PERFORMANCE ANALYSIS OF AGRO-PROCESSING SELF-HELP GROUPS IN THRISSUR DISTRICT

By

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THESIS

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for the degree of

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DECLARATION

I hereby declare that the thesis entitled **"Performance Analysis of Agro-processing Self Help Groups in Thrissur District"** is a bonafide record of research work done by me during the course of research and the thesis has not previously formed the basis for the award to me of any degree, diploma, associateship, fellowship or other similar title, of any other University or Society.

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CERTIFICATE

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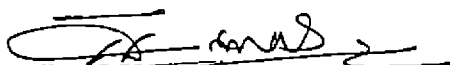Vellanikkara, Thrissur-680 656.

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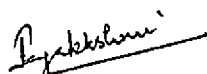
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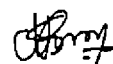College of Horticulture,
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Dedicated To

My Parents

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Introduction

1. Introduction

The history of the world is full of men who rose to leadership by sheer self-confidence, bravery and tenacity.

Mahatma Gandhi.

Micro finance programmes are becoming a mainstream development intervention for poverty alleviation and empowerment of the poor. It involves the provision of thrift, credit and other financial services and products of very small amount for enabling them to raise their income levels and improving living standards. As a concept, it emerged in the early 1990's with the recognition that the poor people need a wide range of financial services covering credit, savings, insurance and money transfers. Their credit needs involves cost of feeding children, sending children to school, medical treatment and many other purposes. Most of these credit needs are short term in nature and are meant for pure consumption purposes. In most cases, they are deprived of these services from formal financial institution like commercial banks and co-operatives since these institutions ask for collateral. In the absence of accessibility to credit from these formal financial institutions, the poor people manage to meet their credit requirements from informal financial institution viz, friends, relatives, chit funds, nidhis, credit unions, traders, landlords, retailers, commission agents, and moneylenders even at higher rate of interest.

Micro finance programmes are operated through small groups commonly referred to as Self-Help Groups (SHGs). It is conceived as a small economically homogenous and affinity group of poor, voluntarily coming together with the following objectives; to save small amount regularly, to mutually agree to contribute to a common fund, to meet their emergency needs, to provide collateral free loans to members with the terms decided by the group, and to solve conflicts through collective leadership and mutual discussion. The size of the group is

restricted to a small number ranging from five to twenty, to ensure group solidarity. Homogeneity in terms of socioeconomic conditions and levels of living form the basis for group formation. Periodical meetings on a weekly or fortnightly basis inculcating the habit of thrift, creating common fund through contributing regular savings from the members and on-lending to its members are the major binding factors in group functioning. These group based credit programmes equip the poor to access financial services on easy terms and conditions. It has been recognized as having the capacity to enhance the socio-economic development of the vulnerable and marginalized, especially women by creating a community based structure that builds mutual support and trust

Promotion and strengthening of self-help groups is a possible route to self-employment. Self-help groups provide, the benefits of economies of scale, cost effective alternative for different financial services, collective learning, democratic and participatory culture, a firm base and platform for dialogue and co-operation. Moreover, the benefits of self-help groups are based on cooperation rather than competition. This follows the real principle of "contribute according to your ability and extract according to your need".

SHG system not only provides credit, but also aims for capacity building of its beneficiaries. The phenomenal growth of SHGs in rural areas indicates that weaker sections of the society are also capable to sharpen their micro entrepreneurial skills with the help of their savings and additional bank credit.

1.2 History of SHGs in India

In India the concept of Self-Help Groups can be traced back to the Gandhian Grama Swaraj movement. It is mainly concerned with the poor and it is for the people and of the people. Professor Mohammed Yunus founded the Bangladesh model of Grameen Bank and it was established exclusively for the poor helped to rease the myth that "credit is the privilege of few fortunate people". In 1976, Prof.

Mohammed Yunus started women's groups in Bangladesh and developed thrift and savings among the poorest. Now it has developed into a bank named Bangladesh Grameen Bank. The Grameen Bank now has an excellent recovery performance of 99 per cent. This is due to the mutual trust and accountability. This impetus of the present day SHG movement may be attributed to the success of the Grameen Bank (Sherin, 1999). With the success of Bangladesh Grameen Bank and similar organisations elsewhere, the concept of Micro credit has gained momentum in India. Many Non-Governmental Organisations (NGOs) in our country are involved in organising SHGs and they serve as an agent between the bank and the poor.

To boost the availability of credit supply to SHGs NABARD introduced SHG-Bank linkage programme in India. In 1996 RBI directed Banks to provide priority sector lending through SHG banking. SHG programme has been given National priority since the year 1999.

The Government implements its poverty alleviation programmes through the Rural Development Department. Important poverty alleviation programmes implemented by the Rural Development Department in Kerala state are; *Swarnajayanthi Gram Swarozgar Yojana* (SGSY), *Indira Awaz Yojana* (IAY) and *Sampoorna Gramin Rozgar Yojana* (SGRY). All these programmes are aimed at generating additional employment and income to the families below poverty line. In addition to these, *Kudumbashree*, a woman based participatory poverty eradication programme of the State Government with the financial support of NABARD and Central Government, involves the poor actively in planning, managing and monitoring of their development programmes. (Government of Kerala, 2003)

1.3 Swarnjayanti Gram Swarozgar Yojana

Swarnjayanti Gram Swarozgar Yojana started in the year1999. It aims at establishing a large number of micro enterprises in the rural areas, building upon the potential of the rural poor. It is rooted in the belief that rural poor have competencies and if the right support is given, rural poor can be successful producers of valuable goods/services. The assisted families (henceforth known as Swarozgaris) may be individuals or groups (Self-Help Groups). The emphasis is on the group approach.

The objectives of SGSY are: -

➤ To uplift the rural poor living below the poverty line within the definite period of three years and to train them to generate sustainable income through micro enterprise development.

➤ To improve the skills of the rural poor and to enable them to utilize the local resources effectively and efficiently.

➤ To develop the rural poor through self-employment with their own effort.

➤ To give importance for Self Help Groups and there by enhancing self-confidence of rural women and develop them economically, and to bring about social changes.

➤ To establish micro enterprises at large scale in rural areas so as to utilize the full potentiality of the rural poor for their development.

In establishing the micro-enterprises, the emphasis under SGSY is on the cluster approach. For this 4-5 key activities will be identified for each block based on the resources, occupational skills of the people and availability of market.

Selection of key activities will be with the approval of the Panchayat Samitis at the block level and the District Rural Development Agency (D.R.D.A)/Zilla Panchayt at the District level. SGSY will adopt a project approach for each key activity. Project reports will be prepared in respect of identified key activities. The banks and other financial institutions will be closely associated and involved in preparing these project reports, so as to avoid delays in sanctioning of loans and to ensure adequacy of financing.

The existing infrastructure for the cluster of activities will be reviewed and gaps will be identified. Critical gaps in investments will be made under SGSY subject to a ceiling of 20% (25% in the case of North Eastern States) of the total programme allocation for each district. This amount will be maintained by the DRDAs as SGSY Infrastructure Fund and which could also be utilized to generate additional funding from other sources. In planning the key activities, care would be taken to ensure that the maximum numbers of panchayats are covered without jeopardizing the quality of the programme.

In organising groups efforts should be made to involve women members in each SHG. Besides, exclusive women groups should also be formed. In block level ,at least half of the groups will be exclusively women groups. Group activity will be given preference and progressively, majority of the funding will be for Self-Help Groups. The Gram Sabha will authenticate the list of families below the poverty line identified in the BPL census. Identification of individual families suitable for each key activity will be made through a participatory process.

SGSY is a credit-cum-subsidy programme. Credit is the critical component in SGSY, subsidy being only a minor and enabling element. Accordingly, SGSY envisages a greater involvement of the banks. They will be involved closely in the planning and preparation of projects. Subsidy under SGSY will be uniform at 30% of the project cost, subject to a maximum of Rs. 7500. In respect of SC/STs; however, these will be 50% and Rs. 10000 respectively. For groups of Swarozgaris,

the subsidy would be at 50% of the cost of the scheme, subject to a ceiling of Rs. 1.25 lakh. There will be no monetary limit on subsidy for irrigation projects.

SGSY seek to lay emphasis on skill development through well designed training courses. Those, who have been sanctioned loans will be assessed and given necessary training. The design, duration of training and the training curriculum would be tailored to meet the needs of the identified activities. DRDAs will set apart up to 10 per cent of the SGSY allocation on training.

SGSY also ensure the marketing of the goods produced by the SGSY Swarozgaris. This would involve providing of market intelligence, development of markets, consultancy services, as well as institutional arrangements for marketing of the goods including exports. (SGSY, 2006)

1.4 Agro-processing industry

The growing urbanization, the increasing per capita income, rising woman labour force, changing lifestyles and food habits of the population and the increasing level of literacy have resulted in an increasing demand for the processed food products. Today, the processed food products have made successful penetration even into rural households.

The history of food processing goes back to the origin of human life. In prehistoric times, the ability to preserve was a major factor assuring the survival. The growth of agro-processing industry depends on market promotion and change in attitude of the consumers. The main quality control instruments are nothing but the eyes, nose and tongue of the consumer. So the product should be made according to the taste of the consumer in order to get his acceptance.

Indian processing industry basically being an agro based industry provides crucial farm-industry linkages, creates backwards linkages (supply of credit, inputs

and other production enhancement services) and forward linkages (processing and marketing) adding value to the farm produce, generating employment opportunities and increasing farmer's net income. It ranks fifth in the world in terms of size. It employs 1.6 million workers i.e. 18 per cent of national labour force. The growth of Indian food industry was around 20 per cent over last five years. (Kachru, 2006)

Many agro-processing units are working under SGSY in Thrissur district. But these units come across a lot of problems regarding adequate forward and back ward linkages. In the above background, an attempt has been made in the present study to analyse the performance of agro-processing SGSY Self-help groups in Thrissur district. The objectives of the study are

➢ To study the functioning of SHGs
➢ To identify the factors determining the effective functioning
➢ To study the constraints faced by SHGs and provide suggestions for improvement.

1.5 Scope of the study

Self Help Group (SHG) is a small voluntary association of poor people, preferably from the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help. SGSY is a central sector programme with the objective of bringing the associated poor above the poverty line by ensuring appreciable increase in income over a period of time, by organizing the rural poor into SHGs through a process of social mobilization. Many SHGs are functioning under SGSY in Thrissur district.

Agricultural producers find it more difficult to make both ends meet. The diminishing profit due to increasing input costs and shrinking commodity prices made the situation worse. Hence more emphasis is being placed on adding value to those products through processing. Undertaking value addition at individual level is

not affordable or viable. In Thrissur district many SGSY SHGs are undertaking agro-processing as their activity. In this context, the study of SHGs in agro-processing sector with special emphasis on marketing practices and profitability will be useful

1.6 Limitations

The study was based on both primary and secondary data. In the case of secondary data, often data from different sources may not agree with each other and some efforts to choose the better among them are inevitable. The lists of SHGs in Thirssur district were taken for the year of 2004, this data will vary from year to year and some groups may change their authority to *Kudumbashree* etc.

In the case of primary data, the study area was selected based on purposive sampling so as to ensure representative and reliable sample. Respondents were drawn from SHGs who had completed three years of formation. The data collected may not be fully reliable and accurate as the respondents were not in the habit of maintaining records regarding costs and returns, but every effort was made to make it reliable through cross checking.

1.7 Presentation of the study

The report of the study has been spread out fewer than five chapters as given below. The first chapter deals with introduction, in which the statement of the problem, objective of the study, the scope and limitations are discussed. The second chapter covers review of related studies in the light of the present study. The third chapter relates to the details of study area and methodology used in the process of investigation. The results and discussions are presented in the fourth chapter and chapter five gives the summary and conclusion of the study.

Review of Literature

2. REVIEW OF LITERATURE

A comprehensive review of the past studies is useful to formulate concepts, methodologies and tools of analysis to be used for any research. In this chapter an attempt has been made to review important past studies relevant to the present study. The concept and definitions of self-help groups, agro-processing sector, and performance of various schemes and characters of self-help groups, studies relating to these aspects are given below

2.1 Self-help groups

NABARD (1995) defined SHG as a homogenous group of rural poor voluntarily formed to save whatever amount they can conveniently save out of their earnings and mutually agree to contribute to a common fund from which to lend to members for productive and emergent credit needs.

Dwaraki (1997) defined self-help credit group as an unregistered body of people, particularly the disadvantaged, who willingly contribute an agreed sum of money periodically, based on mutual trust, with the understanding that the money so contributed would be lent at a price for short periods as fixed by the group itself".

NABARD (1998) stated, "a self help group is a small economically homogenous group of people having common goal of socio-economic development, for discussing their problems and resolving through appropriate participatory decision making."

Nanda (1998) in his study linking banks and self-help groups in India and role of NGOs stated that the term SHGs is used to describe groups of people on different contexts. But in Indian context, an SHG can be defined as a "homogeneous affinity group of rural poor, voluntarily formed to save small amounts out of their emergent credit needs and revolving their resources among the members, both for consumption and small production, at such rate of interest period of loans and other

terms, which the group may decide. Such groups may be informal or registered and should not have a membership of more than 20, if they were to be unregistered.

NABARD (1999) while reporting Swarozgaris towards self-reliance stated that self help groups is a group of rural poor who have volunteered to organize themselves in to a group for eradication of poverty of the members. They agree to save regularly and convert their savings in to a common fund. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management.

Rao (1999) stated that a self-help group is a small economically homogeneous and affinity group of rural poor voluntarily coming together to save small amounts regularly, mutually agree to contribute to a common fund, meet their emergency needs, have collective decision making, solve conflicts through collective leadership and mutual discussion and to provide collateral free loans with terms decided by the groups at market driven rates.

NABARD (2000) while reporting SHG-bank linkage programme quoted that a self-help group is a voluntary informal group of homogeneous rural poor, whose members pool savings and re lend within the group on need basis. These groups have a common perception of need and impulse towards collective action. These groups promote savings among the members and use the pooled resources to meet the emergent needs of the members including the consumption needs.

2.2 Agro processing sector

Goswamy (1994) studied the future demand for processed milk products in Karnataka state and found that average expenditure on processed foods indicates an increasing tendency as the income level goes up which shows the luxury status of these processed goods.

Brahmaprakash and Dineshkumar (1999) studied the infrastructure requirements for the development of agro-processing industry in rural India and concluded that lack of market information, rapid and refrigerated transport system, storage facility, banking institutions, packing and post harvest technology were the major constraints responsible for the slow growth of agro-processing industry.

Mahesh (1999) studied the management of agro-processing industries in Karnataka and found that small processing units projected relatively weak liquidity position, indicating poor financial management because of high amount of current liabilities as compared to large units, hence there is a need to reduce their current liabilities for increasing their efficiency. Low turn over ratio in small units was due to small sales. Hence there is a need to promote their sales.

Manjunath (2000) while studying food-processing units in Karnataka found that agro-processing create vast scope for employment opportunities. There for efforts should be made to establish more units particularly in the rural areas where plenty of raw materials are available. Processing units should focus great attention on aggressive marketing strategies like product differentiation.

Venketesan (2003) during his study of demand for processed fruits and vegetables in Chennai metropolitan city found that the demand for processed fruits and vegetable products is likely to increase in the coming years. The production of fruits and vegetables should be increased to cope up with the increased demand from the farm front The benefits of value addition could be reaped by the farmers in the form of reduction in spoilage and increased price. In addition due to the increase in processing more gainful employment could be generated.

Devi (2004) conducted a malady–remedy analysis of agro-based enterprises managed by self-help groups in Kerala, mainly women. Amongst the enterprises studied agro-processing industries were found to be the best performing ones with respect to the financial performance

2.3 Performance of Self Help Groups

Mankad and Singh (1995) during a workshop regarding the banking on poor held in Banglore reported that self help groups are able to mobilize group savings and provide group guarantees as a substitute for collateral securities and achieve high repayment rates on loans .So banks can meet the credit needs of the poor using self help groups as financial intermediaries

Ramesh (1997) after comparing the seven principles of co-operation between Primary Agricultural Credit Societies (PACS) and SHGs stated that these principles were overtly seen in the functioning of SHGs rather than in PACS. The distinctiveness of SHGs lies in the fact that they are fully democratic, autonomous and thrift based and is functioning in the same socio-economic and political environment in which PACS were functioning. SHGs continue to be functionally effective and flexible and deserve to be known as "new wave to co-operatives"

Fernadez (1998) reported that, Mysore Resettlement and Development Agency (MYRADA) is often asked whether women SHGs perform better than men or vice versa. Though there are a several men's groups that have an excellent record, the opinion is that overall the women's groups are not only more effective but also give more importance to the needs of the family. MYRADA's database is not programmed to answer this question satisfactorily, but certain indicators can be identified which tend to substantiate the opinion that the performances of women SHGs were better. Analyses of the groups on two MYRADA projects indicated that the women's groups have high level of performance and as a result 95% of groups are composed of women.

Karmakar (1999) analyzed the strength and weaknesses of rural credit system in India and prescribed various strategies and innovations, which will enable the existing credit system to emerge stronger and more viable. He also tried to find out the micro-finance needs of various committees. He pointed out that Grameen

bank like initiatives need to be replicated far and wide in order to ensure that the rural poor do not remain marginalized forever.

Rao(1999) while studying functioning of Andhra Pradesh Women's Finance Corporation stated that self-help supplemented with mutual help could be a powerful vehicle for the efforts in poor's socio-economic upward migration. Participative financial service management was more efficient and responsive. Small affinity groups of poor, with initial outside support could effectively manage and super wise micro credit among members. Collective wisdom of the group and peer pressure is a valuable collateral substitute. SHG as a client, facilitated wider out reach; lower transaction cost and much lower risk cost. The greatest feature of SHG movement was in the empowerment process that it was initiated among the poor and particularly women.

Sherin (1999) while studying the dynamics of self-help group formation in Thrissur district identified four stages of SHG formation as Stage1- Pre formation stage, Stage2- Group initiation or Formation stage, Stage3-Group stabilization or Performing stage and Stage4-Withdrawal stage. Limiting up the membership of a functional SHG to 11 to 20 and allowing the SHG members full authority in planning, decision-making, and implementation and in evaluation were recommended for efficient functioning of SHGs

Tatti (1999) in a general monitoring study of SHGs in Karnataka state by Vijaya Bank, reported that the SHGs have homogeneous membership, saving habit has been inculcated well in almost all the members, groups have matured (4 to 5 years old) have taken up many credit plus activities. Group dynamism, the capacity to take decisions and capacity to manage credit was observed to have developed in many groups. Several instances of mutual help, self-help and affinity among them members have been noticed in the SHGs

Amruta and Madheswaran (2001) showed that the success of MRCP (Maharashtra Rural Credit Project) was due to the combination of the following factors; the SHG bank linkage programme credit being made available for consumption purpose; easy and periodic availability of credit due to rotation of savings; and active participation of the non-governmental organization. Major problems identified during this study were identifying an economic activity that will yield a rate of profit necessary to cover the interest rate of the loan, and regarding the marketing of the produce. The study suggested that micro credit should be used to meet the current demands of the rural woman, whether these are for health, education or consumption purpose.

Puhazhendhi (2000) showed that SHG –bank linkage programme has been successful in triggering a cycle of growth and development of the rural poor through a modest scale. The lending pattern has shifted from predominantly consumption to production purposes which in turn led to income generation savings and empowerment of women. Intermediation of NGOs and SHGs also helped banks to reduce their transaction cost and the most important feature of SHG –bank linkage programme was the on time recovery of the banks at 92%.

Surendran (2000) during his study of participatory group approach for sustainable development of agriculture in Kerala found that the participation efficiency and group efficiency of Government and NGO sponsored groups lagged behind the quasi government sponsored groups. The study suggested that concerted efforts from all the quarters viz Governmental Quasi governmental and NGO agencies are required to promote effective participatory group approach.

Dadhich (2001) studied The Oriental Bank Grameen project in Uttar Pradesh and Rajasthan and reported that the borrowers of this project were organized in Self-Help groups, each consisting of 5 persons. As a result of participation in the Grameen Project a large number of women had taken up subsidiary occupations and consequently family income of the group members had substantially increased. The

study proved that micro lending could be economically viable and positive and liberal approach adopted by central banking authority of the country will facilitate further improvement and development of micro-finance system in India.

Meera (2001) studied the performance of Samatha self-help groups in Thiruvanthapuram district and she pointed out that Samatha Self Help Groups encouraged the members to save regularly and acquire the habit of thrift and the group members are involved in different production activities like bakery, processing, garment making. The main constraint faced by Samatha Group was the lack of forward and backward linkage for easy marketing.

Namboodiri and Shivani (2001) while studying potential role of self-help groups in terms of reach, linkage with banks for savings and credit for the weaker sections of the rural house holds in Gujarat India found that social cohesion in the self-help groups and selection of the group leader in rotation gave a sense of responsibility to each member of the group and also credit portfolio covering both consumption and production purposes, maintained productivity and income generating activities. They also discovered that major weakness of the SHG was the limited scope for future growth in membership and the dominance of consumption loans limiting the opportunity for income generating activities. And one of the major threats was that the SHGs did not have any legal status. The study also revealed that empowerment of women both in economic and social terms is one of the great opportunities for women to participate in the main stream of development activities.

Puhazhendhi and Satyasai (2001) evaluated the economic and social impact of SHGs in rural India. The evaluation covered 560 member households belonging to 223 SHGs spread overall 11 states. The study showed that average net incremental income per household was 33% higher during the post SHG period. Income equality was reduced and propensity to save among group members was enhanced during the post SHG period. The additional employment (persons days)

generated due to the programme was estimated at 17% .The involvement of members in the group activities significantly contributed in boosting their self-confidence and improving their communication skills.

Satish (2001) while discussing the issues during the formation of SHGs reported that there were large numbers of pre existing social groups in India, which could be easily converted into SHGs as members were aware of the group dynamics.Even though several SHGs included very poor members, no conscious attempt was made by the promoters to include the poorest of a village while forming an SHG.The study suggested that process of SHG formation has to be systematic whether it is formed by a bank or an NGO..Study also revealed that most of the SHGs had to face initial resistance in their efforts, which was overcome by the members with their perseverance.

Vanitha (2002) studied the awareness and impact of S.G.S.Y on women beneficiaries and the results indicated that the programme was successful in creating additional employment for its beneficiaries. She observed that the groups faced problems regarding maintenance of assets and inadequacy of loan amount to purchase the assets.

Anand (2002) examined the performance of women self-help groups (SHGs) and neighbourhood groups (NHGs) in the Chungathara panchayath of Malappuram district, Kerala. The study showed that SHGs were the thrift component that acted as an informal bank for women and also both external and internal factors play an active role in making the groups self reliant. The study revealed that a positive change has taken place in the attitude of the beneficiaries. Distrust in the leaders, lack of transparency in transactions and autocratic leadership were identified as the major factors affecting the success of the group in long run.

Raghavendran (2002) while comparing performance of women self-help groups organized by two NGOs reported that cluster and federation gives

sustainability to the self-help groups and they will get more support from linking with mainstream to avail financial support. Study revealed that there was a non significant difference between the participation and economic variables namely family income, land holdings, housed holdings, material possession and personal material possession.It is evident that members of SHG were from poor families in the village and the low economic status itself might have made them to participate in SHG activities by contribution.

Reji (2002) while studying impact of microfinance through self- help groups in Malappuram district stated that the economic impact of SHGs on beneficiaries are reflected in terms of increased saving habit, increased accessibility to credit, increased contribution to household income, acquisition of household assets, increased income and employment generation. The social impacts of SHGs on beneficiaries are reflected in terms improvement in women's respect and status in family, a greater sense of solidarity, closeness and will to shoulder responsibilities among the group members.

Narayanaswamy *et al* (2003) observed that co-operatives and SHG could forge linkage in order to see that the poor are effectively served and empowered, during their comparitive study of co-operatives and SHGs. Such linkages opens up a great deal of opportunities for both the organizations.Study showed that Self Help Groups (SHGs) have emerged as an alternative development strategy to promote common interest of the weak and vulnerable section of the society and they are considered as informal co-operatives as they posses distinct features of grass root level co-operatives

Nikita (2003) while studying SGSY in Gujarat envisages development as a process rather than a linear mechanical formulation implementation results progression. This paper showed that under political pressure to form many self-help groups in a short time as possible, village level policy functions and their

administrative leaders in blocks and districts failed to bring process orientation into their policy practice.

Ramakrishnan (2003) while studying the training need assessment of SHG members of watershed programme in Karnataka found that extend of training received had a positively significant relationship with the knowledge and skill component of the SHG members. He emphasized the need for extension agency to take cognizance of the identified areas of training required by the SHG members and organize need-based training.

Anand (2004) studied the failure or success of the SHGs and found that the external factor was the nature of the agency that promoted and motivated the members. The internal factors included the presence of an educated, sincere, and dynamic leader, stability in leadership homogeneity in membership democracy and transparency and co-operation, unity, and mutual understanding among the members. The association with SHGs has improved the economic status of women involved.

Dasgupta(2005) while studying micro finance in India observed that credit under the SGSY across the states has been extended to the poor in the population . SHG credit has been growing at the rate of 120% per annum.Growth in the SHG credit has been uneven. The southern states were seen as SHG developed states while Bihar and M P are among those characterized as SHG back ward.

2.4 Constraints

Sreedaya (2000) studied the performance of self-help groups in Vegetable production in Trivandrum district and pointed out that the major constraints felt by the SHGs of Kerala Horticulture Development Programme were associated with field centers and marketing.. Where as the SHGs of Intensive Vegetable

Development Programme, faced constraints in planning, production, marketing and organization.

Jayalakshmi (2001) while studying empowerment of rural women through self-help groups in Kerala, identified procedural difficulties faced in getting the society registered, delay in getting funds on time from the funding agency, lack of time due to domestic work, lack of proper marketing system, lack of maintenance of proper records, delay in getting inputs, fear of future when external leadership is withdrawn, heterogeneity among group members, less scope for unanimous decision and no proper leadership as the constraints experienced by SHGs of rural women.

Prita (2001) studied the performance of SHGs in Dharwad district and she identified the following as constraints of SHGs for higher performance, the inadequacy of raw materials, difficulties in diversification of the actvites,misunderstanding among the SHG members , frequent power cuts and lack of space for storage of materials.

Sarada (2001) while studying the empowerment of rural women in SHGs in Andhra Pradesh reported that the problem of non functioning units are the improper selection of group activities, lack of co-operation, zeal among the members of the group, non availability of adequate amount of raw materials, lack of demand of the products and lack of marketing facilities. She suggested that field level workers of District Rural Development Agency should promote the groups with marketing facilities so as to sustain their environment and organize training for their skill up gradation

Das (2003) showed that SHG experiment was a success in only a few pockets of India. Andhra .Pradesh has 47.9% share in total SHG and other major states are Tamil Nadu and Karnataka. The study pointed out the major drawback of SHG programme was that the beneficiaries were nearer to Below Poverty level not

absolute poor . The second major constraint identified was that SHG has focused disproportionally more attention on the financing for women.

Fayas (2003) studied the economic performance and constraints faced by SHGs in Thiruvanathapuram district. The results showed that the farmers of SHGs had a better economic performance. The major constraints faced by the farmers of SHGs were lack of proper storage facilities and high damage of crops due to pest, disease and natural calamities. The study suggested that vegetable cultivation through SHGs should be according to market demand.

Review of literature revealed a deficiency of studies on SHGs undertaking agro-processing, studies combining group, socio-economic, financial and marketing aspects of SHGs and studies to see whether the social parameters are directly associated with group's financial performance.

Materials and Methods

3. MATERIALS AND METHODS

Appropriate research design is a pre-requisite to draw meaningful inference backed by scientific framework. The present study entitled "Performance analysis of agro-processing self help groups in Thrissur district" was under taken with the objective of studying the functioning of SHG and to identify the factors determining their effective functioning and also to determine the constraints faced by SHGs engaged in agro-processing. A brief description of the area of study and methodology adopted is presented in this chapter.

3.1 Area of study

"*Swarnjayanti Gram Swarozgar Yojana*" (SGSY) is a holistic programme covering all aspects of self – employment such as organization of the poor into self help groups, training, credit, technology, infrastructure and marketing. Under the SGSY, assistance is given to the poor families living below the poverty line in rural areas for taking up self-employment. The persons taking up self-employment are called *swarozgaris*. They may take up the activity either individually or in groups, called the Self-Help Groups. The effort is to cover 30 percent of rural poor in each block in the X 'th Plan period. Along with the other districts of Kerala, Thrissur District has also launched this programme.

3.1.1 Thrissur district

Thrissur district is known as the cultural capital of Kerala. The cultural tradition of the district goes back to very early days. There were great centers of learning and culture in the district in the ancient and early medieval periods. Mahakavi Vallathol Narayana Menon founded the Kerala Kalamandalam of Cheruthuruthy in Thrissur district, to disseminate the art and culture of Kerala.

Fig. 1

Map of Thrissur District showing Blocks

THRISSUR DISTRICT
MAP SHOWING
BLOCKS IN THRISSUR DISTRICT

KERALA

THRISSUR

MALAPURAM Dist.

Pazhayannur

Chowa nnur

Wadakkenchery

Chavakad

Puzhakkal

Mulla- ssery

Ollukkara

PALAGHAT Dist.

Talikul

Anthikkad

KODAKARA

Irinjalakuda

Chalakudy

Vellan- gollur

Mathilakam

Mala

Kadungallur
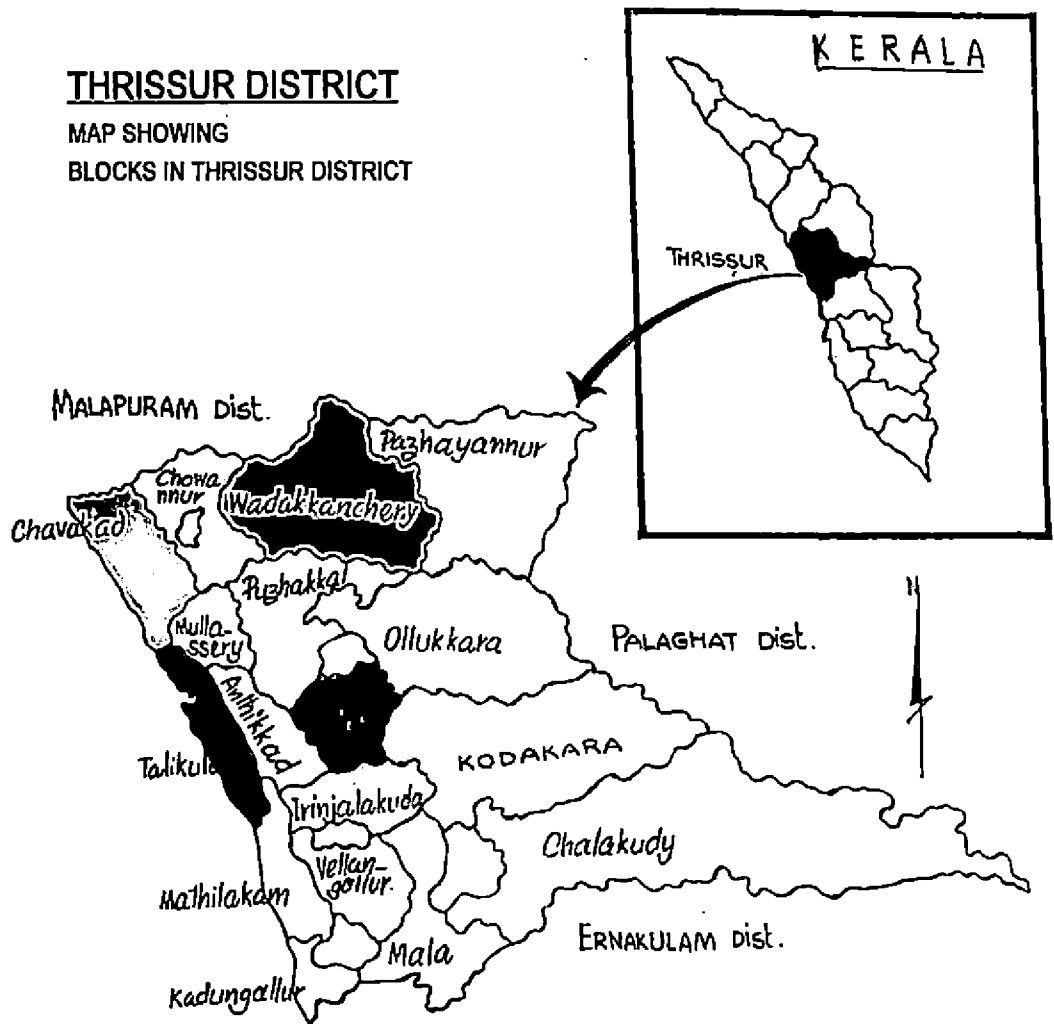
ERNAKULAM Dist.

1. Cherpu

2. Thalikkulam

3. Mullassery

4. Chavakkad

5. Wadakkenchery

3.1.1.1 Location

Thrissur is bounded on the north by Palakkad district, on the east by Palakkad district and Coimbatore district of Tamil Nadu, on the south by Ernakulam and Idukki districts, and on the west by the Arabian Sea. The district lies between 10 ° to 10°46' north latitudes and 75 °55' east longitudes. The area of the district is 3032 sq. km. and ranks seventh in the state in respect of area. There are five taluks viz, Thrissur, Chavakkad, Kodungallur, Mukundapuram and Thalappilly. There is one corporation, 6 municipalities, 17 community development blocks and ninety-six panchayats.

3.1.1.2 Geographical and Climatic features

Descending from the heights of the Western Ghats in the east, the land slopes towards the west forming three distinct natural divisions - the highlands, the plains and the sea board. Sprawling over the midland-plains and mountainous highlands, the district has a Coastline of about 53 km. The district has a tropical humid climate with an oppressive hot season and plentiful and seasonal rainfall. The hot season from March to May is followed by the South West Monsoon season from June to September. The period from December to February is the North East Monsoon season, although the rains stop by the end of December and the rest of the period is generally dry.

3.1.1.3 Demographic features

According to the 2001 Census, Thrissur district has a total population of 29.75 lakhs, of which 14.22 lakhs are males and 15.53 lakhs are females. Density of population is 981 persons per square kilometer. The sex ratio of the district indicates that there are 1092 females per 1000 males. Literacy rate is 92.56 per cent. (Government of Kerala, 2004)

3.1.1.3 Land use pattern

The land utilization pattern in Thrissur district presented in Table 3.1 shows that nearly 35 percent of the total area of the district is under forest cover. The total cropped area is 65.38 percent of the total geographical area, and nearly 18 percent of the area is cropped more than once and the net area sown is   141685 ha.

Table3.1. Land utilization pattern of Thrissur district (Area in ha)

Sl no:	Item	Thrissur
1	Total geographical area	299390 (100)
2	Forest	103619 (34.61)
3	Land put to non-agricultural use	35541 (11.87)
4	Barren and uncultivable land	415 (0.14)
5	Permanent pastures and other grazing land	42 (0.01)
6	Land under miscellaneous tree crops	651 (0.22)
7	Cultivable waste	3038 (1.01)
8	Fallow other than current fallow	5224 (1.74)
9	Current fallow	9159 (3.06)
10	Net area sown	141685 (47.32)
11	Area sown more than once	54058 (18.06)
12	Total cropped area	195743 (65.38)

(Figures in parenthesis indicate percentages to total geographical area)

Source: Government of Kerala (2006)

3.1.1.4 Cropping pattern of Thrissur district

The cropping pattern in Thrissur district is presented in Table 3.2 It shows that the main crop grown in this district is coconut (44.65) followed by paddy and fruits. Fruits stand as third major crop in this district (13.17%) which highlights the scope for agro-processing sector. Among the fruits, the major portion is occupied by banana.

Table3.2. Cropping pattern of Thrissur districts 2003-04 (area in ha)

Sl.No	Crop	Thrissur
1	Paddy	34158 (17.45)
2	Coconut	87397 (44.65)
3	Fruits	25771 (13.17)
4	Rubber	13448 (6.87)
5	Spices and condiments	· 14427 (7.37)
6	Vegetables	5488 (2.80)
7	Pepper	4959 (2.53)
8	Green manure crops	1531 (0.78)
8	Sugar cane	261 (0.13)
9	Others	95.75 (4.25)
10	Total	195743 (100)

(Figures in parenthesis indicate per cent to total area)

Source: Government of Kerala (2006)

3.1.2 S.G.S.Y Self Help Groups s of Kerala state

District wise data on SGSY Self Help groups of Kerala state is presented in Table 3.3. It is clear from the Table that out of 50560 SHGs of Kerala state, 2593 SHGs belong to Thrissur district, which is 5.12% of total SHGs in the state.

Table3.3.District wise data on SGSY SHGs inKerala state.

Sl No	Name of District	Total no SHGs
1	Thiruvananthapuram	7330
2	Kollam	8402
3	Pathanamthitta	1413
4	Alappuzha	4581
5	Kottayam	2688
6	Idukki	4173
7	Eranakulam	2411
8	Thrissur	2593
9	Palakkad	3547
10	Malappuram	3113
11	Kozhikode	2858
12	Wayanad	1917
13	Kannur	4315
14	Kasaragode	1219
	Total	50560

Source. District Rural Development Agency, Thrissur (2005)

3.2 Methodology

The procedure used in the selection of sample, collection of data, analytical techniques employed and the concepts used in the study are presented below.

3.2.1 Selection of study area and sampling design

The self help groups formed under S.G.S.Y in Thrissur district under taking agro processing and that had completed three years of formation formed the domain of the study The various activities under taken by agro-processing SHGs were fish processing, rice powder making, curry powder making, pappadam making, ready to eat items making and copra processing. The block wise distribution of agro-processing SHGs in Thrissur district was prepared .From that five blocks having the maximum agro-processing SHGs were selected. Mullassery, Thalikkulam, Cherpu, Chavakkad and Wadakkanchery were the five blocks having maximum percentage of agro-processing self help groups. From these blocks four highly performing SHGs which have completed three years of formation, and having done second grading were selected in each category of activity for detailed study .One non performing SHG was also selected for the comparison.

All the activities undertaken by agro-processing SHGs were categorized under four major groups according to the product mix, they were
1. Fish processing
2. Copra processing
3. Ready to eat items
4. Powder making

In order to study the performance of SHGs and the socio-economic status of the members, five members from each selected SHG were selected such that two of them were office bearers of SHG and three were ordinary members. The number of SHG selected were seventeen that is four from each category and one non-performing. Thus the total sample size was 85.

3.2.1.1 Mullasery block

Mullasery block comes under Chavakkad Taluk of Thrissur district. There are four panchayats in the block namely Elavalli, Pavaratty, Mullasery and Venkidangu.6371 square kilometers is the area of this block.It is bounded by Thikad

panchayat in the north,Kandanassery and Tholodu panchayat in the east,Enamavu in the south and Kanoli canal in the west. According to the 2001 census Mullasery block has a total population of 91,806, of which 42,639 are males and 49,167 are females. Density of population is 1441 persons per square kilometer. In this block 50 percent of population depends upon Gulf money.

In Mullassery block the main activity of SHGs observed was hotel or canteen business. Ready to eat units mainly makes traditional items like achappam, chips, unniyappam. Earlier there were three units who were making jam and pickles but due to high competition from established brands they changed their activity to hotel or canteen. In Mullassery block there are 18 S.G.S.Y assisted SHGs which have completed three years of formation, out of which thirteen are agro-processing SHGs

Table 3.4Activity wise classification of agro-processing SHGs in Mullassery block

Sl.No.	Activity	Number of SHGs
1	Ready to eat items	4
2	Powder making	3
3	Pappadam	1
4.	Canteen	5

3.2.1.2 Wadakkanchery block.

Wadakkanchey block comes under Thalappilli Taluk of Thrissur district. There are nine panchayats in the block namely Desamangalam, Erummapetty, Kadangode, Velur, Mundathikade, Thekkumkara, Wadakkanchery, Mullurkkara and Varavur. This block is situated 75km above MSL. Area of this block is 29696 square kilometers .It is bounded by Pattambi and Pazhayannur blocks in the north Pazhayannur block in the east Puzhaykkal Ollukkara blocks in the south and

Chowannur block in the west. . According to the 2001 census Wadakkanchey block has a total population of 203544, of which 97128 are males and 106418 are females. Density of population is 686 persons per square kilometer. In this block the main activity undertaken by the SHG is ready to eat items making. Total number of SHGs assisted by SGSY, which have completed three years of formation, are 40.Among them thirteen are agro processing SHGs.

Table 3.5 Activity wise classification of agro-processing SHGs in Wadakkanchery block

Sl No	Activity	Number of SHGs
1	Powder making	2
2	Ready to eat items	8
3	Copra processing	1
4	Pappadam	2

3.2.1.3 Chavakkad block

Chavakkad block comes under Chavakkad Taluk of Thrissur district. There are seven panchayats in the block. Area of this block is 8604 square kilometers. It is bounded by Malappuram district in the north, Chowannur block in the east, Thalikkulam block in the south and Arabian Sea in the west. According to the 2001 census Chavakkad block has a total population of 192353, of which 90351 are males and 102002 are females. Density of population is 2236 persons per square kilometers. Fishing is the main occupation of population here.

In Chavakkad block the major activity observed is fish processing being a coastal block. The other agro-processing activities are copra processing and rice processing. Those SHGs involved in coconut processing are only attempting at the primary processing where coconut is converted into copra.. There are 46 SGSY

assisted SHGs which have completed three years of formation. Among them 15 are agro-processing SHGs.

Table 3.6 Activity wise classification of agro-processing SHGs in Chavakkad block

Sl.No	Activity	Number of SHGs
1	Fish processing	4
2	Copra processing	2
3	Powder making	5
4	Ready to eat items	4

3.2.1.4 Cherpu block

Cherpu block comes under Chavakkad Taluk of Thrissur district. There are four panchayat in the block namely Cherpu, Paralli, Vallachira and Aavinissery.The area of this block is 56 Square Kilometers. Population in this block is one lakh. People here mainly depend on farming for their income. 51.5 percent of the population is females. Karuvannur river has played a major role in the agricultural development of the area. In Cherpu block there are fourteen SGSY assisted SHGs which have completed three years of formation. Among them six are agro-processing SHGs.

Table 3.7 Activity wise classification of agro-processing SHGs in Cherpu block

Sl.No	Activity	No.SHGs
1	Ready to eat items	4
2	Powder making	2

3.2.1.5Thalikkulam block

Thalikkulam block comes under Chavakkad Taluk of Thrissur district. There are five panchayat in the block namely Thalikkulam, Natika, Engadiyur, Valappad and Vadanappilly.. Area of this block is 55.68 square kilometer. The population of this block is 124874. People here mainly depend on farming for their income. Kanoli canal has played a major role in the agriculture development. There are eighteen SGSY assisted SHGs who have completed three years of formation. Among them nine are agro-processing SHGs

Table 3.8 Activity wise classification of agro-processing SHGs in Thalikkulam block

Sl.No	Activities	Number of .SHGs
1	Ready to eat items	6
2	Coir making	1
3	Copra processing	2

3.2.2 Collection of data

The study was based on both primary and secondary data. Secondary data relevant to the objective of the study were collected from the office of District Rural Development Agency (D.R.D.A) Thrissur, Block offices of Mullassery, Thalikkulam, Cherpu, Chavakkad and Wadakkanchery. The primary data were collected by interviewing the respondent SHG members using pre tested, well

structured schedule of enquiry (Appendix-V) Secondary data pertaining to the period of 2005 -06 was obtained from the offices concerned. The primary data collection was done during June-August2006

3.3 Concepts and Definitions

3.3.1 Self Help Groups

NABARD (1995) defined SHG as a homogenous group of rural poor voluntarily formed to save whatever amount they can conveniently save out of their earnings and mutually agree to contribute to a common fund from which to lend to members for productive and emergent credit needs.

3.3.2 Agro-processing

It refers to a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector.

3.3.3 Selection of SHG characteristics

Based on the objectives review of literature, discussion with experts and the pilot study conducted by the researcher, 40 group characteristics were identified along with their operational definitions and sent to 30 judges for eliciting their relevancy on a five point continuum ranging from 'most relevant to least relevant (Appendix IV). The judges were drawn from the officials of SGSY, Kudumbashree, Lead bank and Department of Agriculture,

3.3.3.1 Age

Refers to the number of calendar years completed by the respondent at the time of interview. Scoring pattern adopted by Priya (2003) was used in the study as given below.

Sl.No	Age	Score
1	Up to30	1
2	30-40 years	2
3	40-50 years	3
4.	Above 50 years	4

3.3.3.2 Educational Status of both SHG member and spouse

Refers to the extent of formal learning achieved by the respondent. Educational status was measured by using scoring pattern as follows

Sl.No	Items	Score
1	Illiterate	1
2	Can read and write	2
3	Primary school	3
4	Middle school	4
5	High school	5
6	College	6
7	Professional degree	7

3.3.3.3 Annual income

Refers to the total earning by all the members of the family of the respondent in one year. This was obtained by adding together the income earned by all the adult members of the family and income from the land and crops for one year. This was measured by directly asking the respondents about the total income possessed by them. The scoring pattern followed in this case is given below.

Sl.No	Income	Score
1	Up to 20000	1
2	Up to 20000-40000	2
3	Up to 40000-one lakh	3
4	More than one lakh	4

3.3.3.4 Innovativeness

Refers to the degree to which the respondent was relatively earlier in adopting new ideas. In this procedure a question was asked to the respondent that when he /she would like to adopt a new technology. The responses was scored as follows

Sl.No	Responses	Score
1	As soon as brought to my knowledge	4
2	After I had seen other SHGs tried successfully	3
3	prefer to wait and take my own time	2
4	I am not interested in adopting new techniques	1

3.3.3.5 .Economic motivation

Refers to the extent to which respondent is oriented towards profit maximization and relative value he places on monetary gains. The scales consisted of six statements of which fifth and sixth were negative. Each statement was provided with five point response categories strongly agree to strongly disagree.

The scoring pattern ranged from four to zero for positive statements and zero to four for negative statements

3.3.3.6. Attitue towards Self employment

Refers as the degree of positive or negative feelings of SHG member towards self employment. The scale consists of ten statements (Appendix V) The respondents were asked to state their agreement or disagreement to each of the statements and a score of zero and one were given accordingly.

3.3.3.7. Information seeking behaviour

It is defined as the extend to which a SHG member is seeking information from different communication sources. Here six communication sources were given and each source carried one point each.

3.3.3.8. Risk orientation

Refers to the degree to which the respondent is oriented towards encountering risk and uncertainty in price, market condition and technology.

3.3.3.9. Market perception

Refers to the degree of perception of SHG members about up to date market knowledge

3.3.3.10. Management orientation

Refers to the level of management skills the SHG members possess in running their enterprise.

The above three socio economic characteristics were measured by applying the schedule developed by the researcher for the study. The schedules of risk orientation was having six statements and were measured on five point continuum

ranging from strongly agree to strongly disagree. The scoring pattern ranged from five to one for positive statements and one to five for negative statements Market perception, management orientation schedule comprised yes/no statements and scoring was given one for positive and zero for negative. Statements are given Appendix V.

3.3.3.2 Group charecterestics of SHG

3.3.3.2.1. Group cohesion

Refers to the degree to which the group members are affiliated to one another and are motivated to remain in the group

3.3.3.2.2. Group leadership

Refers to the tendency of members to get in touch with other members of the group and freely mix with them without any formality or inhibition

3.3.3.2.3. Team spirit

Refers to the extent to which joint action behaviour is exhibited through co-ordinate efforts to achieve common goals.

3.3.3.2.4. Group decision making

Refers to the process of arriving at an opinion or judgments by the group either by the consensus or by a majority vote of the members for the betterment of the group

3.3.3.2.5. Maintenance of records

Refers to the regularity in keeping/maintaining the records

The above five group characteristics were measured by applying the schedule developed by the researcher for the study. The schedules of group leadership and group cohesion comprises five statements each where as schedules of group decision making, team spirit and maintenance of records, consisted of eight, four, three statements respectively. Group leadership, maintenance of records and group cohesion were measured using three-point continuum always, sometimes and never. Positive statements carried scores of two, one, zero and negative statements carry zero, one, and two respectively. Group decision making and team spirit were measured on five point continuum ranging from strongly agree to strongly disagree. The scoring pattern ranged from five to one for positive statements and one to five for negative statements. Statements are given as Appendix V.

3.3.4 Cost and Income concepts

Fixed cost

Fixed costs are those which do not change in magnitude as the amount of output of the production process changes and are incurred even when production is not undertaken. (Johl and Kapur, 1973)

Variable cost

Variable costs are costs using the variable inputs those which vary with the variation in the total output. (Johl and Kapur, 1973)

Gross income

Gross income represents the total value of the main product as well as the by-product, which were valued at the prevailing market price.

Gross margin

Gross margin is obtained by deducting the operational expenses from the

gross income

Benefit Cost Ratio

The benefit Cost Ratio (BCR) is the ratio between the gross income and total cost. Project with benefit cost greater than unity is considered viable.

3.3.4 Rank score total

Rank was given for each average score,in five point continum and rank score total was also calculated.

3.3.5 Marketing Concepts

The study employed various concepts of marketing which are described below

Market

The market is referred to the aggregation of buyers and sellers interested or potentially interested in a product group. (Kotler, 1983)

Marketing

It is defined as the process of discovering consumer needs and translating wants in to product and service. (Kotler, 1983)

Marketing channel

Marketing channel is the path traced in direct or indirect transfer of title to a product as it moves from a producer to ultimate consumer or industrial user (Kotler, 1983)

Marketing cost

It is the actual expense incurred for bringing goods and services from the producers to the consumers

3.3.6 Credit

The ability to buy or borrow in consideration of a promise to pay within a specified time period.

3.3.7 Subsidy

Grant of money to particular group or individuals by the State.

3.3.8 Constraints faced by the members of the SGSY SHGs

In the present study constraints are referred as difficulties experienced by both the members and the group as a whole in carrying out SHG activities.

3.3.9 Statistical tools used for the study

Mean

The respondents were classified to low, medium and high groups for the variables selected based on the mean score.

Percentage

To make simple comparison percentage analysis was done.

Correlation analysis

To find out the relationship between the variables simple correlation was used

T-test

T-test was done to find out whether there is any significant difference between the groups selected under various product mixes.

4. RESULTS AND DISCUSSION

The present study examines the functioning of Self Help Groups (SHG) and identifies the factors determining their effective functioning. Keeping the objectives in view the data collected were subjected to statistical and economic analysis. The results obtained from the study are presented and discussed under the following headings.

4.1. Swarnajayanti Gram Swarozgar Yojna (SGSY) SHGs in Thrissur district

4.2 Group performance indicators of SHGs

4.3. Socio –economic profile of the SHG members

4.4 Relationship between group characters and socio-economic variables

4.5 Cost and returns

4.6 Marketing practices of SHGs

4.7 Credit and subsidy

4.8 Thrift behaviour

4.9 Problems in functioning

4.1 Swarnajaynthi Gram Swarozgar Yojana (SGSY) SHGs in Thrissur district

SGSY has been designed to cover all aspects of self-employment such as organisation of the poor into self-help groups, training, credit, technology, infrastructure and marketing. The total number of SGSY SHGs in Thrissur district is 2593. Thrissur district is having 530 SHGs that have completed three years of formation and had undergone second grading, that is 20.43 per cent of the total SGSY SHGs. Pazhyannur block is having maximum number of SHGs(49) followed by Chavakkad(46). Cherpu block was having lowest number of SHGs. (14).

Table4.1 Block wise distribution of agro-processing SHGs in Thrissur district

Sl.No	Block name	Number of Agro-processing SHGs under S.G.S.Y	Total number of SHGs	% of Agro-processing SHGs to total number of SHGs in the block.
1	Mullasery	13	18	72.2
2	Thalikkulam	9	18	50.00
3	Cherpu	6	14	42.85
4	Chavakkad	15	46	32.6
5	Wadakkanchery	13	40	32.5
6	Ollukkara	10	36	27.7
7	Irinjalakkuda	8	26	23.07
8	Chalakkudy	4	35	22.8
9	Chowannur	2	40	22.5
10	Anthikkad	4	19	21.05
11	Mala	3	18	11.1
12	Kodakara	2	40	10
13	Pazhayannur	2	49	6.12
14	Kodungallur	9	30	6.6
15	Vellangallur	2	36	5.5
16	Puzhakkal	6	36	5.5
17	Mathilakam	-	38	-
Total		108	530	

Source. District .Rural Development Agency-Thrissur, 2006

4.1.2 Agro-processing SHGs in Thrissur district

SGSY officials will identify 4-5 key activities for each block based on the resources, occupational skills of the people and availability of markets. Selection of key activities will be with the approval of the Panchayat Samitis at the block level and the DRDA/ZP at the District level. The major share of SGSY assistance will be in activity clusters. SGSY will adopt a project approach for each key activity. Agro-processing is a major income generating activity under taken by the SHGs Mullassery block is having highest percentage of Agro-processing SHGs followed by Thalikkulam(50%), Cherpu(42.8%), Chavakkad (32.6%)and Wadakkanchery(32.5%.).

All the activities undertaken by agro-processing SHGs were categorized under four major groups according to the product mix, they were grouped as following; Fish processing (FP), Copra processing (CP), Powder making (PM), Ready to eat items making (RM), Non performing (NP). Five SHGs were studied under each category except non-performing which was having only one group.

4.2 Group performance indicators of SHGs

The study of group characteristics will be helpful for the proper understanding of the group stability and factors influencing group stability. The salient features of the group characters viz group cohesion, group leadership and group decision making exhibited by the sample SHGs are presented in Table 4.2. Copra processing is having maximum rank score (21.5) that showed the groups were having highest group stability. Followed by PM (20.5), FP (14) and RM (14). Non-performing group was having lowest rank score (5) that showed that they were having poor group stability.

Table4.2 Average score of group characters of the sample SHGs

Category of Group SHGs Characters	FP	CP	PM	RM	NP	Maximum score
Group cohesion	9.95 (2)	10.2 (5)	10 (4)	9.9 (3)	7 (1)	13
Group leadership	13.5 (5)	13.05 (4)	11.55 (2)	11.85 (3)	5 (1)	15
Team spirit	17.75 (2)	19.5 (4)	20 (5)	18.25 (3)	8 (1)	20
Group decision making	33.45 (2)	35.75 (4)	36 (5)	35.7 (3)	16 (1)	36
Maintenance of records	7.75 (3)	9 (4.5)	9 (4.5)	6.75 (2)	3 (1)	9
Rank score total	14 (82.4/93)	21.5 (87.95/93)	20.5 (86.55/93)	14 (82.4/93)	5 (39/93)	93

Figures in the parenthesis indicate the rank

4.2.1Group cohesion

Group cohesion refers to the degree to which the group members are affiliated to one another and are motivated to remain in the group The average score of group cohesion for each category is given in Table 4.2. The average score for group cohesion for the first four performing categories were almost near to 10 and among them the maximum score was obtained by copra processing units (10.2). The first four category respondents came under highly performing groups and category – 5 was non-performing. The value for group cohesion was lowest for the non-performing group. The results indicate that lack of group cohesion might have affected their performance.

4.2.2 Group Leadership

The average score of group leadership for each category is given in Table 4.2. Fish processing and copra processing groups were having high values for group leadership. Their work needed more co-ordination than other groups and therefore a strong leadership was required. Non-performing groups had the lowest score (5) that showed that group members did not have full trust in their leadership

4.2.3 Team spirit

Team spirit is the willingness of each member of a team or group to work together with loyalty and enthusiasm. The average value of team spirit for each category is given in Table 4.2. The powder making groups were having highest score of team spirit (20) followed by copra processing (19.5) and powder making (18.25). Non performing was having only eight points for team spirit which showed that the members lacked the enthusiasm for the group's success.

4.2.4 Group decision-making

The process of arriving at an opinion and decision by the group either by consensus or by a majority vote of the members for the betterment of the group is referred as group decision-making. The average score of team group decision making obtained from various categories are given in Table 4.2 Powder making had highest score for group decision making (37) followed by copra processing and ready to eat items making. Non-performing group was having lowest score (16). Lack of team spirit in the non-performing groups may be one of the reasons for low score for group decision making also.

4.2.5 Maintenance of records

Maintenance of records refers to the regularity in keeping/maintaining the records and its verification. These records would be helpful in future reference and also a major factor in transparency of group activities. Proper maintenance of records is also a criterion for grading the SHGs. Monthly checking of records is carried out by Village Extension Officer. The average score of team maintenance of

Fig 2. Average score of Group Charecterestics

Group cohesion

Group Leadership

Maintenance of Records

Team Spirit

Group decision Making
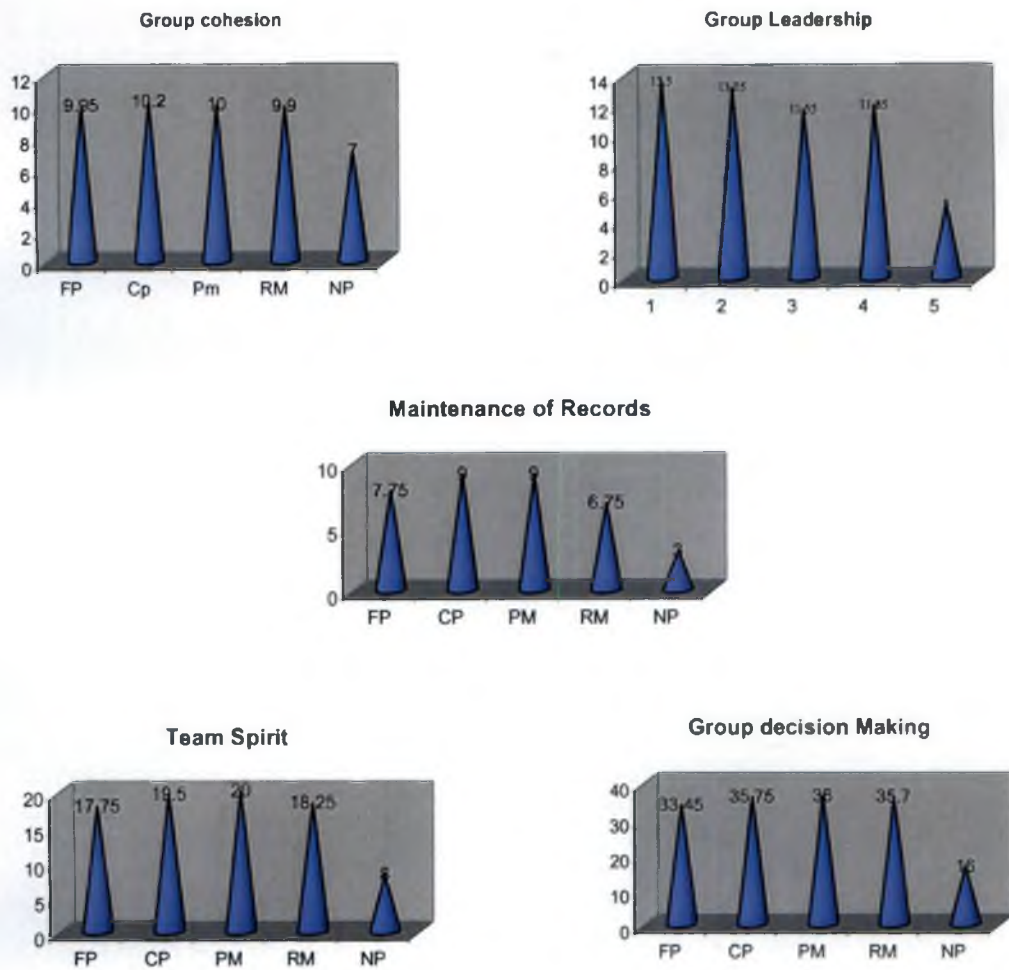
records, for each category is given in Table 4.2.Powder making and copra processing units were having highest average score (9), followed by fish processing (7.75) and ready to eat items making (6.75). Non-performing SHGs (NP)) was having the lowest score (3).

4.3 General Socio economic profile of the group members

It is important to understand the socio-economic profile of the group members to analyse their performance. Major Socio-economic factors identified are age, education of the respondent and education of the spouse. Other profile characteristics identified are market perception, economic motivation, attitude towards self employment, management orientation, risk orientation, innovativeness and information seeking behaviour .

4.3.1.1 Membership

Constant memberships of 15-20 members are found in almost all the SHGs under study. The membership composition exhibited homogeneity in terms of socio-economic status i.e. people having almost similar social class and income group. Members of the same group are staying near by, so it is easy for conducting group meetings. Meetings are held weekly. The members strictly adhere to the byelaws of the group. The co-operation is seen not only in group activities but also in dealing with personal problems. All the members of the group are not taking part in the activities. Usually 50-60percent of the members take part in key activities. The rest remain as silent or passive members, interested only in thrift operations.

Table 4.3 Unit wise details of members participating in activity

Category		Total Number of members	Number of Members Participating in activity
FP	Unit1	15	8 (53.3)
	Unit2	19	14 (73.7)
	Unit3	15	11 (73.3)
	Unit4	15	8 (53.3)
CP	Unit1	20	12 (60)
	Unit2	19	8 (42.1)
	Unit3	16	7 (43.8)
	Unit4	15	6 (40)
PM	Unit1	20	8 (40)
	Unit2	15	8 (53.3)
	Unit3	15	10 (66.7)
	Unit4	19	10 52.6)
RM	Unit1	16	8 (50)
	Unit2	15	9 (60)
	Unit3	15	12 (80)
	Unit4	15	8 (53.3)
Non Performing		17	9 (53)

Figures in the parenthesis indicate percent to total

Table 4.4 Average values of socio-economic characters of the sample SHGs

Socio-economic characters	FP	CP	PM	RM	NP
Age (years)	36.5	38	37	39	30
Education of the respondents	Middle school	Middle school	Middle school	Middle school	High school
Education of the spouse	Middle school	Middle school	Middle school	Middle school	Can read and write
Income (Rs)	BPL	BPL	BPL	BPL	BPL

4.3.1.2 Age Distribution of respondents according to their age

It could be seen from Table4.4 that the average age of respondents of all the categories was more than 30 except in non-performing group, which has an average age 30. Most of the SHG members are ladies, for those who were below the age of 30; their small kids consumed most of their time. Table 4.4 revealed that most of the members belonged to the young age group and none of the respondent belonged to old age group. This may be due to the fact that most of the employments generating programmes are specifically targeted for people belonging to the young age.

Table 4.5 Age distribution of SHG members

Age group	Category				
	FP	CP	PM	RM	NP
<30	9 (45)	5 (25)	6 (30)	7 (35)	5 (100)
30-40	9 (45)	15 (75)	9 (45)	9 (45)	-
40-50	2 (10)	-	5 (25)	4 (20)	-
>50	-	-	-	-	-

Figures in the parenthesis indicate percent to total

4.3.1.3 &,4.3.1.4 Education of the respondent and spouse.

The average education of the respondents and their spouses are given in the Table 4.6.The average score of respondents and their spouses was nearly 4 which mean that all were middle school educated. Kerala state is having 100 percent literacy and that is reflected in the education level. The non-performing group was showing a significant score difference between the respondents and spouses and the difference in education score was 2. The results are indicative of the spouse's less support for these kinds of activities. Most of the spouses were laborers and have to go for work and respondent women in the non performing group being in the age group 30,may have to look after household chores This might be a reason their unwillingness to send their spouses (respondents) for the group activity.

Table 4.6 Distribution of respondents and spouses according to their education

Sl.No	Items	FP		CP		PM		RM		NP	
		R	S	R	S	R	S	R	S	R	S
1.	Can read and write	3 (15)	3 (15)	4 (20)	7 (35)	2 (10)	5 (25)	1 (5)	2 (10)	-	5 (!00)
2.	Primary school	2 (10)		4 (20)	-	7 (35)	1 (5)	3 (15)	2 (10)	-	-
3.	Middle school	9 (45)	10 (50)	2 (10)	7 (35)	2 (10)	12 (60)	4 (20)	11 (55)	2 (40)	-
4.	High school	5 (25)	1 (5)	8 (40)	6 (30)	9 (45)	2 (10)	8 (40)	3 (15)	3 (60%)	-
5.	college	1 (5)	-	2 (10)	-	-	-	2 (10)	-	-	-
	Total	20	14	20	20	20	20	20	18	5	5

*Figure in the parenthesis indicate percent to total.

*R-Respondent

* S-Spouse

4.3.1.5 Income

All the families assisted by SGSY comes under Below Poverty line (BPL) and most of the respondent's spouses were labourers .All the respondent's family income comes under the category of less than Rs40,000 per year.

4.3.2 Profile characters

Major profile characteristics identified are market perception, economic motivation, attitude towards self-employment, management orientation, risk orientation, innovativeness and information seeking behaviour. From Table 4.7 it is clear that powder-making units are having highest rank score for profile characters (35.5) followed by copra processing units (29.5).

Table 4.7 Average score of profile characters of the sample SHGs

Profile characters	FP	CP	PM	RM	NP	Maximum attainable score
Market perception	3 (2.5)	3 (2.5)	5 (4.5)	5 (4.5)	1 (1)	6
Economic motivation	20.3 (2)	23.9 (4)	24 (5)	22.25 (3)	15 (1)	25
Attitude towards self employment	5.9 (3)	6.05 (4)	7.25 (5)	5.2 (2)	1 (1)	9
Management orientation	5 (1)	9.5 (5)	9 (3)	9.4 (4)	8 (2)	10
Risk orientation	26 (4)	27.4 (5)	25 (3)	24.9 (2)	22 (1)	30
Knowledge about processing	5.9 (3)	6.05 (4)	7.25 (5)	5.2 (2)	1 (1)	13
Information seeking behaviour	2.5 (2.5)	2.5 (2.5)	3.75 (5)	3 (4)	2 (1)	5
Innovativeness	2.45 (2.5)	2.45 (2.5)	3 (5)	2.75 (4)	1 (1)	4
Rank score total	20.5	29.5	35.5	25.5	9	

(Figures in the parenthesis indicate rank)

4.3.2.1Market perception

Refers to the degree of perception of SHG members about up to date market knowledge. Powder making units and ready to eat items making units recorded highest market perception i.e. 5, followed by fish processing and copra processing. The lowest market perception was recorded for non-performing group (1). The undeveloped marketing practices of two performing groups fish processing and copra processing might be reflected in their market perception.

4.3.2.2 Economic motivation

Refers to the extent to which respondent is oriented towards profit maximization and the relative value he places on monetary gains. Table 4.7 revealed that economic motivation of powder making units are the highest (24) followed by copra processing and ready to eat items making . Lack of product differentiation of fish processing is reflected in their low score of economic motivation. The lowest score of non performing unit indicated that the low interest for profit making might be a reason for their failure..

4.3.2.3 Attitude towards self-employment

Attitude towards self-employment is the degree of positive or negative feelings of SHG member towards self-employment. In this present context of extreme unemployment one of the alternatives for income generation is to take up self-employment. Powder making units were having the highest score (7.25) for positive attitude towards self-employment, as the powder making did not need much training being houses hold activity. Initial investment is also very less and could be taken up with affordable income. The comparatively low score for Ready to eat items making unit was because of the low returns compared to other categories.

4.3.2.4 Management orientation

The level of management skills the SHG members possess in running their enterprise is calculated by management orientation. Fish processing units were

having lowest score (5) since they were doing fish processing, where planning and orientation were not required as much in the case of other categories. Though the for management orientation was high for the non-performing unit (8),they did not succeed in their activity ,which may be attributed to their low group stability(5).

4.3.2.5 Risk orientation

Risk orientation is the degree of perception of SHG members about up to date market knowledge. Copra processing was having maximum risk orientation (27.4) followed by fish processing (26) and powder making (25). Copra processing required upto date market value of copra, coconut, so this may be reflected in their high risk orientation scores. The average score (22) of the non-performing group showed that the members were having high-risk orientation but due to the lack of group unity and other group characters they were not able to reap the profits.

4.3.2.6 Knowledge about processing

The respondent's knowledge about processing was measured using the questionnaire. Powder making unit was having the highest score (7.25) for knowledge about processing followed by copra processing and fish processing .The difference in the scores might be due to the difference in exposure to training. Every month a meeting of all the SHGs under each block is being held and during that meeting training is being given on various topics, so has to enhance the members knowledge. The low score of non-performing units is an indicative of their ignorance about many new practices in the agro-processing industry. The variation in categories score may be due to their exposure processing practices other than their main activity.

4.3.2.71Innovativeness

The degree to which the respondent was relatively earlier in adopting new ideas is captured using the variable innovativeness. From Table 4.7 it is clear that the powder making units were having highest score for innovativeness powder making needs to acquire good marketing skill and techniques in production. Non performing groups got the lowest score which may be due to their less interested in adopting new techniques in this field.

4.3.2.8 Information seeking behaviour

Information seeking behaviour is defined as the extent to which a SHG member is seeking information from different communication sources like Krishi Bhavan, Block office and mass media. The category having highest score of information seeking behaviour was powder making, this was due to their activity, which needs good marketing practices and knowledge about new markets. The low score of non performing group indicates that either they were not interested in seeking information or were not having the congenial environment for seeking information.

4.4 Relationship between the group characters and socio-economic variables.

The most important socio-economic character that contributes towards group characteristics, as a whole is management orientation followed by information seeking behaviour, knowledge about processing market perception and economic motivation. The parameters age and income are the least influential. Educations of the spouse and risk orientation are also influencing the group characteristics. Education of the respondent, attitude towards self-employment innovativeness is comparatively less influential. This shows that all the households are having subsistence income and all the respondents are having mostly same education and economic platform, so what matters were their management orientation and economic motivation. Though all the members are literate, many of the groups were low in innovativeness. These results indicate the need for better training in the field of management orientation, risk orientation and information seeking behaviour. Details of socio-economic variables that influence each group characters are given in details.

4.4.1 Group cohesion

Group cohesion is the degree to which the group members are affiliated to one another and are motivated to remain in the group. It is evident from Table 4.8 that only one variable i.e. education of the spouse had positive and significant relationship with group cohesion. All the members of the SHGs studied were women. And as the education of their husband increases, the attitude towards financial independence of women will be positive and they will encourage their wives for taking part in these activities.

4.4.2 Group Leadership

It is evident from Table 4.8 that three variables management orientation, education of the respondent and attitude towards self-employment had a positive and significant relationship with group leadership. The variables education of the respondent exhibited a negative and significant relationship with the group leadership.

As educational status increased the orientation towards the self-help group decreases and also if all the members are educated then there will be different choices of being a leader and usually most of the members will have their own opinion in each and every decisions. This is in line with the studies of Jayalakshmi (2001).

Groups who are having good leadership will have good management orientation; if the members show trust in the leader it will be easy for the leader to manage the group. People having high management orientation may acquire more information about the various new technologies in the production and marketing aspects of agro-processing.

As the attitude towards self-employment increases the faith in the leadership also increases (since they will understand the value unity is strength) The results indicate that a group member seems to understand that unity is strength.

4.4.3Team Spirit

Team spirit is the extent to which joint action behaviour is exhibited through co-coordinated efforts to achieve common goals. Table 4.8 revealed that four variables economic motivation, information seeking behaviour, management orientation, and market perception are having a significant and positive relationship with team spirit.

Members who are having high economic motivation will try to maintain a team spirit in the group and work as a team for their future benefit. Those who have high economic motivation will understand the benefits of working as a team and they will definitely seek information about processing and they will seek new markets also.

It is quite logical that as team spirit increases, management orientation will also increase. If there exists teamwork in the group, management, production, as well as marketing activities of the group will be easier. Information seeking behaviour and risk orientation of the group was found to increase as the team spirit

increased. The group will remain united in risk situation This is in line with the studies of Sreedaya (2000).·

As the value of team spirit increases the market perception of the group member's increases, for discovering new markets and marketing trends a coordinated efforts of all the members is required especially for widening the marketing channels.

4.4.4Group decision making

Group decision-making is the process of arriving at an opinion or judgment by the group either by the consensus or by a majority vote of the members for the betterment of the group. So all the major socio-economic characters studied influenced the group decision making except age, income, attitude towards self employment and education of the respondent. It is evident from Table 4.9 that education of the spouse was significantly and negatively related to group decision-making. The variables market perception, information seeking behaviour, innovativeness, knowledge about processing, management orientation, risk orientation and economic motivation were significantly and positively related to group decision-making.

It is observed that as the education level of the spouse increases the unity in decision-making is decreased. Income of the member whose spouse is educated will be higher and other woman members may feel jealous about it The wealthy member may also have an elite or odd man out feeling which harm their collective wisdom. This is a basic human nature, which the SHG members are not able to overcome till now.

Management orientation has a significant and positive influence on group decision-making. As the management skill of the group members increases it will be definitely reflected in their collective wisdom and decision making capacity.The group members need to be given up-to-date training to improve management skills. This is in line with the findings of Sarada (2001)

It is clear from Table 4.8 that as information seeking behaviour of the members increases the group decision-making process is getting improved or become easier. Gathering more and more information from various sources will enrich their knowledge on agro-processing techniques and it widens their area of operation. This will enhance their ability to take up risk and challenges in the market, which in turn will induce the members to seek innovative methods in production and marketing. Economic motivation of the group members and their innovativeness also influence each other and group decision making too.

4.4.5 Maintenance of records

It is clear from Table 4.8 that information seeking behaviour, knowledge about processing, management orientation, market perception, risk orientation. and economic motivation were significantly and positively related to group decision making.

It is quite logical that as information seeking behaviour increases knowledge about processing will also be increased as the groups will seek information about new methods in processing and as these two characters increases the group members will understand the necessity of keeping the records.

As management orientation increases group members will understand that for effective management maintenance of records is essential. As maintenance of records increases this will enhance the economic motivation which in turn increases the innovativeness and both these characters positively influence the maintenance of records since the records will show the correct figures, and will enlighten about the current status and the future heights, which can be achieved.

Table 4.8 Relationship between the group characters and socio-economic variables.

Sl.No	Variables	Group leadership	Team spirit	Group decision making	Maintenance of records	group cohesion
1	Education of respondent	-.351** .001	-.028 .805	-.152 .178	-.060 .596	.215** .056
2	Education of spouse	-.135 .252	-.064 .591	-.268* .022	-.088 .458	.340 .003
3	Income	-.145 .212	.046 .695	-.254* .029	.031 .788	.020 .863
4	Market Perception	-.272* .015	.089 .433	.043 .706	-.056 .624	-.065 .566
5	Economic motivation	.137 .225	.302** .00	.319** .004	.319** .004	-.081 .475
6	Attitude towards self-employment	.201 .074	.026 .822	-.090 .425	.088 .436	-.195 .083
7	Management Orientation	.298** .007	.614** .00	.327** .003	.751** .00	.076 .502
8	Knowledge about processing	-.056 .619	.750** .00	.395** .00	.863** .00	.224* .045
9	Risk orientation	.274* .014	.413** .017	.265** .017	. .536** .00	.324** .003
10	Innovativeness	.006 .959	.184 .103	.484** .00	.094 .406	-.203 .071
11	Information seeking behaviour	.293** .007	.614** .00	.327** .003	.751** .00	.076 .502

*at 1% significance

** at 5% significance

Plate 1

Fish Processing Units

Plate 2

Coconut Processing Unit

Plate 3

Powdermaking unit engaged in packing

Plate 4

Ready to eat items making unit

4.5 Cost of production and income

The cost of production of each category is calculated using explicit and implicit costs, and income from each activity was also calculated. Explicit costs are considered as the actual costs and implicit costs are the hidden costs. Both the costs had been worked out for computing the cost incurred. The cost of working capital was taken as 11 percent while cost of fixed capital was taken as nine percent.The details of fixed capital for each category is given in Appendix I. The details of explicit and implicit income for each category are calculated monthly basis. Gross income represents the total value of the main product as well as the by-product, which were valued at the prevailing market price. Net income is obtained by deducting cost of production from gross income. Gross income and net income are given separately for each performing categories. The benefit cost ratio indicates the value of output per rupee of the cost incurred. This ratio will serve as a measure, which would indicate whether the cost incurred commensurate with the returns obtained. Benefit cost ratio of each category was also estimated

4.5.1 Cost of production and income for fish processing units

The working capital requirements of fish processing units for one month is given in the Table4.9.The cost and quantity wise detail of material inputs are given in Appendix. The units purchased fish in bulk from boat owners and they are having a buy back arrangement with the boat owners and they will buyback the fish after processing.. They usually purchase one boat for one week. They separate them type wise i.e. prawns, *manthal*, *vella*, others. They salt the fish and dry them. Then sell back to the boat owners. The main items involved are fish and salt and hundred labour days are required for a month. The wage rate is @Rs50/day. Marketing cost for 10Kg dried fish is Rs6 and main items involved in marketing cost are packaging and traveling expenses. Actual paid out cost for fish processing for a month is Rs14480.Income comes from the sale of fish, and among different fish items prawns bring the maximum income as their selling price is Rs50/Kg.Gross income the units

receive per month isRs23000 and they get a profit of Rs 8372.27.BC ratio is 1.57, which shows that units are running in profit

Table 4.9 Monthly Expense and income statement for fish processing unit

Explicit cost			
Material inputs	Rate(Rs)	Qty	Total(Rs)
Fish	2000/boat	4boat	8000
salt	25/boat	4boat	100
Hired labour	50/labour day	100 labour days	5000
Marketing cost	6/10kg	2300	1380
Total			14480
Implicit cost			
1.Interest on working capital	Rs133.50		
2.Interest on fixed capital	Rs15		
3.Family labour	-		
Subtotal	Rs148		
Total cost	Rs14628		
INCOME	Rate(Rs)	Qty (Kg)	Total (Rs)
Sales Dried fish (Manthal)	30/Kg	200	6000
Chellu	4/Kg	1000	4000
Kachara	8/Kg	1000	8000
Prawns	50/Kg	100	5000
Total			Rs23000
Gross income			Rs 23000
Net income			Rs 8372
BC Ratio	1.57		

4.5.2 Cost of production and income for copra processing

The working capital requirement of copra processing units was calculated for a month. From the Table 4.10 it is clear that the units require Rs 420as working capital for 100 coconut's copra or 33.3 Kg copra. To weigh the copra weighing balance is required whose rental value is Rs 20 per day. The copra processing units purchase coconuts @ Rs 4 per coconut, they take-out the husk and separate coconut and shell. They dry the coconut in sun and make copra out of it. From 100 coconuts 33.3Kg copra can be processed. They get the coconut shell as byproduct, which they sell in the local market. Marketing cost for copra processing unit is Rs4/10Kg copra and the total come, as Rs400 and the main item was traveling expense. Their paid out cost is Rs13500.The units' gross income comes to Rs30900, and profit is Rs17, 269.The BC ratio 2.26 indicates that the units are running in profit. Copra processing units were undertaking neither oil making nor production of coconut, only processing of copra. So these units did not have any marketing problems or major marketing costs also. Units involved were carrying out only conventional method of drying i.e. sun drying of coconut, which does not require any kind of production expenses except labour. These might be the reasons for their high BC ratio.

4.10 Monthly expense and income statement for copra processing unit

Explicit cost			
Material inputs	Rate	Qty	Total(Rs)
Coconut	Rs4/coconut	3000	12000
Rent on weighing balance	Rs100/month	1	100
Hired labour	Rs50/Labour day	20	1000
Marketing cost	Rs4/10 Kg copra	1000	400
Total			13500
Implicit cost			
1.Interest on working capital	Rs.131.00		
2.Interest on fixed capital	Rs.7.50		
3.Family labour	-		
Subtotal	Rs.159		
Total cost	Rs.13639		
INCOME	Rate	Qty (Kg)	Total (Rs)
Sales of copra	30/Kg	1000	30000
By product Sales of coconut shell	30/100 shell	3000	900
Gross income			Rs30900
Net income			Rs17277
BC Ratio	2.26		

4.5.3 Cost of production and income for powder making units

The working capital requirement for powder making unit was Rs1400/ 100 Kg of rice, and their monthly expense and income are given in the Table 4.11. The cost of 1Kg rice is Rs10, and they powder it @Rs3/Kg. Then they fry that powder which requires fuel worth Rs1 /Kg..The details of fixed capital requirements and

monthly expenses are given in the Appendix I. The units require Rs1.5/10Kg as marketing expenses and the main items in marketing cost are packaging and traveling expenses. The units require 16 labour days per month. The units get a gross income of Rs16000/ per month and a profit of Rs3465.00.The BC ratio of the units are 1.27 which indicates that units are running in profit.

4.11Monthly Expense and income statement for powder making units

Explicit cost			
Material inputs	Rate9Rs)	Qty	Total(Rs)
Rice	10/Kg	800Kg	8000
Powdering	3/Kg	800Kg	2400
Hired labour	50/Labour day	16labour days	800
Marketing cost	1.5/10Kg	800Kg	1200
Total			12400
Implicit cost			
1.Interest on working capital	Rs113.50		
2.Interest on fixed capital	Rs.24.00		
3.Family labour	-		
Subtotal	Rs.138		
Total cost	Rs.12535		
INCOME	Rate	Qty (Kg)	Total (Rs)
Sales of rice powder	20/Kg	800	16000
Gross income			16000
Net income			3465.00
BC Ratio	1.27		

4.5.4 Cost of production and income for ready to eat items making units

The main items made by ready to eat items units were *unniyappam achppam, murukku, kokkuvada*.The detailed material input cost of each item is given in Appendix Monthly cost of 1000 items of each type is given in the Table 4.12. The Table shows that *murukku* cost more than other items, since they require more amount of coconut oil compared to others. The units' scale of production was comparatively low, only 1000 no of each item. Marketing cost for one month is Rs 140/, which includes packaging and traveling expenses. Total paid out cost is Rs3870.the units require 22labour days for a month.Rs1019.37 is the profit they receive per month. The BC ratio is 1.41, which indicates that units are running in profit.

4.12 Monthly expense and income statement for ready to eat items making units

Explicit cost			
Material inputs	Rate/eatables (Rs)	Qty (No. Eatables)	Total (Rs)
Uniiyappam	68/100	1000	680
Achappam	60/100	1000	600
Murukku	73/100	1000	730
Kokkuvada	62/100	1000	620
Hired labour	50/Labour day	22days	1100
Marketing cost	35/1000	4000	140
Total			3870
Implicit cost			
1.Interest on working capital	Rs.35.50		
2.Interest on fixed capital	Rs.15.00		
3.Family labour	-		
Subtotal	Rs.50.50		
Total cost	Rs.3920.50		
INCOME	Rate(Rs)	Qty (Kg)	Total (Rs)
Sales of *unniyappam*	1	1000	1000
Achappam	1.50	1000	1500
Murukku	1	1000	1000
Kokkuvada	20/pkt	100	2000
Total			5500
Gross income			5500
Net income			1019.00
BC Ratio	1.41		

4.5 Comparison of the performing groups

A comparison of the performing groups using the four parameters group performance, socio-economic, net income (profit) and BC ratio have been done.

The group characteristics studied were group decision-making, team spirit, group cohesion, group leadership and maintenance of records. The ranks received by each group in each group characteristics were added and the rank score total was calculated. Copra processing units were having highest rank score total (21.5) followed by powder making (20.5), fish processing (14) and ready to eat items making (14). All the performing units were having more than 80 percent of the maximum score which is an indicative of the unit's high group stability. The units selected have completed three years of formation and they had undergone second level of grading. Copra processing got the first rank in-group stability among different categories.

The socio-economic characters studied were age, education, education of the spouse, family income, innovativeness, information seeking behaviour, economic motivation, attitude towards self-employment, market perception, management orientation and risk orientation. Powder making unit got the first rank followed by copra processing, ready to eat items making and fish processing. Though, the socio-economic profile of powder making category was good enough, the economic performance (profit and BC ratio) of this units were comparatively low. This indicated that socio-economic factor might not be the only reason behind the financial success of the group other factors like marketing practices and profitability of the activity also depends.

The average profit of the groups per month was calculated using net income, which showed that copra processing units were having highest profit (Rs17, 277) followed by fish processing (Rs8372), powder making (Rs.3465) and ready to eat items making (Rs.1019). Copra processing was carrying out only value addition from coconut to copra and only manual labour was incurred. These units were

having lowest fixed assets (Rs1000). Moreover some sort of professionalism was observed in some of the copra processing units (e.g.Aiswarya-cherpu). Low profit of the ready to eat items units was due to the lack of demand for their products as branded competitive products were dominating the market. Due to perishable nature of their products, they often had to sell their products in local market only.

The BC ratio showed that all the units were running in profit (as all the units were having a BC ratio more than 1). Copra processing got the highest BC ratio followed by fish processing, ready to eat items making and powder making. Copra processing units were undertaking processing of copra only; neither oil making nor production of coconut and that might be the reason for their high BC ratio. Powder making units had to face high competition in the market with highly established brands and because of this high competition the units could not increase their price also.

Fig.3 Rank Score Total of Group Charecterestics of Performing Categories
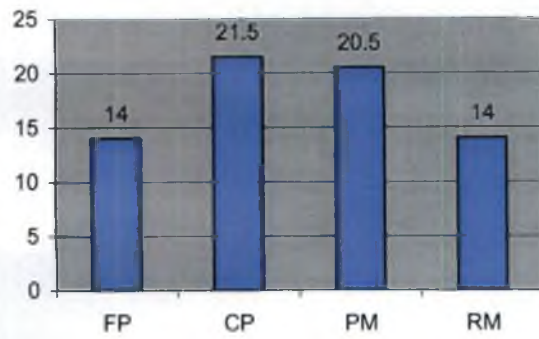
Fig.4 Rank Score Total of Socio-economic Profile Charecterestics of Performing Categories

Fig.5 Categforywise BC Ratio

Fig 6. Pie diagram comparing the net income (profit) of performing categories
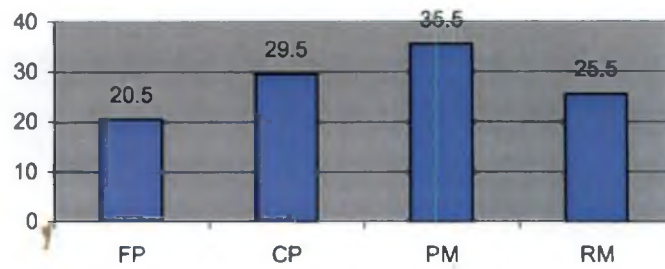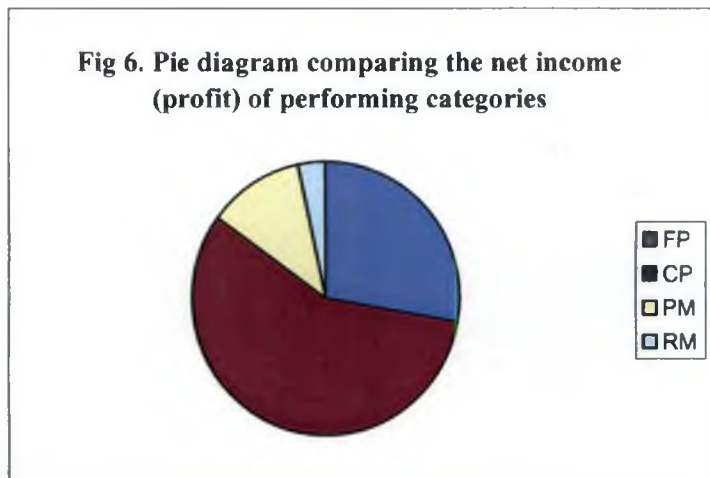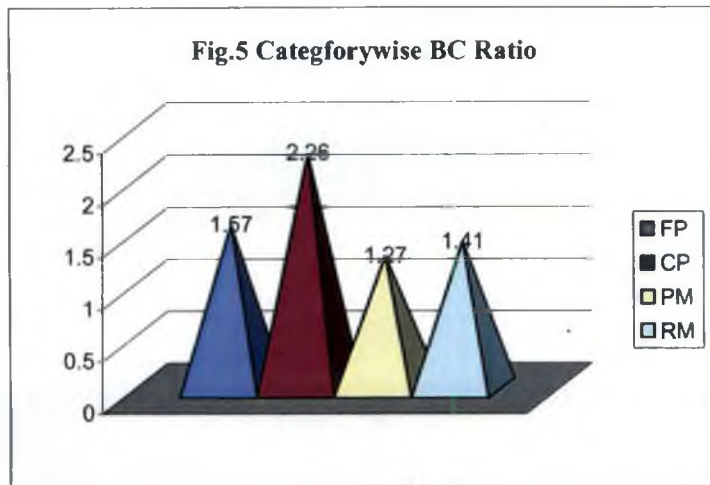
4.6Marketing

4.6.1Marketing channels

Marketing channels are the routes through which products move from producers to consumers. The marketing channels adopted by SHG categories are different. Hence they are presented category wise.

4.6.1.1Marketing channels for Fish processing

Producer units ⟶ Wholesalers (boat owners) ⟶ Retailers → Consumers

The sample groups sold their processed fish to wholesalers or directly to consumers. The most important marketing channel identified for fish processing was sale to the wholesalers i.e. boat owners with whom they are having buy back arrangement.

Since data on handling and packaging as well as the prices of dry fish charged were not available, further analysis of producer's share in consumers rupee could not be attempted.

4.6.1.2Marketing channel for copra processing

Producers → Processing unit ⟶ Coconut oil mill ⟶ Wholesalers

Consumers ⟵ Retailers

All the copra-processing units studied followed the above marketing channel. No unit was engaged in the production of coconut or making oil out of copra. Value addition was done only up to the processing of copra.

4.6.1.3Marketing channel for powder making units

Producing units ———➤ Consumers

Producing units ———➤ Retail outlets ———➤ consumers

There were two marketing channels identified for powder making units, out of which is sale in neighbour hood is the main channel., the groups preferred this channel as it does not involve traveling cost and human labour.They sell the powder to other SHG units who make ready to eat items also to tea shops.

4.6.1.4Marketing channel for ready to eat items
Producing units ———➤ Consumers

Producing units ———➤ Retailers ———➤ Consumers

There were two major marketing channels identified for ready to make items. The major channel was direct sales to consumers (rural and urban) consumers. Perishable nature of food items may be the reason for short channels.

IRDP Marketing Fest
This is a sales promotion method held every year during the Onam festival season. District Rural Development Authority and District Panchayat, Thrissur jointly organise this event.. SHG units are allowed to open stalls and sell their products through these stalls. This will enhance the marketing of SHG products and help people to understand their activities too. This represents the peak season of SHG sale. The DRDA charges three percent as organising fee and remaining portion of sales proceeds go to the SHG.The SHGs are getting a common marketing outlet and free advertisement through this programme. The health consciousness and consumerism of the Malayalees are the potential force behind the success of this mela.

4.6.2Marketing cost

Marketing cost is the actual expense incurred for bringing goods and services from producers to consumers. Marketing cost incurred for each category is shown in the Table 4.13.Though marketing costs involve cost of packing, storage, transportation, taxes involved...etc, for the agro-processing units studied, packaging and transportation were the two major items of expenses involved in marketing of the products. The products are sold within the district only, and that may be the reason for the involvement of only two items in marketing cost.

Copra processing does not need any kind of packaging. So packaging cost is nil for that category. Fish processing was making packets starting from 25gms, as prawns in small quantity has demand. Marketing cost of ready to eat items making is calculated for 1000 eatables.

Table 4.13 Category wise marketing cost

Category	Particulars		Total marketing cost (Rs)
	Packing charge (Rs)	Transportation cost (Rs)	
FP	2/10Kg	4/10Kg	6/10Kg
CP	-	4/10Kg	4/10Kg
PM	1/ 10Kg	0.50/10Kg	1.50/10Kg
RM	10/1000 eatables	25/1000	35/1000eatables

4.7 Credit and subsidy received

Credit can be defined as the ability to buy or borrow in consideration of a promise to pay within a specified time period, where as subsidy is grant of money to particular group or individuals by the State.

SGSY is a credit-cum-subsidy programme. However, credit will be the critical component in SGSY, subsidy being only a minor and enabling element. Accordingly, SGSY envisages a greater involvement of the banks.For SHGs the subsidy would be at 50percent of the cost of the scheme, subject to a ceiling of Rs. 1.25 lakh.

The revolving fund is provided to the groups to augment the group corpus so as to enable more number of members to access loans and also to facilitate increase in the per capita loan available to the members. The group should discuss the credit requirement of the members and advance loans out of the corpus (savings + interest + revolving fund) to a few members and fix repayment schedule and interest rates. From the amounts recovered from the loanees, new members could be covered. The revolving fund imparts credit discipline and financial management skills to the members, so that they become creditworthy and bankable in the eyes of the bank. On receipt of the revolving fund, the group shall utilise the fund in the manner and for purposes it deems fit. The idea is that the group should develop the capacity to utilise funds it has received from outside. The revolving fund can be used by the group for purchase of raw materials, marketing or infrastructure support for income generating activities. It can alternatively be used for lending to individual members for their own purposes. The members shall inculcate the habit of prompt and full repayment of the loans taken by them from the revolving fund. At the end of six months from the date of receipt of the revolving fund the SHG will be subjected to grading test to see if it has been functioning effectively and is capable of taking up an economic activity through higher levels of investment. Details are given in Appendix II.

All the groups studied reported that the subsidy and credit received was adequate. The groups are using half amount of the loan received for thrift operation

i.e. giving loans to the members, though they received for activity purpose. Since all these groups have gone through second grading by banks it was easy for them with banking documentations.

4.8 Thrift

One of the important characteristics of the group is regular saving by the group members and setting a set of guidelines to regulate these savings. Thrift is creating a sustainable mode of economic development. All the units were having thrift more than Rs 30,000.Unit-3 of fish processing i.e. *Yugasandhya* group was having highest thrift i.e. Rs114000.Each unit carries out regular savings and gives credit to the members from that pooled capital. The interest rate at which they give credit is 12 percent and more, but the repayment of the loans disbursed among the members is guaranteed as the members put pressure on the borrower to repay on time. Details are given in Appendix III.

4.10 Problems faced by SHGs

The following were identified as the problems faced by all the SHGs studied are given in Table 4.14

Table 4.14 Problems faced by the SHGs

Sl.No	Problems identified	Rank
1	No concession for lending rate	5
2	No financial aid from panchayat	4
3	Lack of common retail outlet for SHG products	3
4	Lack of uniformity regarding quality and size of products	2
5	Lack of a specific brand name	1

SHGs were very punctual in loan repayment, still banks were not giving any kind of concession regarding the lending rate Most of the SHG members as well as the officials are of the opinion that some kind of concession or discount rate may be given to those SHGs which are very prompt in repayment. SGSY SHG's aid was given by the blocks, so they were not receiving any financial aid from panchayat.The similar institution of women in villages i.e. *Kudumbashree* receive financial aid from panchayat.The swarozgaries complained that the *kudumbashree* aid is more than in SGSY.But some people any how manages both the financial aid. Lack of a common market outlet for SHG products. The only common outlet i.e. IRDP Marketing Fest is being conducted only once in a year. Non-uniformity of products with regard to quality and size specification is an important constraint in marketing and price fixation.

4.10.1 Specific problems experienced by units are

Fish processing Units

1.   During Tsunami, units lost many of their fixed assets
2.   Difficulty in marketing of their processed fish items
3.   Lack of any economic activity during monsoon season.

Powder making

1. Difficulty in marketing

2. Since profit margin was less, all the members were not actively involving.

Ready to eat items

1. Since profit was less, all the members were not actively involved.

Copra processing

1 Seasonal fluctuation in coconut production were found to affect their activity.

2. Difficulty in drying during rainy season. Due to less availability of sunlight during the rainy period, the volume and quality of copra processed is adversely affected.

4.10.2 Suggestions

1. Common retail out let for SGSY SHG products in each block.

Marketing of the products is the major problems identified in the functioning of these SHGs. If a common retail out let is there at least in each block that may boost their sales. The high sale during IRDP festival is suggestive of this.

2. Reduced lending rate for SHGs and the basis for reduction should be their promptness in repayment.

SHGs are very prompt in repayment. Recovery percentage of SHG loan is more than 90 per cent (Tatti, 1999). So a reduction in the lending rate can be given as an encouragement for their promptness.

3. Training may be given regarding the marketing of different products.

Marketing study showed that most of the units were not having adequate forward and backward linkages.

4. Copra processing units may be given financial aid to purchase and install home scale copra drier units.

5. Common storage house for all the SHGs involved in fish processing

6. Training on different key activities may be given for SHG members, which will enhance the diversification of their activities.

7. Special training is to be given on managerial skills, as management orientation is the most influencing socio-economic characteristics in-group stability.

Summary and conclusion

5. Summary and conclusions

In India there are many Self Help Group Promoting Institutions (SHPI) either government or non government, among the government SHPI's *'Swarnajayanti Gram Swarozgar Yojana'* is focused on organizing the poor at the grassroots level through a process of social mobilization for poverty alleviation. The social mobilisation enables the poor to build their own organisations i.e. Self Help Groups (SHG) in which they participate fully and directly and take decisions on all issues concerning poverty alleviation. A Self Help Group is a group of about 20 people from a homogeneous class, who come together for addressing their common problems. They were encouraged to make voluntary thrift on a regular basis. They used this pooled resource to make small interest bearing loans to their members. The process helped them imbibe the essentials of financial intermediation including prioritization of needs, setting terms and conditions and accounts keeping. This gradually built financial discipline and credit history for themselves, as the money involved in the lending operations was their own hard earned money saved over time with great difficulty. They also learned to handle resources of a size that was much beyond their individual capacities. Then the SHG members began to appreciate that resources are limited and had a cost. Simultaneously the SGSY SHGs have the advantage of the assistance in terms or credit or technology or market guidance etc so as to reach the poor faster and more effectively.

Thrissur district was purposively selected for the study. Thrissur district had 530 SHGs who had completed three years of formation and had undergone second grading. Pazhyannur block was having maximum number of such SHGs (49) followed by Chavakkad (46). Cherpu block was having lowest number of SHGs.(14). Four or five key activities for each block are identified based on the resources, occupational skills of the people and availability of markets. Selection of key activities should be approved by the Panchayat samitis at the block level and the DRDA/ZP at the District level. The major share of SGSY assistance was in activity clusters. Agro-processing is a major income generating activity under taken by the SHGs in Thrissur district. The main activities undertaken by the agro-processing

SHGs included rice powder processing, copra processing, ready to eat items, pappadam, fish processing, coir/mat making and curry powder making. These SHGs were categorized under four major groups according to the product mix, they were Fish processing (FP), Copra processing (CP), Powder making (PM) Ready to eat items making (RM) and Non performing (NF). Five SHG groups were studied under each category except non-performing which was having only one group. Thus total 17 units were taken four for each performing category and one unit for non-performing category and total sample size was 85.Primary data collected were analysed using averages, percentages and rank score. Correlation was done between group characters and socio-economic variables to identify the important variable influencing the group stability. The marketing channels and average marketing cost for each category was analysed. Average monthly cost of production and income and benefit cost ratio was worked out for each performing category.

Constant memberships of 15-20 members were found in almost all the SHGs studied. The membership composition exhibited homogeneity in terms of socio-economic status. Group meetings were held weekly. Usually only 50-60 percent of the members took part in key activities. The rest remained as silent or passive members, interested only in thrift operations.

The study of group characteristics revealed that copra processing groups was having highest rank score (21.5) which shows the groups were having highest group stability. Non-performing group was having lowest rank score (5) that was a suggestive of their failure. The average age of respondents of all the categories was more than 30 except in non performing group, which had an average age as thirty. The average score for education of respondents and their spouses was nearly four, which means that all were middle school educated. Kerala state is having 100 percent literacy and that is reflected in the education level. None of the members were illiterate. The non-performing group was showing a significant score difference in the education levels of the respondents and spouses. The results were indicative of the importance of couple's education and spouse's less education may also affect performance of the group

All the families assisted by SGSY come under Below Poverty line (BPL), and most of the respondent's spouses were laborers .The family income was less than Rs40,000.Powder making units and ready to eat items making units recorded highest market perception. The undeveloped marketing practices of two performing groups (fish processing and copra processing), was reflected in their market perception. Economic motivation was highest for powder making. Lack of product differentiation in fish processing was reflected in their low score of economic motivation. In this present context of extreme unemployment one alternative for income generation is to take up self-employment. Powder making units had the highest score for positive attitude towards self-employment, as the powder making did not need much training, initial investment was also very less and could be taken up with affordable income. The comparatively low score for ready to eat items was because of the low returns compared to other categories

The lowest score of management orientation for fish processing units was because; in fish processing planning and orientation were not observed. Non performing unit's better score showed that though the members were having high management orientation may be because of the lack of group unity, the effect did not reflect in their programme.

The correlation analysis between group characters and socio-economic characters revealed that the most important socio-economic character that contributed towards group characteristics as a whole is management orientation followed by information seeking behaviour, knowledge about processing, market perception and economic motivation. The parameters age and income were the least influential. Education of the respondent, attitude towards self-employment and innovativeness were comparatively less influential. This showed that all the households were having subsistence income and all the respondents were having mostly same education and economic platform, so what matters were their management orientation and economic motivation. Though all the members were

literate, many of the groups were low in innovativeness. The results indicated the need for better training in the field of management orientation, risk orientation and information seeking behaviour.

Education of the spouse had positive and significant relationship with group cohesion and as the education of their husband increased, the attitude towards financial independence of wives may also increase and they encourage their wives for taking part in these activities.

Groups who were having good leadership showed good management orientation; and people with high management orientation will acquire more information about new technologies in the processing. As the attitude towards self-employment increased the faith in the leadership also increases (since they will understand the value unity is strength). The results indicate that a group member seems to understand that unity is strength.

Members who are having high economic motivation will try to maintain a team spirit in the group and work as a team for their future benefit. Those who have high economic motivation will understand the benefits of working as a team and they will definitely seek information about processing and they will seek new markets also. As team spirit increases, management orientation will also increase. If there were teamwork in the group, management, production, as well as marketing activities of the group would be easier. Information seeking behaviour and risk orientation of the group was found to increase as the team spirit increased. The group will remain united in risk situation. As the value of team spirit increases the market perception of the group member's increases, for discovering new markets and marketing trends a coordinated efforts of all the members is required especially for widening the marketing channels.

Income of the member whose spouse was educated was higher and other woman members may feel jealous about it. The wealthy member may also have an

elite or odd man out feeling that harm their collective wisdom. This is a basic human nature, which the SHG members are not able to overcome till now.

Management orientation showed a significant and positive influence on group decision-making. As the management skill of the group members increased their collective wisdom and decision-making capacity seems to be improved. As maintenance of records increased economic motivation was also increased which in turn increases the innovativeness and both these characters positively influences the maintenance of records since the records will show the correct figures, and will enlighten about the current status and the future heights, which can be achieved.

Analysis was done on marketing channels of each category that revealed that fish processing sold back their processed fish to boat owners. All the copra-processing units studied were engaged in the production of coconut or making oil out of copra. Value addition was done only up to the processing of copra. There were two marketing channels identified for powder making units, out of which sale in neighbour hood was the main channel and the groups preferred this channel as it did not involve traveling cost and human labour.They sold the powder to other SHG units who make ready to eat items and also to tea shops. The major channel was identified for ready to eat items was direct sales to consumers (rural and urban) consumers. Perishable nature of food items may be the reason for short channels.

IRDP marketing fest is a sales promotion method held every year during the Onam festival season. District Rural Development Authority and District Panchayat, Thrissur jointly organise this event.. SHG units are allowed to open stalls and sell their products through these stalls. This will enhance the marketing of SHG products and help people to understand their activities too. This represents the peak season of SHG sales.

Marketing costs involved cost of packing, storage and transportation. For the agro-processing units studied, packaging and transportation were the two major

items of expenses in the marketing of products. The products are sold within the district only. Copra processing does not need any kind of packaging. So packaging cost is nil for that category.

The average monthly working capital requirements of fish processing units were Rs14628. The main items involved were fish and salt and hundred labour days are required for a month. Gross income the units receive per month is Rs23000 and they were getting a profit of Rs 8372.BC ratio was found to be 1.57, which shows that units are profit making. The average monthly working capital requirement of copra processing units was Rs.13639 .and the average monthly gross income was Rs30900 and they get a profit of Rs17277 and the BC ratio is 2.26which was the highest among all units. The average monthly paid out cost (implicit and explicit) for powder making units were Rs.12535 and they were getting a profit of Rs3465 and BC ratio was also minimum i.e. 1.27, The main items made by ready to eat items units were *unniyappam achppam, murukku, kokkuvada.*The average monthly working capital requirement was Rs.3921 and their profit was less comparatively (Rs1019.00), and BC ratio was 1.41.

Subsidy under SGSY was uniform at 30 percent of the project cost, subject to a maximum of Rs. 7500. In respect of SC/STs, however, these found to be 50percent and Rs. 10000 respectively. For Groups of Swarozgaris (SHGs), the subsidy would be at 50percent of the cost of the scheme, subject to a ceiling of Rs. 1.25 lakh. All the groups studied reported that the subsidy and credit received was adequate. The groups were using most of the loan received for thrift operation i.e. giving loans to the members,. Since all these groups have gone through second grading by banks it was easy for them with banking documentations.

All the units are having thrift more than Rs 30, 000. Each unit carried out regular savings and gives credit to the members from that pooled capital. The interest rate at which they give credit is 12 percent and more, but the repayment of the loans disbursed among the members was guaranteed as the members put

pressure on the borrower to repay on time. The main constraints identified was lack of concession regarding lending rate from the banks though the groups were prompt in repayment and SGSY SHG's aid was given by the blocks, so they were not receiving any financial aid from panchayat.

The main findings of the study are:

➢ Agro-processing SHGs could be classified under four groups i.e., fish processing copra processing, powder making, ready to eat items making and each category behaved differently in socio-economic group characters and also in incurring costs, profit and credit.

➢ Copra processing were having the highest rank in group characteristics followed by powder making

➢ Powder making units were having the highest rank in profile characters

➢ Non performing groups were lowest in both group characteristics score and profile characteristics score

➢ Management orientation was the major socio-economic variable affecting group performance; so proper training in this field is required.

➢ Marketing channel for all the categories showed the lack of adequate forward and backward linkages

➢ All the categories marketed their products within the district only.

➢ Packaging and traveling expense were the main items in the marketing cost

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> Cost of material input and labour cost were the main items in working capital off each category

> The copra processing units were having highest BC ratio (2.26)

> All the units were having more than Rs30000 as thrift amount

> Lack of common retail outlet for SHG products was the major constraint faced by SHGs in their marketing

Based on the above findings the following suggestions were put forth

> A common retail outlet for SHG products will be helpful for marketing their products, IRDP marketing fest's high turn over and sales volume shows indicated the need for a common platform for marketing SHG products.

> Reduced lending rate will be helpful for the units and it will be like a reward for heir promptness in repayment

> If a common brand name for all the S.G.S.Y promoted SHG products under the umbrella of Government.

> All the units especially ready to eat items making units should increase their production so as to get a decent amount of gross income.

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Appendices

AppendixI

Fixed assets of units

Category	Items	Rate (Rs)	Quantity (No)	Total (Rs)
Fish processing	1.Plastic boxes	200	8	1600
	2.Second quality net	100	4	400
	Total			2000
Copra processing	1.Second quality net (Koda vala)	100	10	1000
	Total			1000
Powder making	Vessels Others	500	6	3000 200
	Total			3200
Ready to eat items making	Vessels	500	4	2000
	Total			2000

Appendix II
Credit and Subsidy details of SHGs studied

		Amount of revolving fund received	Assistance received	
			Loan	Subsidy
Fish processing	Unit1	10000	125000	125000
	Unit2	10000	75000	75000
	Unit3	10000	50000	50000
	Unit4	10000	50000	50000
Copra processing	Unit1	10000	100000	100000
	Unit2	10000	100000	100000
	Unit3	10000	100000	100000
	Unit4	10000	100000	100000
Powder making	Unit1	10000	125000	125000
	Unit2	10000	125000	125000
	Unit3	10000	50000	50000
	Unit4	10000	125000	125000
Ready to eat items making	Unit1	10000	145500	104500
	Unit2	10000	125000	125000
	Unit3	10000	125000	125000
	Unit4	10000	125000	125000

Appendix III

Thrift details of units

Category		Thrift amount
Fish processing	Unit1	45000
	Unit2	40500
	Unit3	114000
	Unit4	30000
Copra processing	Unit1	100000
	Unit2	53100
	Unit3	42000
	Unit4	35000
Powder making	Unit1	40000
	Unit2	37125
	Unit3	40000
	Unit4	45000
Ready to eat items making	Unit1	30000
	Unit2	57000
	Unit3	32000
	Unit4	45000

Appendix IV

LIST OF VARIABLES
(Kindly put a '√' mark)

Sl.No		Most Relevant	More Relevant	Un Decided	Less Relevant	Least Relevant
1.	**Age**-refers to the number of calendar years completed by the respondent at the time of the interview					
2.	**Education**-refers to the formal and informal learning achieved by the respondent					
3.	**Annual income**-refers to the total earning of all the members of the family of the respondent for one year					
4.	**Farm size**-refers to the extend of area owned by the respondent					
5.	**Occupation**-defined as the position of the group member which act as the source of income in which the respondent spends major part of his/her time and attention					

6.	Innovativeness-refers to the degree to which the respondent was relatively earlier in adopting new ideas					
7.	Mass media exposure-refers to the extent to which the respondent is exposed to different mass media					
8.	Market perception-refers to the degree of perception of SHG members about up to date market knowledge.					
9.	Indebtness-defined as the total debt in terms of money, a group member owes, at the time of survey, to various money lending sources.					
10.	Material possession-defined as the money value of the materials possessed by the group member.					
11.	Social Participation-refers to the participation of individuals in various formal social institutions either as a member or as an office bearer.					

12.	Information seeking behavior-refers how far the SHG members are interested in seeking information about new ideas.					
13.	Level of aspiration-The degree or quality of performance (exhibited in a testing situation), which an individual desires to attain, or feels he/she can achieve.					
14.	Economic motivation-refers to the extent to which respondent is oriented towards profit maximization and relative value he/she places on monetary gains					
15.	Group cohesiveness-defined as the similarity of the members of the group with respect to needs, motives and socio-economic status.					
16.	Group leadership-defined as the role and status of one or more individuals in a group, which enables the group to achieve the common goals.					
17.	Team spirit-defined					

	as the spirit of unity existing between members of a group, which enables the members to work as a team					
18.	**Interdependence of members**-defined as the extent to which members are dependent on each other for effective functioning of the group					
19.	**Group decision making**-defined as the process of arriving at an opinion or judgment by the group either by the consensus or by a majority vote of the members for the betterment of the group.					
20.	**Attitude towards self employment**-It refers to the responses that expresses individuals positive ness or negative ness towards self employment					
21.	**Knowledge about processing**-refers to the quantum of scientific information possessed by the SHG member about agro-processing.					

22.	**Economic empowerment**-refers to the extent to which the group members have the authority to get involved in financial decision making.					
23.	**Maintenance of records**-refers to the checking of regularity in keeping/maintaining the records.					
24.	**Risk orientation**-refers to the degree to which the respondent is oriented towards encountering risk and uncertainty in adopting new ideas in farming					
25.	**Need satisfaction**-defined as achieving individual members need as well as group's requirements within stipulated time					
26.	**Equity**-refers how far the group approach minimizes or eliminates inequalities in the distribution of production inputs and outputs among the members.					
27.	**Credit orientation**-refers to the orientation to avail credit by the respondent.					

28.	Management orientation –refers to the level of managerial skills the SHG member posses in running their enterprise.					

KERALA AGRICULTURAL UNIVERSITY

Department of Agri.Economics.College of Horticulture.Vellanikkara.

"Performance Analysis of Agro-processing Self Help Groups in Thrissur District ".

INTERVIEW SCHEDULE
Date:

Block:

1. Name:

2: Age:

3&4 Education status and annual income

Sl.No	Name	Relationship with SHG member	Education	Annual income	Occupation

5.Market perception.

Please record your response (Yes/No) based on your perception with regarding your marketing practice.

1.Whether you have conducted a market survey before starting the processing unit?
   (Yes/No)

2.Whether the group is conducting a periodical marketing study?
   (Yes/No)

3.Whether the group is aware of the markets available in the locality and outside?
   (Yes/No)

4.What kind of distribution channel you prefer?

door to door service/out sourcing/sell in the local market/distant market/
Any other-

6. .Innovativeness

When would you like to adopt an improved practice in agro-processing?
1. As soon as it is brought to my knowledge.
2. After I had seen others tried successfully in their units.
3. I prefer to wait and take my own time.
4. I am not interested in adopting improved practices.

7. Economic Motivation

Please indicate your extent of agreement or disagreement to the following statement.

SA-Strongly agree , A-Agree ,UD-Undecided, DA-Dis agrees-Strongly disagree

Sl.No	Statements	SA	A	UN	DA	SDA
1.	The SHG member should work towards earning more economic returns					
2.	The most successful one is who makes the most profit					
3.	Each person should try new areas in processing which may give more money.					
4.	We should make different items in processing to reduce risk.					
5.	An individual should earn living but the most important thing in life can not be defined in economic terms.					

8.Attitude towards self-employment

Sl.No	Statements	Agree	Disagree
1.	Agro-processing is a potential field for self employment during the present period of acute unemployment		
2	Self-employment in agro-processing is an independent profession as it offers freedom		
3	Self-employment in agro-processing helps to become self sufficient in life.		
4.	Self-employment in agro-processing is desirable since there is not much legal formalities		
5.	Since there is ample technologies are available in agro-processing one can make self employment in agro-processing easily		
6.	For an unemployed youth agro-processing is a sure profession for facing vagaries of life		
7	It is unwise to select self-employment in agro-processing as it needs more skill		
8.	There is no need for an educational unemployed youth to go for self-employment in agro-processing as Govt jobs are meant for him		

9.	Since agricultural products like fruits and vegetables are readily available ,one can take up agro-processing		

9.Group Cohesion
Indicate your response to the following statements in appropriate columns

A-always   ST-sometimes   N-never

Sl.No	Statements	A	ST	N
1.	The SHG to which I belong functions properly.			
2.	Almost all the members of the group take part in planning ,production n and marketing aspects of agro-processing			
3.	Differences in opinion are common during the group decision making			
4	Members of the group exhibit mutual trust among each other			
	Since the difference in opinion exceeds its limit, it becomes difficult to arrive at a wise decision			

10.Group leadership

Indicate your response to the following statements in appropriate columns

A-always   ST-sometimes   N-never

Sl.No	Statements	Always	Sometimes	Never
1.	Does your leader take 'leadrole in the functioning of the group ?			
2.	Doesyourleader try to reach aconsensusamong members?			
3.	Does your leader try to get more and more information foreffectivegroup action?			
4.	Does your leader try to motivate the members of the group?			
5.	Does the members of your group accept your leader's opinion			

11. Team Spirit

Please indicate your extent of agreement or disagreement to the following statement .

SA-Strongly agree , A-Agree ,UD-Undecided, DA-Dis agrees-Strongly disagree

Sl.No	Statements	SA	A	UN	DA	SDA
1.	More production can be achieved by working as a team.					
2.	Members can overcome the constraints faced more effectively as a team than at individual level.					
3.	Activities with the co-ordination and support of different members are executed successfully.					
4.	Members are ready to forgo their personal interest while working in a group.					

12.Group decision making

Please indicate your extent of agreement or disagreement to the following statement .

SA-Strongly agree , A-Agree ,UD-Undecided, DA-Dis agrees-Strongly disagree

Sl.No	Statements	SA	A	UN	DA	SDA
1.	The decision taken by my group are always put to practice.					
2.	I practicipate on decision making in the planning of group activites					
3.	I participate in decision making regarding procurement of raw materials					
4.	I participate in decision making regarding increase production of our group					
5.	I participate in taking decision regarding price of our produce					
6.	I accept fully the decisions taken by our group.					
7.	I have no say in decision making of my group					
8.	I participate in taking decisions about ideal market for our produce.					

13.Maintanance of records

Sl.No	Statements	A	ST	N
1.	Do you properly maintain the records os group and sub group activities			
2.	Do you have a system to audit the accounts by an external agency?			
3.	Do you have any procedure system to monitor the group and sub group activities?			

14. Information seeking beaviour
Mass media sources   magazines/newspapers/others (specify)

Krishibhavan

S.G.S.Y
Other voluntary organizations

Friends and relatives

Others (specify)

15.Knowledge about processing

1.Always follows hygienic practices.   (Agree/disagree)

2.Its very important in copra processing that copra should be gradually taken in to room temperature from high temperature.   (Agree/Disagree)

3.It is necessary to reduce the moisture content to 6% to avoid fungal growth.
                    (Agree/Disagree)

4.In ready to eat food making we should not use freshly home made coconut oil to avoid rancidity   (Agree/disagree)

5.Its not recommendable to use many times used coconut oil in making edible items, especially while preparing chips since that oil becomes carcinogenic
(Agree/Disagree)

6.Extra care is needed while preparing dough for pappadam, especially water content since that decides the quality (Agree/disagree)

7.papadam should be well dried before packing, it ensures the life period (Agree/disagree)

8.While making curry powder its very important not to grind in high temperature since it may reduce the flavour (Agree/Disagree)

9.Its important in curry powder making that moisture content of the final mix should be reduced (Agree/Disagree)

10. In fish processing one should be careful of the concentration of brine solution taking (Agree/Disagree)

11.While packing the powder its important to be take proper caring to prevent moisture prevention (Agree/ Disagree)

12.It is not necessary to add preservatives in jam and squash (Agree/Disagree)

13.While preparing jam it is important to add citric acid (Agree/Disagree)

16.Risk orientation

Sl.No	Statements	SA	A	UN	DA	SDA
1.	Units should make large number of products to avoid greater risk involved in making one or two products					
2	Units should take more of a big profit than to be content with a smaller but less risky profit.					
3	Units which are willing to take greater risk than the average units usually do better financially					
4	Its good for a unit to take risk when they know the chance of success is fairly high					
5	Its better for a unit not to try a new technology unless, most others in the locality have used it with success					
6	Trying entirely a new method in processing by a unit involves risk but its worth					

18.Management orientation

Planning

1.It is not necessary to make prior decision about the quantity of items to be prepared.(Agree/Disagree)

2.One need not be expert in planning (Agree/Disagree)

3.It is possible to increase the profit through productive plan.(Agree/Disagree)

Production

1.Adequate timely production fetches good market.(Agree/Disagree)

2.Quality of products is an important factor.(Agree/Disagree)

3.Production should be carried out at the time when raw materials are available in plenty.
(Agree/Disagree)

Marketing

1.Good packing and labeling will fetch good market or attract customers.
(Agree/Disagree)

2. What kind of distribution channel you prefer?
Door to door service/ out sourcing/ sell in local market/distant market

3. Whether the group is conducting periodical marketing study?
(Agree/Disagree)

MARKETING CHANNEL ANALYSIS

19.Indicate the marketing channels you are following ?

20.Cost of production

1.Fixed cost:

2.Working capital cost:

1.Cost of raw materials:

2.Cost of Labour:

3.Management cost:

4.Cost of packing:

5.Others:

21..Marketing cost

1.traveling expense

2.Advertisement expense

3.Miscellaneous:

4.Others

22.Economic analysis

1.Subsidy:

2.Loan taken

3.Total capital

a. Equity

b. Debt capital

PERFORMANCE ANALYSIS OF AGRO - PROCESSING SELF - HELP GROUPS IN THRISSUR DISTRICT

By

LINA JOY

ABSTRACT OF THE THESIS

submitted in partial fulfilment of the requirements
for the degree of

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2007

ABSTRACT

The present study on the "Performance analysis of agro-processing Self Help Groups in Thrissur district" was conducted to study the functioning of Self help Groups (SHGs), to identify the factors determining effective functioning and to study the constraints faced by the SHGs and provide suggestions for effective functioning. The study was taken up among *Swarnajayanti Gram Swarozgar Yojna* (SGSY) SHGs in Thrissur district. Five blocks having maximum percentage of agro-processing SHGs were selected. The activities undertaken by the agro-processing SHGs were classified under four groups i.e. fish processing, copra processing, powder making and ready to eat items making

Group characteristics as the indicators of performance studied were group cohesion, group decision-making, group leadership, team spirit and maintenance of records. Copra processing unit obtained the highest rank in group characteristics. Profile characteristics studied were information seeking behaviour, innovativeness, risk orientation, economic motivation, management orientation, attitude towards self employment, knowledge about processing and market perception Powder making units were having the highest rank in profile characters Non performing groups showed the lowest score in both the group characteristics and in the profile characteristics Correlation analysis between group and profile characteristics revealed that management orientation was the major socio-economic variable affecting the group performance.

Marketing channel for all the categories showed the lack of adequate forward and backward linkages. All the categories marketed their products within the district only. Packaging and traveling expense were the main items of the marketing cost Lack of common. retail outlet for SHG products was the major constraint faced by SHGs in their marketing

Cost of material input and labour cost were the main items in working capital of each category The copra processing units were having highest BC ratio

(2.26) BC ratio of all the performing units were more than unity which indicated that all the units studied were running in profit The units were receiving a subsidy of 50 percent loan taken and they also received Rs10000 as revolving fund. All the units studied were having more than Rs 30,000 as thrift.

The major constraints faced by the SHGs were the lack of concession regarding lending rate and lack of any aid from panchayat.