards group activity majority of



them expressed high level of favourableness. Hence, there is need to educate farm women regarding improved goat rearing management activities to become a successful entrepreneur.

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**CHAPTER 3**  
**Theoretical Framework on Value Chain**



## CHAPTER 3

### Theoretical Framework On Value Chain

#### 3.1 Value chain

A value chain is a high-level model developed by Michael Porter used to describe the process by which businesses receive raw materials add value to the raw materials through various processes to create a finished product, and then sell that end product to customers. Companies conduct value-chain analysis by looking at every production step required to create a product and identifying ways to increase the efficiency of the chain. The overall goal is to deliver maximum value for the least possible total cost and create a competitive advantage

#### A simplified value chain

Seed suppliers → Farmers → Traders → Processors → Exporters/importers → Retailers  
→ Consumers.

The term 'Value Chain' was used by Michael Porter in his book "Competitive Advantage: Creating and Sustaining superior Performance" (1985). The value chain analysis describes the activities the organization performs and links them to the organizations competitive position. Value chain analysis describes the activities within and around an organization, and relates them to an analysis of the competitive strength of the organization. Therefore, it evaluates which value each particular activity adds to the organizations products or services. This idea was built upon the insight that an organization is more than a random compilation of machinery, equipment, people and money. Only if these things are arranged into systems and systematic activates it will become possible to produce something for which customers are willing to pay a price. Porter argues that the ability to perform particular activities and to manage the linkages between these activities is a source of competitive advantage.

In reality, value chains are more complex, in many cases, the input and output chains comprise more than one channel and these channels can also supply more than one final market. A comprehensive mapping therefore describes interacting and competing channels and the variety of final markets into which these connect. Value chains can be mapped and analyzed using value chain analysis (VCA) which can include qualitative and/or quantitative tools. There are no fixed rules on which research approach is better but there are strong



grounds for recommending that a qualitative approach is used first, followed (time and resources permitting) with a quantitative study.

The idea of a value chain was first suggested by Michael Porter (1985) to depict how custom (value accumulates along a chain of activities that lead to an end product or service. Porter describe the value chain as the internal processes or activities a company perform "to design, produce market, deliver and support its product." He further states that "a firm's value chain and the way i performs individual activities are a reflection of its history, its strategy, its approach to implementing its strategy, and the underlying economics of the activities themselves."

John Shank and V. Govindarajan (1993) describe the value chain in broader terms than does Porter. They state that "the value chain for any firm is the value-creating activities all the way from basic raw material sources from component suppliers through to the ultimate end-use product delivered into the final consumer's hands." This description views the firm as part of an overall chain of value-creating processes. According to Shank and Govindarajan, the industry value chain starts with the value-creating processes of suppliers, who provide the basic raw materials and components. It continues with the value-creating processes of different classes of buyers or end-use consumers, and culminates in the disposal and recycling of materials.

Kaplinsky and Morris (2002) defines value chain as "the full range of activities which are required to bring a product or service from conceptions, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposer after use".

Taylor (2005) defined Value Chain Analysis (VCA), as "the multi-dimensional assessment of the performance of value chains including the analysis of product flows, information flows and the management and control of the value chain" that provides a mechanism for drawing the attention of different stakeholders to the opportunities for improvement at different stages in the value chain and can be an effective catalyst for change.

Lanen et al. (2008), define the value chain as "the set of activities that transport raw sources into the goods and services end user purchase and consume, and the treatment or disposal of any waste generated by the end user.



According to World Business Council for Sustainable Development (WBCSD) "Value chains are an integral part of strategic planning for many businesses today. A value chain refers to the full life cycle of a product or process, including material sourcing, production, consumption and disposal/recycling processes."

International Development Research Centre defines value chain as the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use

### **3.2 concepts of value chain**

Value chain analysis has its historical origins in sectoral types of analysis, such as those elucidated by the French filiere approach. In a filiere, the main idea is to highlight and map out specific physical commodity flows within a sector, including key stakeholders, though usually confining the analysis to domestic markets and ignoring dynamic adjustments to sector characteristics and relationships.

The term "value chain" was first used by Porter (1980). Porter defined the "value chain" as a representation of a firm's value-adding activities, based on its pricing strategy and cost structure. Porter's approach highlights actual and potential areas of competitive advantage for the firm. Porter argued that individual firms each have their own value chains that are embedded in value networks, each of which have different functions within an industry or sector that influence other actors in the network. The salience of Porter's discussion was to highlight the interdependences and linkages between vertically-arrayed actors in the creation of value for a firm.

The modification and application of value chain ideas to development issues became more formalized in the mid- to late-1990s, particularly in the global commodity chain (GCC) approach of Gereffi and Korzeniewicz (1994). GCC and subsequent approaches focused predominantly on the value network of Porter in terms of looking at the relationships and linkages between firms, rather than solely value -creating functions within a firm. GCC analysis further highlighted governance to relationship between actors in the value chain.



## Filiere Approach

The Filiere approach includes various schools of thoughts and research traditions. Initially, the approach was used to analyze the agricultural system of developing countries under the French colonial system. The analysis mainly served as a tool to study the ways in which the agricultural production systems (especially rubber, cotton, coffee and cocoa) were organized in the context developing countries. In this context, the Filiere framework paid special attention on how local production systems are linked to processing industry, trade, export and final consumption. The Filiere mainly focused on issues of physical and quantitative technical relationships, summarized in flow-charts of commodities and mapping of transformation relationships.

There are two stands of Filiere approach:

1. The economic and financial evaluation of Filiers, focuses on income generation and distribution in the commodity chain, and disaggregates costs and incomes between local and internationally-traded components to analyse the spill overs of the chain on the national economy and its contribution to GDP along the "effect method".
2. The strategy-focused analysis of Filiere, analyze the constraints and results of each type of stakeholders in the chain.

## Porteres Approach

The second research stream refers to the work on Porter (1985) on competitive advantage.

Porter has utilized the framework of value chains to assess how a firm should position itself in the market and in the relationship with suppliers, buyers and competitors. Porter introduced the idea that a firm's competitiveness does not exclusively relate to the production process. Enterprise competitiveness can be analyzed by looking at the value chain which includes product design, input procurement, logistics, outbound logistics, marketing, sales, after-sale and support services such as strategic planning, the management of human resources management, research activities. An alternative way of approaching to the search of competitive advantage is based on the concept of a "value system". A value system includes the activities implemented by all the firms involved in the production of a good or service, starting from basic raw material to those engaged in the delivery to the final consumers.

## Global Approach

This literature utilized the framework of value chain to examine the ways in which firms and countries are globally integrated and to assess the determinants of global income distribution. A value chain typically consists of (1) Inbound logistics (2) Manufacturing operations, (3)



outbound distribution or logistics, (4) marketing and selling, and (5) after-sales service. These activities are supported by (6) purchasing or procurement, (7) research and development, (8) human resource development, (9) and corporate infrastructure

### **3.3 Supply chain and value chain management**

#### **3.3.1 Supply chain management**

Supply chain management is involved in the process of planning, implementing and controlling operations for serving customers as efficiently as possible. It encompasses all activities involved in sourcing, procurement, conversion and logistics. SCM maximizes profit by integrating three key flows across the boundaries of the companies that form the supply chain: flow of value (product or materials), information and funds. It spans all movement and storage of raw materials, f work-in-process inventory, and finished goods from point of origin to point of consumption. It includes Forecasting, purchasing, production planning, warehousing (in and out) and distribution all used to be in different parts of the organization.

#### **3.3.2 Value chain management**

VCM is the management of interlinked value-adding activities that convert inputs into outputs which, in turn, add to the bottom line and help create competitive advantage. A value chain management framework is established with a strategy process on the strategic level, a planning process on the tactical level and operations processes on the operational level.

### **3.4 Significance of value chain**

The value chain framework quickly made its way to the forefront of management thought as a powerful analysis tool for strategic planning. The simpler concept of value streams, a cross-functional process which was developed over the next decade, had some success in the early 1990s. The value-chain concept has been extended beyond individual firms. It can apply to whole supply chains and distribution networks. The delivery of a mix of products and services to the end customer will mobilize different economic factors, each managing its own value chain. The industry \\\ride synchronized interactions of those local value chains create an extended value chain, sometimes global in extent. Porter terms this larger interconnected system of value chains the "value system". A value system includes the



value chains of a firm's supplier, the firm itself, the firm distribution channels, and the firm's buyers.

Capturing the value generated along the chain is the new approach taken by many management strategists. For example, a manufacturer might require its parts suppliers to be located nearby its assembly plant to minimize the cost of transportation. By exploiting the upstream and downstream information flowing along the value chain, the firms may try to bypass the intermediaries creating new business models, or in other ways create improvements in its value system.

Value chain analysis has also been successfully used in large petrochemical Plant maintenance organizations to show how work selection, work planning, work scheduling and finally work execution can (when considered as elements of chains) help drive lean approaches to maintenance. The Maintenance Value Chain approach is particularly successful when used as a tool for helping change management as it is seen as more user-friendly than other business process tools.

A value chain approach could also offer a meaningful alternative to evaluate private or public companies when there is a lack of publicly known data from direct competition, where the subject company is compared with, for example, a known downstream industry to have a good feel of its value by building useful correlations with its downstream companies. Value chain analysis has also been employed in the development sector as a means of identifying poverty reduction strategies by upgrading along the value chain. Although commonly associated with export-oriented trade, development practitioners have begun to highlight the importance of developing national and intra-regional chains in addition to international ones.

### **3.5 Value chain analysis**

Value Chain Analysis is a useful tool for working out how you can create the greatest possible value for your customers. In business, we're paid to take raw inputs, and to "add value" to them by turning them into something of worth to other people. This is easy to see in manufacturing, where the manufacturer "adds value" by taking a raw material of little use to the end-user (for example, wood pulp) and converting it into something that people are



prepared to pay money for (e.g. paper). But this idea is just as important in service industries, where people use inputs of time, knowledge, equipment and systems to create services of real value to the person being served — the customer. And remember that your customers aren't necessarily outside your organization: they can be your bosses, your co-workers, or the people who depend on you for what you do.

Now, this is really important that in most cases, the more value you create, the more people will be prepared to pay a good price for your product or service, and the more they will they keep on buying from you. On a personal level, if you add a lot of value to your team, you will excel in what you do. You should then expect to be rewarded in line with your contribution this is where the "Value Chain Analysis" tool is useful. Value Chain Analysis helps you identify the ways in which you create value for your customers, and then helps you think through how you can maximize this value: whether through superb products, great services, or jobs well done.

Value Chain Analysis is a useful way of thinking through the ways in which you deliver value to your customers, and reviewing all of the things you can do to maximize that value. It takes place as a three stage process:

- I. Activity Analysis, where you identify the activities that contribute to the delivery of your product or service.
- II. Value Analysis, where you identify the things that your customers value in the way you conduct each activity, and then work out the changes that are needed.
- III. Evaluation and Nanning, where you decide what changes to make and plan how you will make them.

By using Value Chain Analysis and by following it through to action, you can achieve excellence in the things that really matter to your customers. Value chain analysis overcomes a number of important weaknesses of traditional sectoral analysis which tends to be static and suffers from the weakness of its own bounded parameters. For in restricting itself to sectoral analysis, it struggles to deal with dynamic linkages between productive activities that go beyond that particular sector, whether they are of an inter-sectoral nature or between formal and informal sector activities.



Value chain also goes beyond the firm-specific analysis of much of the innovation literature. By its concentration on inter linkages it allows for an easy uncovering of the dynamic flow of economic, organisational and coercive activities between producers within different sectors even on a global scale. For example informal sector scrap metal collectors in South Africa are inextricably linked to a global export trade. They bring scrap metal in old trolleys directly to shipping agents who pay them London spot prices and transfer the scrap immediately to ships for export to iron and steel furnaces across the globe. Furthermore the notion of organisational inter-linkages underpinning value chain analysis makes it easy to analyse the inter-relationship between formal and informal work and not to view them as disconnected spheres of activity.



**CHAPTER 4**  
**Profile of Self Help Groups**



## CHAPTER 4

### Profile of Self Help Groups

#### 4.1 Introduction

Self-Help Group or in-short SHGs is now a well-known concept. It is now almost two-decade old. It is reported that the SHGs have a role in hastening country's economic development. SHGs have now evolved as movement. Mainly, members of the SHGs are women. Consequently, participation of women in the country's economic development is increasing. They also play an important role in elevating the economic status of their families. This has led boost to the process of women's empowerment. In the recent years, empowerment has been recognized as the central issue in determining status of women. Since women become more potent source of development empowering them is prerequisite for over all development. By empowering women not only make them to share in the development progress but also bring out their lasting efficiency.

The SHGs are promoted by the Government as if women in India may not be resourceful enough to be entrepreneurs. When the SHGs arrange training facilities to carry out certain kind of work which are suitable for women in India, bank must arrange financial assistance to carry out manufacturing and trading activities, arranging marketing facilities while the Governments will procure the product of SHGs, arrange for enhancing the capacity of women in terms of leadership quality and arranging for the management of SHGs by themselves -so as to have administrative capacity. As a social movement with government support, SHGs become more or less a part and parcel of the society.

#### 4.2 Concept of Self-Help Group

The concept of self-help groups had its origin in the co-operative philosophy and the co-operators by and large, including the National Federations in the credit sector, could not think of any better SHG than a primary co-operative credit society itself.<sup>2</sup> As SHG are small and economically homogenous affinity groups of rural poor, they are voluntarily coming together for achieving the following.

1. To save small amount of money regularly.
2. To mutually agree to contribute a common fund.



3. To meet their emergency needs.
4. To have collective decision making.
5. To solve conflicts through collective leadership mutual discussion.
6. To provide collateral free loan with terms decided by the group at the market driven rates.

Today, the self-help group movement is increasingly accepted as an innovation in the field of rural credit in many developing, countries including India to help the rural poor considered a vehicle to reach the disadvantaged and marginalized section. which in the normal course cannot avail of credit facility from the bank.

A self-help group is defined as a group consisting, of people who have personal experience of the similar issue or life situation, either directly or through their family and friends. Sharing experiences enables them to give each other a unique quality of mutual support and to pool practical information and ways of coping.

Self-help groups are small informal association of the poor created at the grass root level for the purpose of enabling members to reap economic benefits out of mutual help solidarity and joint responsibility. Self-help groups are formed voluntarily by the rural and urban poor to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their families and community. A self-help group is defined as a "self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose." Self-Help group have been able to mobilize small savings either on weekly or monthly basis from persons who were not expected to have any savings. They have been able to effectively recycle the resources generated among the members for meeting the productive and emergent credit needs of members of the group.

The distinguishing features of self-help-cups are given below.

1. An SHG normally consists of not less than five persons (with a maximum of twenty) of similar economic outlook and social status.
2. It promotes objectives like economic improvement and raising resources for development and freedom from exploitation.



3. It has its own by-laws for the proper functioning of the group as well as for the observance of certain rules by the group members and regulations concerning membership.
4. The form of such a group could be mostly on an informal basis (unregistered).
5. Periodical meetings of members are held for solving their problems (economic and social) and they collect fixed savings of the members.
6. The savings of members are kept with a bank in the name of group and authorized representative of the group operates the bank account. The deposit kept in the bank is used for giving loans to members for purposes including consumption at the rate of interest decided by the group (usually higher than what the banks charge).
7. Sources of funds are the contribution of members savings, entrance fee, interest from loans, proceeds of joint business operation and income from investment. Funds may be used for loans, social services and common investments.
8. The SHG, being a group of like-minded persons, gets empowered to solve most of its problems of a non-financial nature such as raw material and input supply marketing, better adoption of technology, education and training for realization of its objectives for development.

### **4.3 Role of Self-Help Groups In India**

A Self-Help Group (SHG) is a village-based financial intermediary usually composed of 10-20 local women. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia.

Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit. Micro-credit in common parlance refers to small loans that help the poor women to meet their immediate credit needs.

A major rethinking on the existing strategies of rural development in general and women empowerment, in particular, led to the realisation that a new approach is needed to 'help the women to help themselves'. Such an approach, particularly known as promotion of Self-Help Group (SHG) formation, was stated with the objective of meeting the micro-credit needs of the poor women.



A Self-Help Group may be registered or unregistered. It typically comprises a group of micro-entrepreneurs having homogenous social and economic backgrounds, all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed.

The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro-finance institutions. To make the book keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations.

With the central and state Governments, along with the National Bank for Agriculture and Rural Development (NABARD), extending the required support for women SHGs as a strategy for women empowerment, the SHGs has taken firm roots in India. The movement is eventually expected to reduce gender inequalities in the country.

Important policy initiatives initiated in this regard include: promotion of groups under the Development of Women and Children in Rural Areas (DWACRA) Programme and adoption of the model of South Asia Poverty Alleviation Programme (SAPAP). The SAPAP is assisted by United Nations Development Programme (UNDP) as a response to the Dhaka declaration of the SAARC summit on 'Eradication of Poverty and Reduction of Gender Inequalities'.

The major elements of the SHG approach to micro-credit include the following:

1. Provide a cost effective approach to formal institutions for expanding and reaching out to poor;
2. Offer an effective alternative to pursue the objective of growth by facilitating the empowerment of rural poor women;
3. Make micro-finance available to cater to the consumption and production needs of poor women;
4. Provide a platform for poor women to participate in mainstream economic activity; and
5. Help in capacity building by providing greater awareness on various development and welfare programmes relating to women and child health in general and education of children is particular.

The SHGs, by providing access to financial services and informing the women members about the various welfare programmes especially targeted to women and children,



truly empower women by making them partners in bringing about the needed social and economic transformation. The efforts of SHGs are thus, to a very great extent, contributing to address the gender issues of economic development in India

#### **4.4 Role of Self help groups in economic development**

Self-Help Groups are informal associations of people who choose to come together to find ways to improve their living conditions. They help to build Social Capital among the poor, especially women. The most important functions of a Self-Help Groups are (a) to encourage and motivate its members to save, (b) to persuade them to make a collective plan for generation of additional income, and (c) to act as a conduit for formal banking services to reach them. Such groups work as a collective guarantee system for members who propose to borrow from organized sources. Consequently, Self-Help Groups have emerged as the most effective mechanism for delivery of micro-finance services to the poor. The range of financial services may include products such as deposits, loans money transfer .

#### **4.5 Characteristics of a good Self Help Group**

- a) An ideal SHG comprises 15-20 members.
- b) All the members should belong to the same socio-economic strata of society specifically poor.
- c) Group should have strong bond of affinity.
- d) Rotational leadership should be encouraged for distribution of power and to provide leadership opportunities to all the members.
- e) Members should attend meetings, save and participate in all activities voluntarily.
- f) To provide gainful employment and to involve the poor in productive activities.
- g) An SHG should be socially viable institution.
- h) The procedure of decision-making in SHG should be democratic in nature.



- i) It should be non-partisan in nature.
- j) The group is frames rules and regulations which are required for its effective functioning.
- k) To involve women in decision making and to promote leadership qualities among them.

#### **4.6 Benefits of self help group**

- a) The formation of SHGs has benefited its members by increasing their assets, incomes and employment opportunities.
- b) The borrowers are able to reduce their dependence on informal sources of finance and a certain degree of loyalty towards SHGs, which can work towards permanent or effective inclusion of these borrowers into the formal banking network.
- c) The financial inclusion attained through SHGs has led to reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health – especially among women and children.
- d) It has empowered women by enhancing their contribution to household income, increasing the value of their assets and generally by giving them better control over decisions that affect their lives.

The rural poor are in-capacitated due to various reasons such as; most of them are socially backward, illiterate. with low motivation and poor economic base. Individually, a poor is not weak in socio-economic term but also lacks access to the knowledge and information, which are the most important components of today's development process. However, in a group, they are empowered to overcome many of these weaknesses, hence there are needs for SHGs which is specific terms are as under:-

1. To mobilize the resources of the individual members for their collective development.
2. To uplift the living conditions of the poor.



3. To create a habit of savings, utilization of local resources.
4. To mobilize individual skills for group's interest.
5. To create awareness about right.
6. To assist the members financial at the time of need.
7. Entrepreneurship development.
8. To identify problems, analyzing and finding solutions in the groups.
9. To act as a media for socio-economic development of village.
10. To develop linkage with institution of NGOs.
11. To organize training for skill development.
12. To help in recovery of loans.
13. To gain mutual understanding, develop trust and self-confidence.
14. To build up teamwork.
15. To develop leadership qualities.
16. To use it as an effective delivery channel for rural credit.

#### **4.7 Functions of SHGs**

The important functions of SHG are the following:-

1. Enabling members to become self-reliant and self-dependent.
2. Providing a forum for members for discussing their social and economic problems.
3. Enhancing the social status of members by virtue of their members of the group.
4. Providing a platform for members for exchange of idea.
5. Developing and encouraging the decision making capacity of members.
6. Fostering a spirit of mutual help and cooperation among members.
7. Instilling in members a sense of strength and confidence which they need for solving their problems,
8. Providing organizational strength to members.
9. Providing, literacy and increasing general awareness among members, and
10. Promoting numerically and equipping the poor with basic skills required for understanding monetary transactions.



## 4.8 SHG in Kerala

About 98 percent of the self-help groups in Kerala are women groups. In some areas men groups and mixed groups also exist. There has also been an increase in the flow of funds for micro-enterprises through various promotional agencies. Though NGOs were the forerunners in this field, the early nineties marked a new era for micro-finance programmes in the State with the evolution of the Community Development Society (CDS) model women groups in Alappuzha. Further the setting up of Kudumbasree - the poverty eradication programme of the State Government— has given a boost to the SHG strategy.

Kudumbashree is the women empowerment and poverty eradication program, framed and enforced by the State Poverty Eradication Mission (SPEM) of the Government of Kerala. The Mission aims to eradicate absolute poverty within a definite time frame of 10 years under the leadership of Local Self Governments formed and empowered by the 73rd and 74th Amendments of the Constitution of India.[1] The Mission launched by the State Government with the active support of Government of India and NABARD has adopted a different methodology in addressing poverty by organizing the poor in to community-based organizations. The Mission follows a process approach rather than a project approach. The mission was officially inaugurated by the then Prime Minister Atal Bihari Vajpayee in 1998 as requested by the State Government.[2]

Kudumbashree, a community organization of Neighbourhood Groups (NHGs) of women in Kerala, has been recognized as an effective strategy for the empowerment of women in rural as well as urban areas: bringing women together from all spheres of life to fight for their rights or for empowerment. The overall empowerment of women is closely linked to economic empowerment. Women through these NHGs work on a range of issues such as health, nutrition, agriculture, etc. besides income generation activities and seeking micro credit.

Kudumbashree differs from conventional programmes in that it perceives poverty not just as the deprivation of money, but also as the deprivation of basic rights. The poor need to find a collective voice to help claim these rights.

Kudumbashree was conceived as a joint programme of the Government of Kerala and Nabard implemented through Community Development Societies (CDSs) of Poor Women, serving as the community wing of Local Governments. Kudumbashree is formally registered as the "State Poverty Eradication Mission" (SPEM), a society registered under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. It has a governing



body chaired by the State Minister of LSG. There is a state mission with a field officer in each district. This official structure supports and facilitates the activities of the community network across the state. Kudumbashree differs from conventional programmes in that it perceives poverty not just as the deprivation of money, but also as the deprivation of basic rights. The poor need to find a collective voice to help claim these rights.

The grassroots of Kudumbashree are Neighbourhood Groups (NHG in short) that send representatives to the ward level Area Development Societies (ADS). The ADS sends its representatives to the Community Development Society (CDS), which completes the unique three-tier structure of Kudumbashree. Today, there are 2.77 lakhs NHGs, over 19,854 ADSs and 1073 CDSs in Kudumbashree.

It is this network that brings women to the Grama Sabhas and helps them bring the needs of the poor to the attention of the local governments. The Community Development Societies are also very active in Government programmes and play significant roles in development activities ranging from socio-economic surveys and enterprise development to community management and social audit.

Though its efforts to engage women in civil society in development issues and opportunities, Kudumbashree in association with the local self government of Kerala is charting out new meaning and possibilities for local economic development and citizen centric governance.



**CHAPTER 5**  
**Analysis and Interpretation**



## CHAPTER 5

### Analysis and Interpretation

#### 5.1 Socio economic profile of the respondent

The respondent of the area constitute heterogeneous groups differing in age ,education, family type and annual income of family. The characteristic features of the sample respondents are given below

##### 5.1.1 Age of respondents

The table below represents the classification of the respondents according to their age group. From the table it can be observed that most of the respondents belong to the age group of 30-45 years (60%) followed by the respondents who belong to the age group of above 45-60 years (40%) so we can infer that middle aged house wives are interested in this business

**Table 5.1 Age of respondents**

Age group	No. Of respondents	Percent
Below 30	0	0
30-45	12	60
45-60	8	40
Above 60	0	0
Total	20	100

Source: complied from survey

##### 5.1.2 Educational level of the respondents

Table 5.2 shows the educational level of the respondents. From the table it can be observed that most of the respondents are having education below degree. Majority (65%) of respondents are having secondary education. So we can infer that higher education is not necessary for goat rearing.



**Table 5.2 Educational level of the respondents**

<b>Educational level</b>	<b>No. Of respondent</b>	<b>Percentage</b>
Below secondary	5	25
Secondary	13	65
Degree	2	10
Total	20	100

Source: complied from survey

### **5.3 Land ownership**

Table 5.3 shows the land ownership of the respondents. From the table 5.3 it can be observed that all the respondents are having their own land so they have no liability to pay anything for their land except Land tax

**Table 5.3 Land ownership**

<b>Land</b>	<b>Number of respondents</b>	<b>Percentage</b>
Owned	20	100
Rented or leased	0	0
Total	20	100

Source : complied from survey

### **5.4 Types of land**

Table 5.4 shows types of land used by respondents. From the table it is observed that 65% of respondents having irrigated land and 35% having partially irrigated. So most of the having irrigated land and there is no scarcity of water.

**5.4 Types of land**

<b>Types</b>	<b>Number of respondents</b>	<b>Percentage</b>
Irrigated	13	65
Partially irrigated	7	35
Not irrigated	0	0

Source complied from the survey



### 5.5 Experience of members

From the table 5.5 it has been found that about 10% of SHG members are having less than 5 years of experience 50% of the SHG members are having an experience between 5-10 years in goat rearing and 30% having an experience between 10-15 years of experience and 10% having more than 15 years of experience with goat rearing

**Table 5.5 experience of members**

No of years	No of respondents	Percentage
Less than 5 years	2	10
5-10 years	10	50
10-15 years	6	30
More than 15 years	2	10
Total	20	100

Source complied from survey

### 5.1.6 Number of goats

Below table 5.6 shows the number of goats belonging to the members. About 10% are having less than 5 goats, 40% having a number between 5-10 goats 35% are having more than 10 but less than 15 goats and about 10% having 15-20 goats and 5% having more than 20 goats, average number of goats of the selected sample is 11 goats.

**Table 5.6 No of goats**

No of goat	No of respondents	Percentage
Less than 5	2	10
5-10	8	40
10-15	7	35
15-20	2	10
>20	1	5
	20	100

Source complied from the survey



### 5.1.7 Annual household income before and after goat rearing

Table 5-7 below shows the annual income of SHG members before and after starting the goat rearing. About 35% are having an annual income less than RS. 100000 before starting goat rearing. About 30% are having an annual income between 100000-130000 about 15% having income in between 130000-160000 about 10% having between 160000-190000 and another 10% having annual income of more than Rs.190000.

After starting the goat rearing the household income has been increased and it is shown in the table 5-7

**Table 5-7 income before and after goat rearing**

Income class	No of respondents (before)	Percentage	No of respondents (after)	Percentage
70000-100000	7	35	2	10
100000-130000	6	30	4	20
130000-160000	3	15	5	25
160000-190000	2	10	6	30
190000-210000	2	10	2	10
>210000	0	0	1	5
Total	20	100	20	100

Source: compiled from survey

### 5.2 Savings Habit

The below table 5-8 shows the savings of the respondents, before starting the goat rearing there is only 4 out of 20 members are having the LIC but after starting goat rearing it increased to 8 members and before starting goat rearing there are only 6 members who having a bank account and after starting goat rearing all members are having bank account. After starting goat rearing members are having gold with them and some are having land also.



**Table 5.8 mode of savings**

Mode of saving	Before starting goat rearing	After starting goat rearing
Having LIC	4	8
Having saving bank A/C	6	20
Gold	3	10
Land	0	2

Source complied from survey

**Table 5.9 variable cost involved in goat rearing**

		Small farmers Avg no of goats=6		Large farmers Avg no of goats=15	
Sl no	particulars	Quantity (kg)	Amount(Rs)	Quantity (kg)	Amount(Rs)
1	Feed				
	Wheat powder	45	900	40	800
	Kerala feed	50	1000	45	900
	Other (copra meal,back gran bran, soya bran etc)	56	1120	45	900
	Sub total		3020		2600
2	Fodder	275	1375	365	1825
3	Medicine		350		400
	Total variable cost		4745*6 =28470		4825*15 =72375

Source complied from survey



From the above Table 5-13 we can find out the variable cost incurring for the goat rearing. It has a slight difference for large farmers and small farmers because of the feeding pattern. Large farmers include more fodder in their feeding portfolio so they can reduce their feeding cost. Small farmers need 45 kg of wheat powder, 50 kg of Kerala feeds respectively. Large farmers need 40 kg of wheat powder 45g of Kerala feeds respectively. Also other foods like copra meal, black grain bran, soya bran Bengal grain bran etc are given by an amount of 56 kg for an year.

Wheat powder has a price of 20/kg, and Kerala feeds has a price of Rs 20/kg, one kg fodder has a cost of an average of 5 rupees. For the fodder small farmer needs 275 kg fodder and it cost a total of Rs 1375 per goat per year. Small farmer having a cost of medicine during the year that is about Rs 350 per goat per year, therefore total variable cost in goat rearing is Rs 4745.

For the fodder large farmer needs 365 kg fodder it cost a total of Rs 1825 per goat per year. large farmer having a cost of medicine during the year is Rs 400 per goat per year therefore total variable cost in goat rearing is Rs 4825 from this we can infer that usage of more fodder in the feeding patterns makes less variable cost.

Therefore the total cost incurred by the small farmers (6 goats) is Rs 28470 and for large farmer (15 goats) it is Rs 72375.



## 5.5 Return from Goat Rearing

Small farmers sell an average of 8 goats per year and large farmers sell an average of 20 goats per year. Average goats sold by sample population is 14 goats per year

**Table 5-10: Return from goat rearing per annum**

Sl no	particulars	Small farmers (No.of goats<10)		Large farmers (No.of goats>10)	
1	Number of goats sold	8	56000	20	140000
	Female goat	3	15600	8	38400
	Male goat	5	25000	12	54000
2	Sale of manure (dry)	150 kg	750	563 kg	2815
	Liquid	437 L	3933	1125	10125
5	Total		60683		152940

Return of small farmers (60683-28470)= Rs.32213

Return of large farmers (152940-72375)=Rs.80565



**Chapter 6**

**Value Chain Analysis of Commercial Goat Rearing - Actors  
Perspective**



## Chapter 6

### Value Chain Analysis of Commercial Goat Rearing - Actors Perspective

#### 6.1 Introduction

A value chain is a high-level model developed by Michael Porter used to describe the process by which businesses receive raw materials add value to the raw materials through various processes to create a finished product, and then sell that end product to customers. Companies conduct value-chain analysis by looking at every production step required to create a product and identifying ways to increase the efficiency of the chain. The overall goal is to deliver maximum value for the least possible total cost and create a competitive advantage

The value chain describes the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use.

In this chapter, the impact of the value chain model and the status of the actors involved in the value chain analysis of goat rearing is analysed in detail. The actors involved in producers, input suppliers, retailers and customers. The data required for the study from the sample of 25 producers, 5 retailers and 15 consumers

#### 6.2 Producer

They are the SHG members of the selected groups of Alagappa nagar Panchayat the goat rearing for the purpose of selling it to the retailers or end consumers.

##### 6.2.1 SHG Details

For the study we are selecting the top functioning SHGs of Alagappa nagar Panchgat. Names of the SHG goups are Sauhridha, Gokulam, Anugraha, Gramadeepam, and Nandhanam Each groups have five members and as a whole 25 members in total. The major activities include goat rearing, sale of goats for slaughtering, sale of goat urine for medicinal purposes and droppings as manure.



### 6.2.2 Input requirements

The major input requirements for the SHG members are breeds, fodder, feed, medicines etc are shown in the table 6-1 below

**Table 6-1: input requirements for goat farming**

Name of input	Sources of supply	Frequency of procurement
Breed	From local goat farm	When required
Fodder	From nearby area	Daily
Feed	Local shops, SKM goat feed	Once in month
Medicines • Vitamin tab • Liver tonic	Veterinary hospitals, medical shops	Once in a month

Source primary data collected from survey

SHG members of each group are not facing any difficulties in availing inputs. And they are feeding the green grass and fodder that are produced from the nearby surroundings. The feeds include the copra meal (thenga pinnakk) black gram bran (uzhunnuthaviddu) soya bran (soyathavidu) and Bengal gram bran (kadalathondu) SKM goat feed etc. Medicines include vitamin tablets liver tonic, vimaren tablets (multi vitamine mixture) for pregnant goats etc.

### 6.2.3 Rearing and production

Goat rearing by SHGs of Alagappa nagar panchayath is following the semi intensive system the major risk involved in the rearing of goats is the spreading diseases, tetanus and other diseases also they are facing the difficulty of lack of land for free grazing of goats.

### 6.2.4 Value Addition

The major value addition take place in this SHG goat rearing is they are able to provide manure as packed form in their outlets and the supply of urine to Oushadhi ( Ayurvedic medicine manufacturing company in Thrissur district) for the purpose of making ayurvedic medicines.



### **6.2.5 Demand**

There is a demand for meat and the SHG member are able to meet the demand of the Customer .And there is a demand for goat urine because of its use in some medicines developed by Oushadhi also there is a demand for manure.

### **6.2.6 Price Fixation**

The price fixation is based on the cost incurred while in rearing; the cost of inputs, production cost, maintenance cost, transportation cost etc. And price fixing is done by the leaders of each group under the supervision of CDS (community development scheme) chairperson. So for 1 litre of urine the price is rs.10/ltr and tiff the droppings of goat it is rs.45/oil can

### **6.2.7 Linkages**

They are getting government support and technical support From CDS. In the first stage training called General orientation Training (GOT) EDP training program for three days, training program under a veterinary doctor etc. are given to the members of groups. Also they have financial linkage with banks to get financial assistances. Amballoor co-operative bank is providing 1 lakh for each group in which 50000 is subsidy at a 7% normal rate of interest with a repayment period 4 years.

### **6.2.8 Marketing**

Marketing is done by themselves also through veterinary hospital. The major customers include, retailers, individuals and Oushadhi.

## **6.3 Input supplier**

Input suppliers of SHG groups of Alagappa nagar panchayat include local goat farms, local shops and veterinary hospitals. The major input requirements include different breeds, fodder, feeds, medicines etc. Goat breeds like Malabari, reared among SHG members, these goats are bought from the local goat farms in Amballoor and from other SHG members of different panchayat who are involved in goat rearing. Green fodder is collected from the nearby land and the feed for a month is bought from the local shops in the panchayat itself. And the medicines like Vitamin tablets, vimarin for pregnant goats, liver tonic etc are bought from the medical shops and from veterinary hospital itself.



## 6.4 Retailer

Retailers of the SHG goat rearing include the local traders in Amballoor, and the slaughtering units at Varakkara and Aruballoor, and others like Oushadhi for the goat urine for medicinal purposes etc. They will buy goats from the SHG members according to the seasonal demand and there are brokers who are involved in the retail chain of goat rearing.

## 6.5 Consumers

Consumers include those who are purchasing from SHG members and those who purchase from the slaughtering units managed by SHG members and local butchers etc. This consumer survey is to collect the data regarding buying behaviour, reasons behind consumption, frequency of purchase etc.

**Table 6-2: Gender of Customers**

Gender	Number	%
Male	10	66.67
Female	5	33.33
Total	15	100

Source- Data collected from primary survey

It was clear from the table 6-2 that majorities (66.67%) of the consumers are male and the remaining are females (33.33%)

The respondents of the survey conducted were belonged to different occupational background exhibited difference in their annual earnings. It includes business man, farmers, ordinary workers, engineers and the other professionals ranging their annual earnings from 3 to above 5 lakhs.

**Table 6-3: Reasons behind consumption**

Reasons behind consumption	Number	%
Taste	7	46.67
Nutrition	5	33.33
No specific reason	3	20
Total	15	100

Source –data collected from primary survey



It could be inferred from the above Table 6-3 that 46.67% of customers are concerned about the taste of the chevon and 33.33% are consuming for the nutrition they are getting from the chevon. While there is 20% have no specific reason for the purchase.

**Table 6-4: purchase of chevon**

Source of purchase	Number	%
Butchers shop	12	80
Traders	3	20
Total	15	100

Source data collected from primary survey

From the above table 6-4 it can be easily found that majority of the consumer buy goat meat from the nearby butchers shop (80%) and 20% are from the local traders.

**Table 6-5 frequency of purchase**

Frequency of purchase	Number	%
Weekly	2	13.33
Monthly	8	53.34
Occasionally	5	33.33
Total	15	100

Source- data collected from primary survey

From the above table we analyze that about 53.34% of the consumers are consuming chevon once in a month and 13.33% are consuming weekly and 33.33% are consuming chevon occasionally.

**Table 6-6 means of publicity towards goat farm and butchers shop**

Means of publicity	Number	%
Word of mouth	12	80
Advertisement	0	0
Others	3	20
Total	15	100

Source- data collected from primary survey



The majority of consumers locate farms that sell goats and butchers shop that has best quality chevon is by word of mouth(80%) , and 20% means of other ways of publicity.

**Table 6-7 consumer preference towards the taste of goat meat**

Taste	Number	%
Very good	7	46.67
Good	5	33.33
Medium	3	20
Not good	0	0
Total	15	100

Source data collected from primary survey

The above Table 6 7gives us the Preference towards the taste of goat meat and 46.67% of consumer; argued that taste is very good and 33.33% argued that taste is good and 20% has a neutral opinion. All of the consumers like the taste of chevon and willing to purchase.

**Table 6-8: Availability of Chevon in Market**

Availability	Number	%
Adequate	10	66.67
Inadequate	5	33.33
Total	15	100

Source Data collected from Primary Survey

From the above Table 6-8, it has been found out that the 66.67% of consumers argued that there is an adequate amount of supply of chevon in the market and 33.33% argued that there is a shortage for chevon in the market.

The major problem with the supply is there is a huge demand for chevon in festive season and the price for chevon is around Rs.500, most of the consumers argued that price, inadequate supply and seasonality is one of the major problems affecting the purchasing.



**Table 6-9: Current trend in consumption of chevon**

Trend in consumption	Number	%
Increase	6	40
Decrease	5	33.33
No change	4	26.67
Total	15	100

Source - Data collected from Primary Survey

The consumption pattern and trend towards meat has been changing, 40% argued that there is an increase towards the consumption of chevon and 33.33% said that there is a decrease in the consumption due to high price of chevon also people are controlling their diet. 26.67% of responded that there is no change in the consumption of chevon. Most of the respondents are satisfied with the meat they are consuming.

The suggestions given by customers is to maintain the better hygiene and including skilled labours, better refrigerator conditions for the slaughtering houses.

## **6.6 Mapping the value chain of commercial goat rearing**

Value chain analysis is the process of breaking a chain into its constituent parts in order to better understand its structure and functioning. The analysis consists of identifying chain actors at each stage and discerning their functions and relationships; determining the chain governance, or leadership, to facilitate chain formation and strengthening; and identifying value adding activities in the chain and assigning costs and added value to each of those activities. The flows of goods, information and finance through the various stages of the chain are evaluated in order to detect problems or identify opportunities to improve the contribution of specific actors and the overall performance of the chain.

Value chains can be mapped and analysed using value chain analysis (VCA) which can include qualitative and/or quantitative tools. There are no fixed rules on which research approach is better but there are strong grounds for recommending that a qualitative approach is used first, followed (time and resources permitting) with a quantitative study.

Mapping is the process of making a pictorial representation of the VCA (Value Chain Analysis). It is to understand the value chain that is to be analysed, with the help of models,



tables, figures and diagrams: A picture is worth a thousand words". Making value chain map is a way of making what is seen and encountered more easily understood. The main objective of value chain mapping is to gain a basic overview to guide the full value chain analysis to be undertaken. It gives a simple outline of the value chain and visualizes networks to get a better understanding of connections between actors and processes. It also identifies the constraints at different levels in the value chain.

### Steps in value chain mapping

Here mapping of value chain done through flowing steps

- Step 1: Mapping the Core Processes in the Value Chain of goat rearing.
- Step 2: Identifying and Mapping the Main Actors involved in the Processes
- Step 3: Mapping Specific Activities, Undertaken by Actors in the Value Chain
- Step 4: Mapping flows of Product, Information and Knowledge in the Value Chain
- Step 5: Mapping the volume of product in the Value Chain.
- Step 6: mapping the geographical flow of the Product or services
- Step 7: Mapping the Value at Different levels of the Value Chain
- Step 8: Mapping Services, that feed into the Value Chain
- Step 9: Mapping Constrains and possible solutions at Different levels of Value Chain

### 6.8 Core processes in the value chain

The first Step in the value chain analysis is the identification of core process involved in a value chain. This includes the major processes that the raw material goes through before it reaches the final consumption stage. Value chain mapping of commercial goat rearing starts with the mapping of core processes in the chain. This includes input provision, production, marketing and consumption. The core processes in the value chain of goat rearing are shown below:

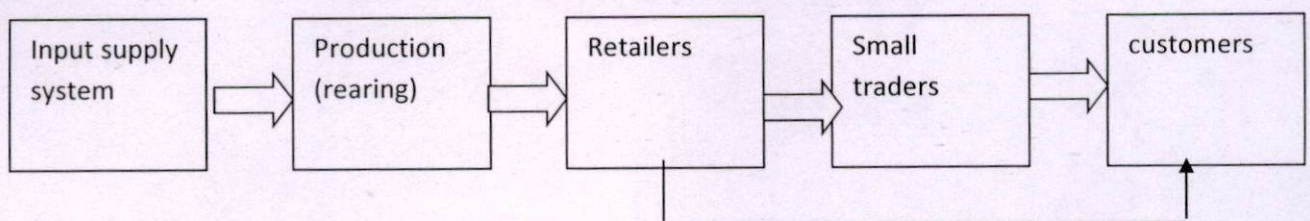


Figure 6-1: Core processes in the Value Chain

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value chain mapping of goat rearing starts with the mapping of core processes in the value chain of commercial goat rearing done by the SHGs of Alagappa nagar panchayat of Thrissur district. It includes Input Supply System, production and rearing, Retailer and customers.

### **6.8,1 Input Supply**

Different types of breeds, feeds, fodder, medicines etc are the major input requirements involved in the goat rearing. Different breeds like Malabari, Sirohi and Jamunapari are widely reared among SHG members, these goat kids are bought from the local goat farms in Ambaloor and from other SHG members of different panchayat who are involved in goat rearing. These breeds are highly disease resistant and can survive in adverse conditions. Green fodder is collected from the nearby land and the feed for a month is bought from the local shops in the panchayat itself. And the medicines like Vitamin tablets, vimarin for pregnant goats, liver tonic etc are bought from the veterinary hospital itself. These medicines have a good role in increasing the production of milk and to gain weight. The next important input is finance. They are using both owned funds as well as borrowed funds. Amballoor Co-operative bank is providing 1lakh for each group in which 50000 is subsidy at a 7% interest with a repayment period of 3 years.

### **6.8.2 Production**

Production can be defined as all rearing activities undertaken by SHG members to maximize the quantity and quality of the output. The SHG members are following the traditional ways of practices for the infrastructure, fodder, feeds and all. The members are having the indigenous breeds of goats which are very much resistant. They are rearing goats for meat, and others are collecting the goat urine for Oushadhi and they are also collecting the manure for sale.

### **6,8.3 Retailer**

Retailers of the SHG goat rearing include the local trader, in Amballoor, and the slaughtering units at Varakkara and Amballoor, and other retailers include Oushadhi for the goat urine, for medicinal purposes etc. They will buy goats from the SHG members according



to the seasonal demand and there are brokers who are involved in the retail chain of goat rearing,

#### 6.8.4 Small Traders

Small traders include the local traders in Amballoor and Varakkara, they sell those goats to slaughtering houses and kids to the households, they buy goats from SHG members and pass it to the next channel of supply chain, there are many brokers are involved in the channel of supply chain.

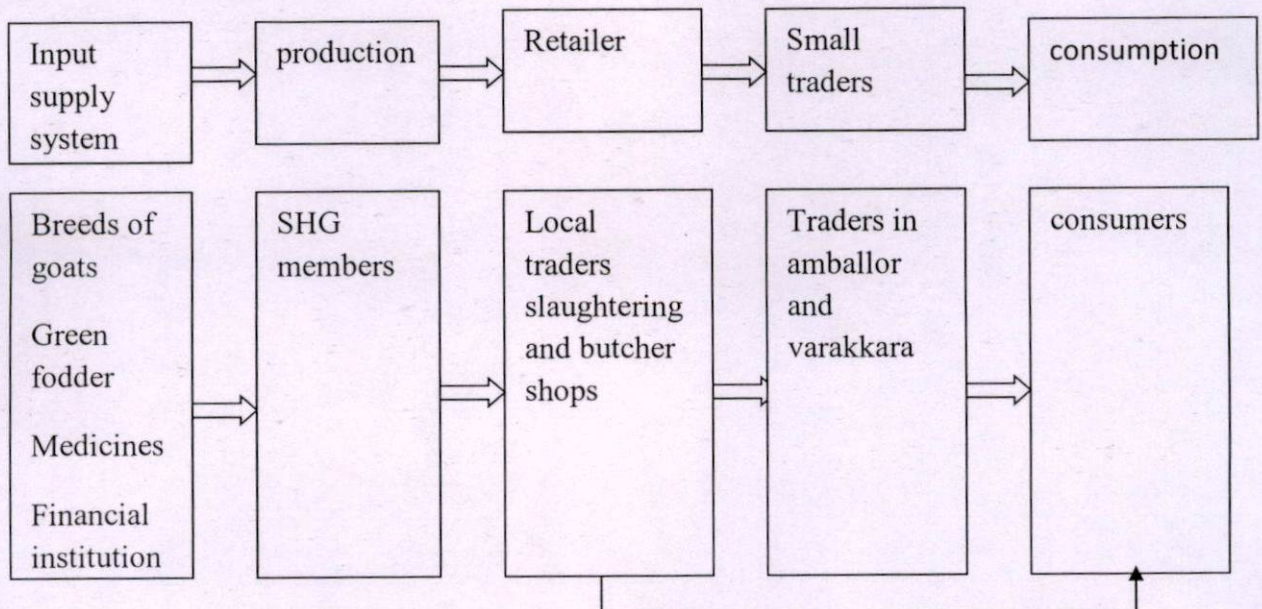
#### 6.8.5 Consumers

Consumers are the end users of produce and the value chain ends with them; here the consumers include those who are purchasing from SHG members and those who purchasing from the slaughtering units managed by SHG members, local butchers and Oushadli etc.

#### 6.9 Actors involved in the process

Mapping of actors involved in the value chain means identification of persons and agencies involved in each process of the goat value chain such as input provision, rearing., retailing distributing and consumption. Mapping of actors in the process will help to identify the efficiency in the value chain of goat rearing, An efficient value chain in goat rearing must be cost effective only if necessary players adequately given value chain. An elongated and inefficient value chain does not create value to the participants.

Mapping of actors involved in the core process of goat value chain is given below:



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Figure 6-2: Actors involved in the value chain of Goat farming

### 6.9.1 Input Suppliers

Actor means each and every person involved in the value chain. Actors involved in input provision are mainly suppliers of feeds and medicines that from veterinary hospital and various financial institutions providing finance to the SHG members.

Goat breeds like Malabari, Sirohi and Jamunapari are widely reared among SHG members, these goat kids are bought from the local goat farms in Amballoor and from other SHG members of different panchayat who are involved in goat rearing. Green fodders are procured from the nearby fields and from households, and feeds are purchased from the local shops in Amballoor. And the medicines like Vitamin tablets, vimarin for pregnant goats, liver tonic etc are bought from the veterinary hospital located in the panchayat itself. Amballoor co-operative bank is the main institution which provides loans to SHG members of the study area.

### 6.9.2 production

Goat rearing by SHGs of Algappa nagar panchayat is following the traditional types of feeding system as well as infrastructure and every member are undergoing technical support from CDS, In the first stage training called General Orientation Training (GOT), EDP training program for three days, training program under a veterinary doctor etc. are given to the members.

Production includes all the activities that are involved in the goat rearing, it starts from the selection of breeds, rearing them, utilizing all the inputs availed to them for maximizing the output as well as the profit.

### 6.9.3 Retailers

Retailers are those who distribute the kids, meat, urine and manure. That include the local traders in Amballoor, and the slaughtering units at Varakkara and Amballoor, and other retailers include Oushadhi for the goat urine for medicinal purposes etc. They will buy goats from the SHG members according to the seasonal demand and there are brokers who are involved in the retail chain of goat rearing.

### 6.9.5 Consumers

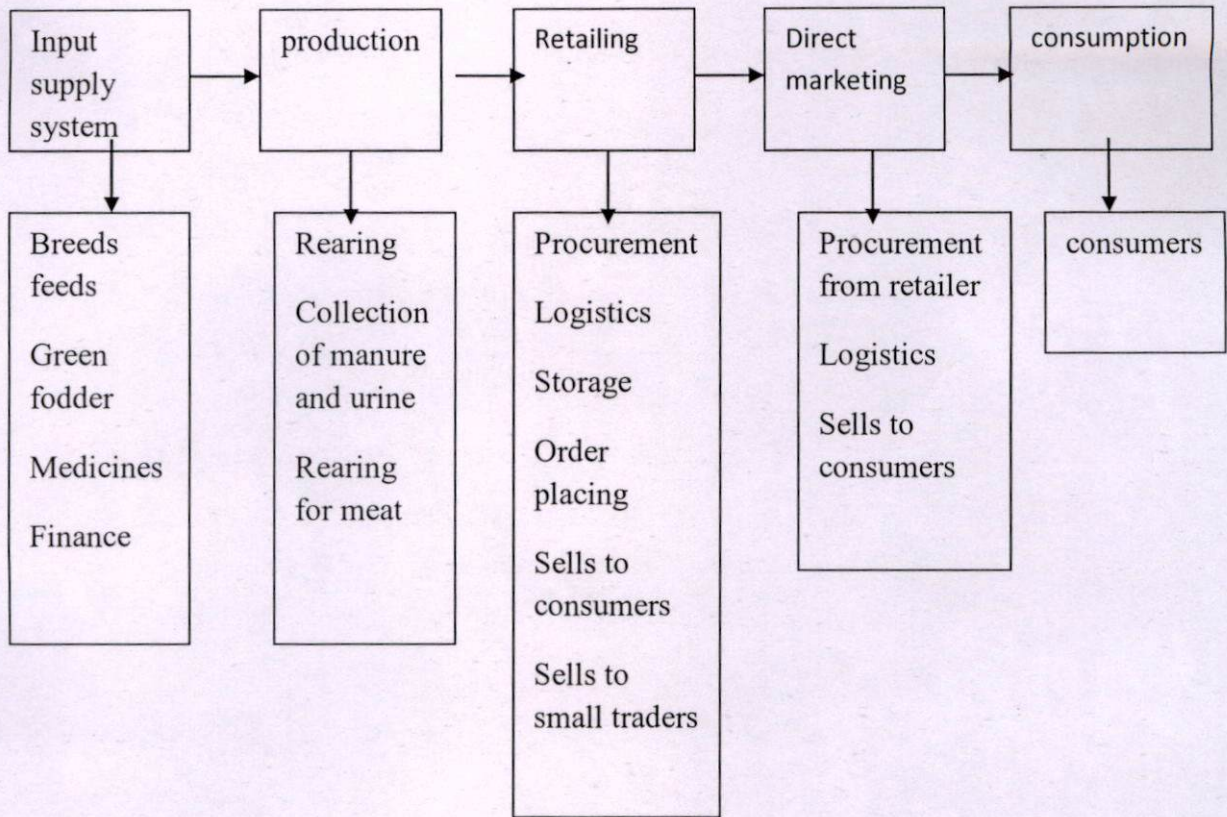
consumers are the end users of produce and the value chain ends with them. SHG members directly and indirectly sell their product to the consumers. In this case, consumers may be individuals and households, institutions, retailers and small traders. Very particularly for milk and manure individuals and households are the major consumers.



## 6.10 Specific activities undertaken in the value chain

The value chain of commercial goat rearing comprise of different activities at its different stages of input provision , production, retailer, distributor and consumers. the specific activities are indicated in the figure

**Figure 6-3 activities undertaken in the value chain**



The procurement of breeds, feeds, green fodder medicines and finance for goat rearing etc are the major specific activities involved in the input provision. Goats breeds like malabari sirohi jamuna pari are widely reared among SHG members these goat kids are got from the local goat farms in Ambaloor and from other SHG members of different panchayat who are involved in goat rearing. Green fodder is collected from the nearby land and the feed for a month is bought from the local shops in the panchayat itself. And the medicines like vitamin tablets, vimarin for pregnant goats, lever tonic etc are supplied by the veterinary hospital in the panchayat itself. The main means of financial assistance to the SHG members is given by the ambaloor co-operative bank.



The rearing of goats for production of meat, manure and urine and the raising of goats to gain more weight for selling them for slaughtering,. Infrastructures for goats are maintained in such a way to collect the dropping and urine in a better way. And some of the members of SHGs are even cultivating the grass and green fodder for feeding the goats in their farm

Retailers are procuring these products from the producers and sells to the customers directly from their farm and also doing direct marketing. Small traders collect products from SHG members and they directly sell to the consumers. They took the goats in bulk quantity from all the SHG farms as per the demand and carried it in a commercial vehicle like Auto or trucks then sell it in slaughtering areas, households and shops in the city. Under consumption aspect, the specific activities involved were the purchase and consumption of meat and milk. Then manure agricultural purposes and urine for Oushadhi for medicinal purposes. Consumers are purchasing products from different sources such as retailers and from small traders.

### 6.11 Flow of information, product and knowledge in the value chain

The reason for the existence of a value chain is that goods, services or information is passed between different actors. Different flows go through every value chain. These flows can be both tangible and intangible: products, goods, money, information, services etc. Finding out what flows there are one of the main objectives of any value chain analysis. Mapping these flows can be quite straight forward when it comes to products: one should simply follow the stages that the tangible products go through, from raw material to finished product. Other —tangible- flows like information and knowledge,might be more complicated to capture in a visual manual.

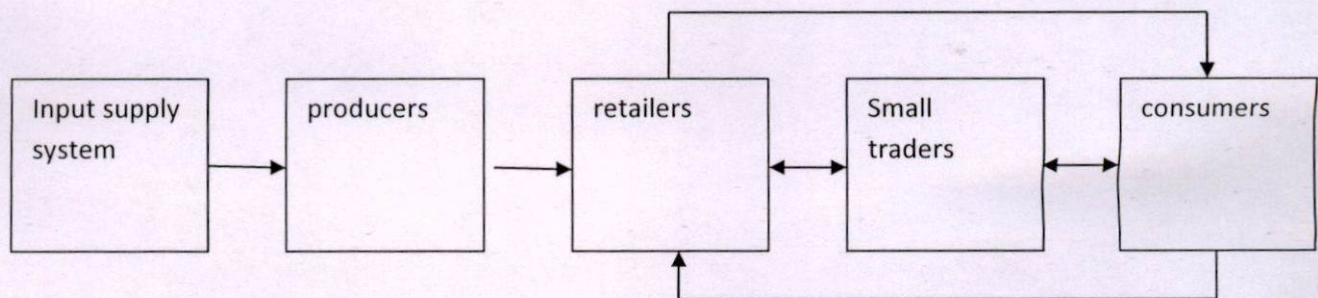


Fig 6-4 flow of information



The figure 6-4 shows the flow of information between the different players in the value chain. Producers received information from the input suppliers and exchange knowledge regarding availability, quality and price of inputs. Information regarding the breeds availability of feeds

#### **6.12 The geographical flow of the product**

The first step in the mapping of geographical flow of the product is to identify where each of the processes in the value chain are physically located. This mapping starts at the place of origin and tries to trace how the product travels from producer to final consumer. A very straight forward way of mapping is to actually make a geographical map, following a trial of the product or service that one you want to map. Start at the place of origin for the product and see how the product traverses from intermediary traders to processors, retailer, distributor and final consumers.

The figure below shows the geographical flow of the products in the goat value chain. The inputs in the value chain are procured from the Alagappa nagar panchayat itself. Breeds from different goat farms located in the panchayat, feeds from the local shops, green fodder from the nearby fields and the medicines are procured from the veterinary hospital located in Amballoor. All the rearing activities are done by the members of each group and the retailers and small traders are from the Am balloor and Varakkara of Alagappa Nagar panchayat. Consumers for milk and meat include the local butchers, households in need for milk and that is limited within the particular area of panchayat consumers for goat urine include the Oushadhi for medicinal purposes and for the goat kids there is a huge demand and there are consumers to buy the kids of Sirohi and Jamunapari goats.



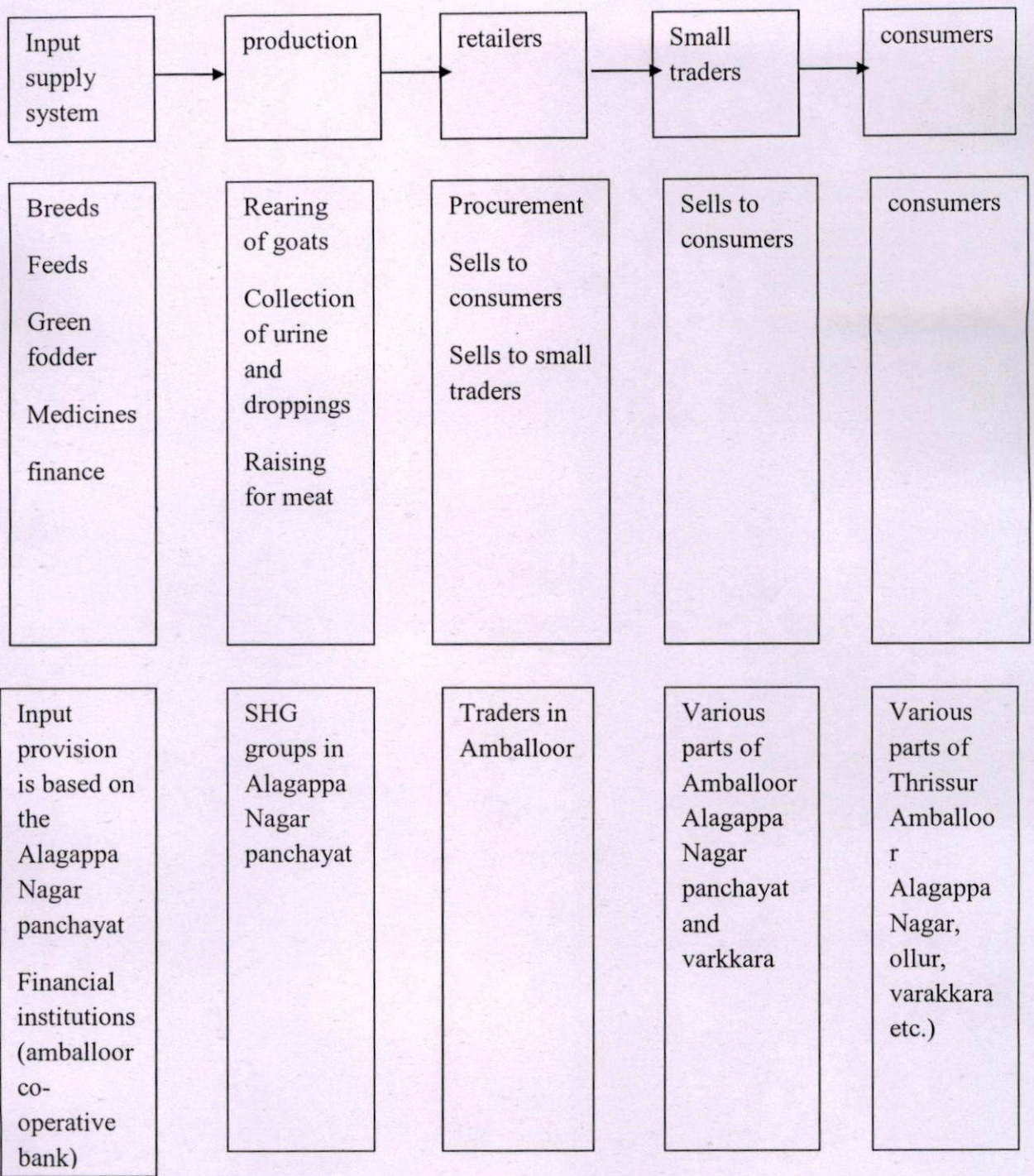


Fig 6.5 geographical flow of the product



### 6.13 Value addition at different levels of the value chain ( for a 20kg goat)

#### Production cost of goat at producer level

Feed and fodder = Rs.4375 (2810+1565)

Medicinal cost = Rs.325

Total cost =Rs.4700

Selling price =Rs.7000

Margin = Rs.2300

#### Procurement and selling cost- retailers

Purchasing cost = Rs.7000

Transportation cost = Rs.200

Total cost =Rs.7200

Selling price = Rs.8300

Margin = Rs 1100

#### Procurement and selling cost- Small traders

\*Purchasing cost (from farmers) = Rs.7000

Transportation = Rs.200

Total cost (purchased from farmers) = Rs7200

\*Purchasing cost(from retailers) = Rs.8300

Transportation = Rs 200

Total cost = Rs.8500

Selling price (consumers) = Rs.10000

Margin (purchased from farmers) = Rs.2800



Margin (purchased from small traders) = Rs1500

This is the estimate of value addition at each level in the value chain of goat rearing, the total cost per goat is about Rs.4700 and the retailers are purchasing goats from SHG members at a price of Rs7000 per goat. So the producers are getting a margin of Rs.2300 per goat. Retailers are purchasing at a price of Rs. 7000 and they are selling to small traders at a price of Rs.8300, Small traders are also purchasing goats directly from the farmers at a price of Rs.7000, and they are selling the goat to consumers at Rs.10000

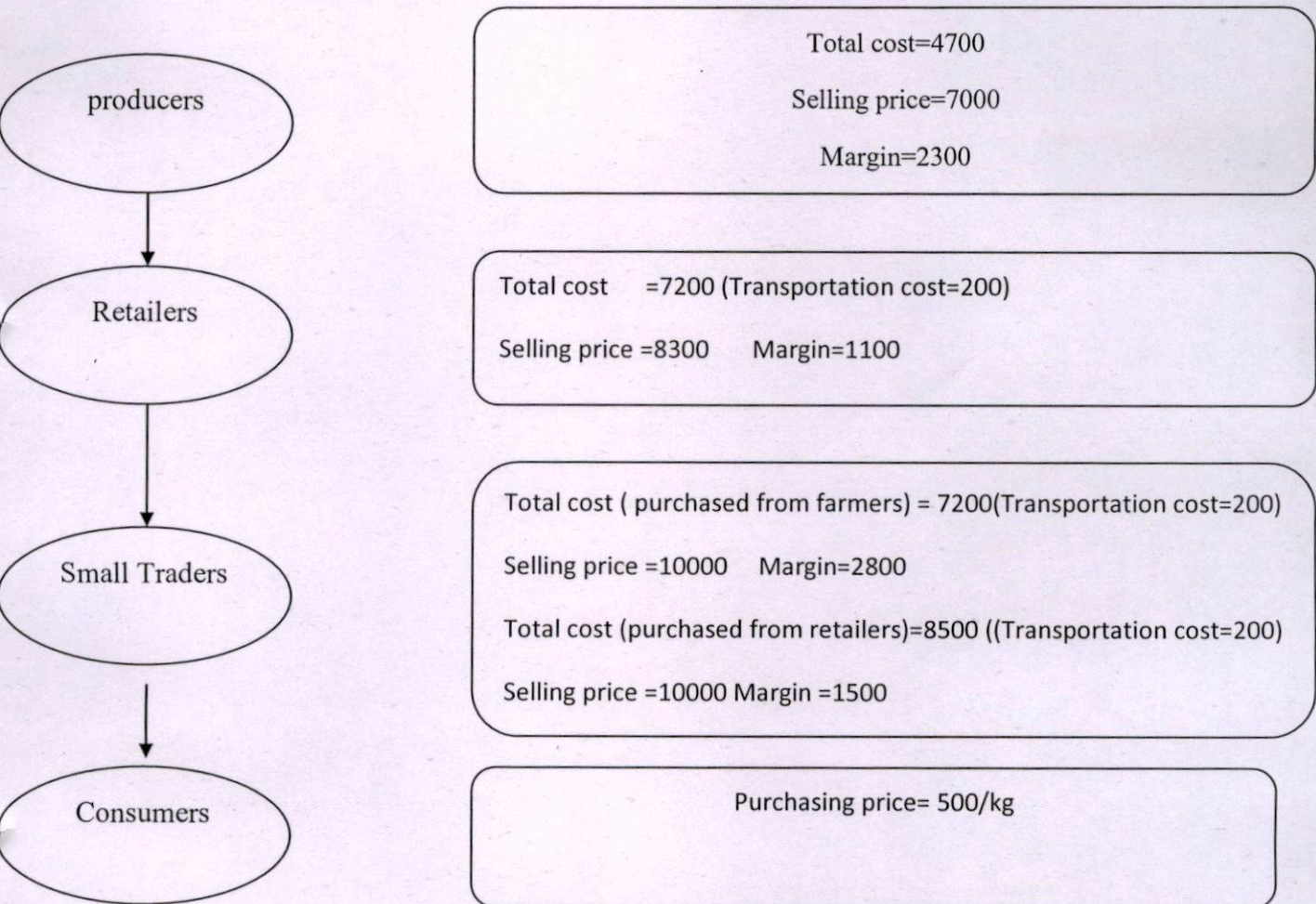


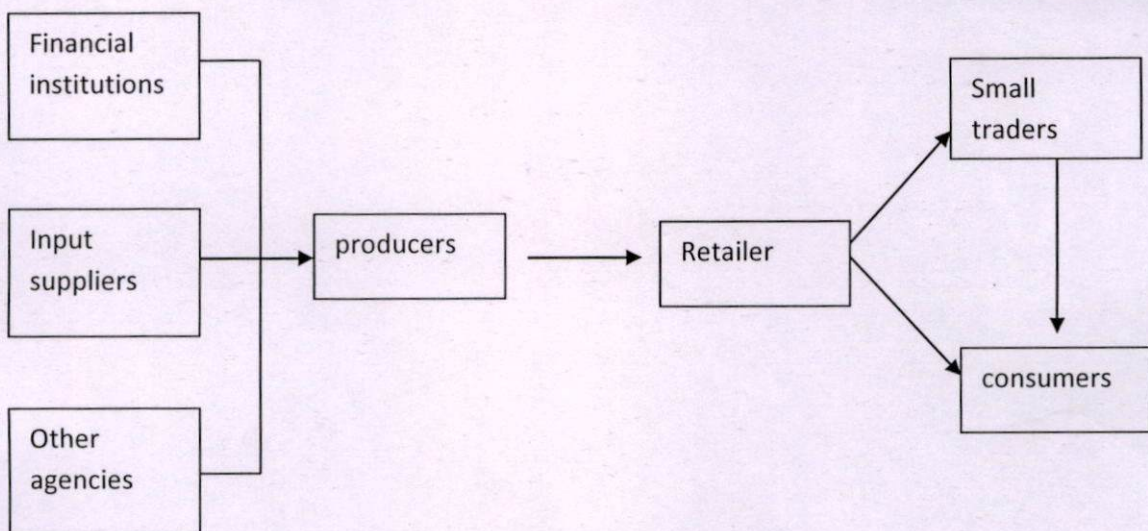
Fig 6.6 Value addition at different levels of the value chain



## 6.14 Relationship and linkages between value chain actors

Mapping linkages between value chain actors starts with making an overview of the actors, The next step is to analyse what kind of relationship This is covered by the following Core question: What type of relationships and linkages exists?

Relationships can exist between different process steps. The relationship between actors can be mapped in the part on finding a topology of actors, as covered by the second core question. The sustainability of of the value chain of goat rearing depends largely on the relationships and linkages between the various actors of the value chain.



**Figure 6-7: Relationships and Linkages**

The producer has linkages with different organisations for their needs. They have linkages with financial institutions to get financial assistance. They have also relations with different input suppliers, labourers, retailers etc. Amballoor co-operative bank is the main financial institution providing 1 lakh for each group of which Rs 50000 is provided at a subsidized interest rate of 7 percent repayable in 3 year period. Input suppliers include the local shops, Veterinary hospital located in the panchayat itself. Other agencies include the Oushadhi having linkages with the SHGs of Alagappa Nagar panchayat for procuring goat urine for medicinal purposes.



## 6.15 Constraints at different levels of value chain

Constraints exist at almost all process levels of any value chain. Constraints at different levels of goat rearing are identified and given below.

Input supply	High cost of inputs (breeds like jamunapari and sirohi costs more) Lack of green fodder
producer	High cost of inputs Lack of green fodder Lack of technical knowledge Disease that affect the goat Bargaining power is low
Retailer	Competition
consumer	High price of chevon in the market Lack of proper value added products

Figure 6-8: Constraints at different levels of the Value Chain



## 6.16 Conclusion

Value chain mapping is the pictorial representation of value chain analysis. In this chapter, mapping of the goat value chain is done with special reference to SHG groups located in the Alagappa Nagar panchayat of Thrissur District. The survey conducted among the actors in the value chain using separate structured questionnaire, discussion with key informants in the study area, focus group discussion etc. formed the basis for value chain mapping. The core processes in the value chain of goat rearing could be identified as input provision, production, marketing and consumption. The value chain mapping of goat rearing starts with the mapping of core processes in the goat value chain in SHGs in Alagappa Nagar panchayat of Thrissur district. It includes input supply system, production, retailer and customers. From the analysis it has been found out that from each goat a producer is getting Rs 7000 which means Rs 350/Kg for an average weight of 20kg goat. Retailers are selling to small traders at a price of Rs 8300 which means Rs 415/kg for an average weight of 20kg goat. Consumers are purchasing at Rs.10000 which means Rs 500/kg.

The SHG members have linkages with different organisations for their needs. They have linkages with financial institutions to get financial assistance; they have linkages with the veterinary hospital for medicines required for goats and further assistance. They have also relations with different input suppliers, retailers, small traders etc. The constraints at the different levels of value chain is identified and pointed out in Figure 6-8.



**CHAPTER 7**  
**Summary of The Study, Findings and Policy Implications**

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## CHAPTER 7

### Summary of The Study, Findings And Policy Implications

#### Introduction

In Kerala goat rearing is considered to be an additional income and in rural areas goat rearing is one of the main activities of women, and it contributes to the women empowerment, in this study studied about the socio economic benefits, value chain of commercial goat rearing done by the efficient selected groups of SHGs in Alagappa nagar panchayat of thirissur district. These groups have made goat rearing as a profitable venture, even they created wealth from waste. The mapping the value chain of goat rearing in with special reference to SHGs of Alagappa nagar panchayat. The survey conducted among the actors in the value chain using separate structured questionnaire, discussion with key informants in the study area, focus group discussion etc. formed the basis for value chain mapping. The core processes in the value chain of goat rearing could be identified was input provision, production, marketing and consumption.

The goat rearing by SHG members of Alagappa nagar panchayath is a profitable venture because there is a shift of household income of the respondents. The household income of the SHG members has been increased after starting the goat rearing. From the study we identified that socio economic status of the SHG members has increased considerably, most of the respondents argued that after starting the goat rearing they are able to provide better education for their children and all of them started savings, their annual income has changed.

SHG members are getting an adequate return on their investment. Small farmers sell an average of 8 goats per year and large farmers sell an average of 20 goats per year. Average goats sold by sample population is 14 goats per year

Return of small farmers (60683-28470)= Rs.32213

Return of large farmers (152940-72375)=Rs.80565



## **8.1 MAJOR FINDINGS**

### **8.1.1 Socio economic status**

From the study it has been found that socio economic conditions of SHG members have the goat been changed as a part of the goat rearing. Most of the respondents stated that after starting rearing they are able to provide better education for their children and all of them started savings, their annual income has changed, and some of the members purchased gold ornaments from the income which they are getting, savings of the members has increased, all of them are having an bank account, some having LIC and many stated that the income from these goat rearing has helped them to overcome the debts and financial problems. After joining the SHG each member is now capable to manage their own farm and are adapted to mitigate risks. For each group containing five members all of them are having good leadership qualities and each of them manages their goat farm very well. Group participation between the members has enhanced and every weekend they had meeting to review the activities about the rearing of goats.

### **8.1.2 Input suppliers**

1. From the study we can understood that the major input requirements for goat rearing includes the breeds of goats, feed, fodder and the medicines are fertilizers and finance etc.
2. The major suppliers of these inputs are the local traders, private agencies, owned resources, financial institutions etc.
3. All the sources of inputs are locally available.
4. Feeds are procured from the local shops located in the Amnbaloor and green fodder from the nearby locality; medicines are supplied by Amballoor veterinary hospital

### **8.1.3 Producer**

1. The producers include the SHG members of Alagappa nagar panchayat who are involved in goat rearing.



2. They are following traditional ways of rearing practices, like infrastructure and in case of fodder and feeds.
3. They are marketing their product through retailers small traders and directly to consumers
4. The promotional techniques followed are mainly by word of mouth etc.
5. They have linkages with financial institutions to get financial assistance.
6. Lack of land is the main problem faced by majority of SHG members.

#### 8.1.4 Retailers

1. Retailers of the SHG goat rearing include the local traders in Amballoor, and the slaughtering units at Varakkara and Amballoor, and other retailers include Oushadhi for the goat urine for medicinal purposes etc.
2. They are procuring goats, manure and goat urine from the SHG members.
3. Their major suppliers include the small traders or directly to consumers.
4. They are marketing the products to individuals and other small traders.
5. Transportation cost and competition are the major problem faced by the retailers.

#### 8.1.5 Consumers

Consumers are the end users of produce and the value chain ends with them. SHG members directly and indirectly sell their product to the consumers. In this case, consumers may be individuals and households, institutions, retailers and small traders. Very particularly for manure individuals and households are the major consumers.

1. About 53.34% of the consumers are consuming chevon once in a month and 13.33% are consuming weekly and 33.33% are consuming chevon occasionally.
2. The majority of consumers locate farms that sell goats and butchers shop that has best quality chevon is by word of mouth (80%). And the 20% of consumers locate these shops by other ways of publicity.
3. About 66.67% of consumers argued that there is a adequate amount of supply of chevon in the market and 33.33% argued that there is a shortage for chevon in the market.



## 8.2 Conclusion

Goat rearing by SHGs of Alagappa nagar panchayat is a profitable venture under Community Development Scheme (CDS), these SHGs are reaping economic benefits, and these group rearing practices under SHG changed the social economic conditions of the members also, leadership qualities, managerial abilities has been increased among members.

Goat value chain is characterized by a variety of actors involved in the input supply, production, retailing and consumption of the products. The major input requirements include different breeds, fodder, feeds, medicines etc. Goat breeds like Malabari are widely reared among SHG members, these lambs are bought from the local goat farms in Ambaloor and from other SHG members of different panchayat who are involved in goat rearing. Green fodder is collected from the nearby land and the feed for a month is bought from the local shops in the panchayat itself. And the medicines like Vitamin tablets, vimarin for pregnant goats, liver tonic etc are bought from the veterinary hospital itself.

The major constraints faced by the SHG members include the diseases that affecting the goats, lack of good breeds, lack of good infrastructure for goats, lack of finance lack of land and these members are lacking technical knowledge in this field.

The advantages of goat rearing are:

1. Goats have very few demands of housing and management
2. Goat farming can fit well into mixed farming
3. Goats are cheaper to maintain
4. Goats are tolerant to hot climate than other animals
5. Goats give more production per unit of investment
6. Goats have a younger slaughter age
7. Goat milk and urine are used for Ayurvedic purposes
8. Goats create employment to the rural poor besides effectively utilizing unpaid family labour



### 8.3 Suggestions

1. Increasing of the number of goats in the case of small farmer to maximize the return from goat rearing
2. Cultivation of green fodder in a common property land so as to minimize the cost incurred in the purchase of fodder.
3. SHG members are having the local breeds, instead of that choosing of best variety of breeds like Malabari, Sirohi and Jamunapari also crossing local breeds with other variety of breeds.
4. Establishment of SHG retail outlets and the slaughtering houses managed by SHG members. So the SHG members can earn more without a loss in value chain.
5. Infrastructures for goats are poor and worse hygienic conditions. Managing of better hygienic conditions and better infrastructure to reduce the diseases affecting goats.
6. There is a demand for goat milk in the market. So selling of goat milk will give additional profit.



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**KERALA AGRICULTURAL UNIVERSITY**

**COLLEGE OF COOPERATION BANKING AND MANAGEMENT**

**VELLANIKKARA, KAU, P.O THRISSUR-680656**

**(FOR ACCADEMIC PURPOSE ONLY)**

**Value chain analysis of commercial goat rearing: A study of selected self help groups in  
Alagappa Nagar Panachayat of Thrissur Taluk**

**INTERVIEW SCHEDULE FOR SHG MEMBERS**

1. Name of the SHG
2. Name of the respondent
3. Age in years
4. Gender
5. Educational qualification
6. Occupation of the respondent
7. Year of joining the group
8. Land ownership

Land	Irrigated	Non irrigated	Total
Owned			
Leased			

Economics of the goat rearing scheme investment

9. Investment in infrastructure
10. Investment in purchasing goats
11. Other investments
12. Form own contribution
13. From loan
14. Rate of interest



## COST OF MAINTENENCE

Inputs	Amount in Rs/Month
Labour	
Fodder	
Feed	
Grass	

Return

15. From sales

Sales	Quantity	Price per unit	Amount in Rs/ month
Milk			
Meat			
Manure			
Others			
Total			

16. House hold average annual income before starting goat rearing

17. House hold average annual income after starting goat rearing

18. Do you have a saving habit

Yes  No

If yes specify the agency or institution

Sl no	Institution	Amount	Period	Rate of interest



19. Are you facing any debt in your business

Yes  No

20. Have you taken loan before starting goat rearing

Yes  No

If no why?

21. Do you feel it easy to get loans after starting goat rearing through SHGs?

22. Accessibility to credit

Sl no	Institution	Amount	Period	Objective	Rate of interest	Balance

23. Years of experience with goat rearing

24. What are the major activities undertaken in the goat farming?

25. List out the major input requirements

Name of the input	Quantity required		Source of supply	Frequency of procurement
	Number	Price per unit		
Breed				
Fodder				
Feed				
Medicine				

26. Who all are your major input suppliers?



27. Are you facing any difficulty in availing inputs?

yes  No

If yes indicate difficulty faced.....

Are you facing any problems in the construction of goat sheds?

Yes  No

If Yes, what were the problems, and how did you solve the problems?

28. How many goats you keep now?

29. Types of breeds in the farm:

30. Cost for purchasing these breeds:

31. How many kids do You sell on average per year?

32. Do you sell meat year-round or on a seasonal basis?

33. Who are your most important customers?

Farmers markets  Restaurants  Farm visitors

others  Butchers

34. What are your major bottlenecks for production and marketing?

35. How SHG helps in managing the farms?

- input supply
- Marketing
- Extension

36. Does SHG hold monthly meeting for monitoring member's activities?

Yes  No

37. Did SHG members who engaged in goat farming bear insurance cost for goats?

Yes  No



38. Value addition in each stage

Stage	Value created amount in Rs
Input suppliers- producers	
Producers- traders	
Traders- consumers	

Educational empowerment

39. Are you able to provide better education to your children after starting commercial goat rearing through SHG?

Yes  No

Substantiate .....

40. do you feel that after joining SHG your general awareness has increased

Yes  No

41. do SHG members want to continue the goat rearing in future?

Yes  No

42. is SHG able to run goatery without any fund from outside?

Yes  No

If no what kind of fund do you need ? and why can't you fund it by your self?

43. Do you think that members have appropriate skills to keep goats?

Yes  No

If no why do you think so? What kind of skills don't they have?



44. What are the risk involved in production?

Stages of production	Type of risk	Method to combat risk

45. whether there is any diseases affected to goats during production?

Yes  No

46. whether you will be able to meet entire demand of customers at required quantity?

Yes  No

If no give reasons .....

47. whether there are any seasonal fluctuations in demand?

Yes  No

If yes indicate the following details

Name of the product	Probable months during which fluctuations occurs



48. what are the criteria for fixing the price of the products?

Name of the product	Price fixing criteria

49. are you getting technical support from any other institutions ?

Yes  No

If yes give details.....

Name of the institution	Type of technical support	Paid/free

50. are you getting any government support ?

Yes  No

If yes give details.....

51. are you facing any marketing problems?

Yes  No

If yes specify.....

52. any suggestions to improve the functioning of the goat rearing unit managed by the SHG?



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**INTERVIEW SCHEDULE FOR TRADERS**

1. Name of the respondent
2. Address
3. Age
4. Gender                                 male          female
5. Educational qualification
6. Is there any contract between you and goat rearing SHG's?     Yes              No
7. If yes , type of contract? Oral      written
8. Terms of contract:
9. At what price you are purchasing goats from SHG members
10. At what price you are selling goats purchased from SHG members
11. Products procured form SHG goat farms

Type of product procured	Farm Price/kg	SHGs Price/kg	Brokers Price/kg	Self initiative Price/kg
Mat				
Milk				
Manure				

12. Is there any difference in price while procuring from the SHGs and from other sources?
13. Mode of payment:     cash              credit
14. If credit, period of credit
15. Mode of transportation : owned vehicle      rent      others
16. Total cost incurred for the last year on various variables?



Particulars	procurement	Sales
Transportation		
Labour charge		
Rent		
Others		
Total cost		

17. Who is your target customer

18. Whether there is any seasonal variation in the sales?

If yes specify the season.....

19. Whether you will be able to meet the entire demand of the customer at required quantity?

20. What are the factors affecting the demand:

21. Problems facing in marketing

Problems	
High transportation cost	
Poor quality of product	
Non availability of goats	
Others (specify)	

22. Suggestions if any .....



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**INTERVIEW SCHEDULE FOR CONSUMERS**

1. Name
2. Address
3. Age
4. Sex                      male                       female
5. Martial status              married                       unmarried
6. Education                      lower primary                       upper primary                       plus two   
    Graduation                       others
7. Primary occupation  
    Agricultural                       business                       Self employment   
    Wage earner                       govt job                       others
8. Place of residence              rural                       urban
9. Annual income  
    Below 2,00,000                       between 2,00,000- 5,00,000   
    above 5,00,000



10. How long have you consuming chevon?

11. What are the reasons behind consumption

Taste  Nutrition  Others  No specific reason

12. From where you are purchasing chevon?

Butchers shop  Traders  Others sources

13. Quantum of purchase: .....kg

14. Frequency of purchase

Weekly  Monthly  Occasionally

15. How do you locate farms that sell goats?

Word of mouth  advertisement  others(specify).....

16. During which season do you most often purchase goat meat and/or goats?

Winter  Spring summer  No preferred season

17. Please indicate the occasions when you purchase goat meat?

Easter  Ramadan  Christmas  Other holidays

18. What are the factors affecting your purchase decision?

19. About the taste of goat milk and chevon

Very good  good  medium  not good



20. Is the product available in the market are adequate or not

Adequate  Inadequate

21. Whether you are facing any problems in purchasing goat milk and chevon

Yes  No

If yes specify the problems.....

22. At what price you are purchasing the chevon and milk ?

23. Do you think that price for goat meat is reasonable?

Yes  No

24. Are you satisfied with the meat and milk you are consuming

Yes  No

25. Suggestions if any.....

