



Research Article

Influence of SHGs on better market access for small holder farmers

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SUMMARY : Agricultural marketing is one area where the Indian farmer is still handicapped and calls for interventions from development professionals of all kinds. Marketing strategy for a marginal farmer is almost non-existent and the marketing channels used by them remain largely traditional even after many efforts to change them. The SHG movement that gained momentum during the current decade is said to have brought some changes to the situation but still the rural farmer remains downtrodden and getting disenchanted with agriculture. To look into the real situation of marketing, a study was undertaken among the marginal vegetable farmers of Kerala state. It helped to understand the difference in marketing behaviour of farmers who belonged to SHG groups and who did not belong to SHG groups. The study revealed that the SHG group of farmers mostly resorted to the farmer markets and secondarily to retail shops/ direct marketing which fetched them reasonable prices. The non-SHG groups heavily relied on commission agents who more or less leave the producer at disadvantage. The study pointed to the positive and appreciable effect, the SHG are generating in the rural scenario.

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Marketing channels, Marginal vegetable farmers, SHG and non- SHG, Farmers, Benefits of SHGs

BACKGROUND AND OBJECTIVES

The agricultural produce sector has been an important component of the Indian economy. There is pressure from all segments of agricultural production to respond to the challenges and opportunities that the global markets offer in the liberalized trade regime. To bring benefit to the farming community from the new global market access opportunities, the internal agricultural marketing system in the country needs to be integrated and strengthened. For majority of the commercial vegetable growers inadequate market facility was one of the most important constraints experienced by them in the marketing process (Bonny and Prasad, 1996). Earlier studies by Sandhya (1992) also highlighted the inefficiencies existing in fruit and vegetable marketing in Kerala. Expert committee on agricultural marketing recommended that alternative marketing systems need to be developed in the country (Anonymous, 2001).

Pandey and Tiwari (2004) observed that the surplus available for sale depends on the kind

of food crop and varies from farmer to farmer. Every surplus agricultural commodity can be utilized for generating some income through proper marketing. An important component of marketing system is the widespread network or regulated wholesale markets and these markets are usually located near or in a township. Farmers sell their produce to the commission agents with the help of brokers. Another important traditional system is the sale of produce to the moneylenders and village traders and this system usually creates the problem of rural indebtedness. The price paid by the moneylenders is considerably lower than the market price. Studies in general, reveal that a market characterized by lengthy marketing channels, high marketing cost and low marketing efficiency are dominated by pre-harvest contractors and traders who pocket the major share of the consumer's rupee. The advent of the SHG movement has started to bring substantial change to this picture of general exploitation of the less the market savvy.

In order to understand the influence of SHGs on marketing behaviour of different groups of farmers and the marketing channels used by them,

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a study was conducted among the marginal vegetable farmers of Kerala.

RESOURCES AND METHODS

Two types of farmers were selected for the purpose; one group consisted of farmers who belonged to SHGs and the other, of farmers not belonging to any SHG group. Two districts in Kerala namely, Thrissur and Kasargode were purposively selected for sample selection, considering the number of active SHG groups and area under vegetable cultivation. From each district, 3 Panchayats were selected randomly and from each Panchayat, 10 farmers were selected randomly each from SHG and non-SHG group. Thus, the total sample size was 120 farmers. Data were collected using a well structured, pre-tested interview schedule.

OBSERVATIONS AND ANALYSIS

The study revealed that the SHG farmers were doing marketing through the Self-help group market and the non-SHG farmers were selling their produce individually in nearby markets. The obtained result highlighted that 91.7 per cent of the farmers of the former group could market the whole amount of their produce, where as only 75 per cent of the latter group could perform at same level.

In this study, five types of marketing channels were

identified and they were:

- Direct selling to consumer (DS)
- Selling through commission agents (CA)
- Selling in wholesale market (WM)
- Selling in retail shop (RS)
- Selling through farmer's market (FM)

Each channel was used by the two groups of farmers either as alone or in combination with other channels. Proximity of marketing channels to the producer allows them to use those channels frequently compared to other channels. The farmer sells his or her produce to the closer channel if he or she has no other alternative like selling through Self-help group markets.

It is evident from Table 1 that among the SHG group of farmers, the Farmers market (FM) was found to be closer compared to all other channels and that's why 38.3 per cent of the farmers depending solely on farmers market. Farmers market provides the bargaining power on their produce to the producer. Here, the facilitators of the farmers market helped them to know about the prevailing market price and also to choose the ideal buyer to their produce. The combined use of Retail shops (RS) and Direct selling (DS) was found to be in the second place (15 %) after Farmers market. This combination was mostly used by the SHG group of farmers depending on direct selling at the last phase of the crop. It is also obvious from the table that farmers who were depending solely on either Retail shops (RS) or Direct selling (DS) were less in number.

Among the non-SHG group of farmers, Commission agents (CA) was found to be closer compared to all other channels. Farmers who were cultivating summer vegetables in rice fields were mainly using this channel because commission agents purchase the produce from the field itself and farmers need not waste time to search for other channels to market their whole produce.

All other channels were undoubtedly far from the first channel and the combination of Retail shops (RS) and Wholesale markets (WM) was found to be in the second place. After that Retail Shops (RS) came into the picture. Since there was no assured market for the non-SHG group of farmers from different localities, they were using channels differently, based on their preference and perception about the channel.

But, it is also a fact that though commission agents were close to this group, it was not as effective as the farmers market because those farmers never wanted to enquire about the present market demand or prevailing price, and they usually sell their produce on farm gate price fixed by the intermediaries or commission agent. Thus, the farmers get only lower prices compared to the actual market price. Commission agents fix vegetable prices after leaving their profit margin (commission) and this prevents farmers from selling their produce on market price. It was also observed that most of the rural farmers of

Table 1 : Distribution of SHG and non-SHG group of respondents (%) based on use of different marketing channels

Sr. No.	Type of channel	SHG (%)	Non-SHG (%)
1.	DS alone	3.3	3.3
2.	CA alone	---	15
3.	WM alone	---	6.7
4.	RS alone	6.7	15.0
5.	FM alone	38.3	5.0
6.	DS + WM	5.0	1.7
7.	DS + RS	15.0	5.0
8.	DS + FM	5.0	3.3
9.	CA + FM	1.7	1.7
10.	WM + RS	---	21.7
11.	WM + FM	1.7	3.3
12.	RS + FM	6.7	3.3
13.	DS + WM + RS	6.7	3.3
14.	DS + WM + FM	----	5.0
15.	CA + WM + RS	----	1.7
16.	DS + RS + FM	----	1.7
17.	DS + CA + RS + FM	----	1.7
18.	DS + WM + RS + FM	1.7	1.7
19.	DS + CA + WM + RS + FM	5.0	----
20.	CA + WM + RS + FM	1.7	----

non-SHG group insisted on selling their produce to commission agents because use of this channel reduces their effort to find a suitable place to market.

Marketing efficiency of different channels:

The marketing efficiency of a channel can be identified through the volume of produce marketed through these channels. To analyze this factor, the volume of produce marketed through major identified channels were also analyzed (Table 2).

Table 2 : Marketable surplus and on-farm retention of different groups

Sr. No.	Type of group	Marketable surplus (in kg)	On-farm retention (in kg)
1.	SHG	140226	3410
2.	Non-SHG	76695	3772

Since there was a provision for effective marketing, the SHG group of farmers had more marketable surplus compared to non-SHG group. Also their on farm retention was much less than non-SHG groups. This shows a clearly better marketing efficiency and thereby income generation by farmers belonging to SHGs (Table 2).

Though different group of farmers depending of different kinds of channels based on their easiness, the volume of produce marketed through each channels was also found to be different. The volume of produce marketed through each channel combination is presented in Table 3 and Fig. 1 and 2.

Table 3 and Fig. 1 and 2 show the difference in marketing channels used by the two groups. The SHG groups predominantly relied on farmers market which provided generally an upper hand for the farmer seller. The non-SHG group relied on commission agents the most, or a combination of whole sale and retail agents, commission agents and farmer

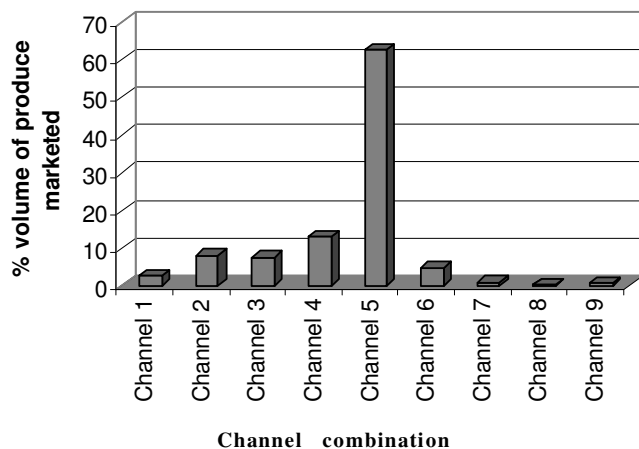


Fig 1 : Volume of produce marketed through identified channels among SHG group

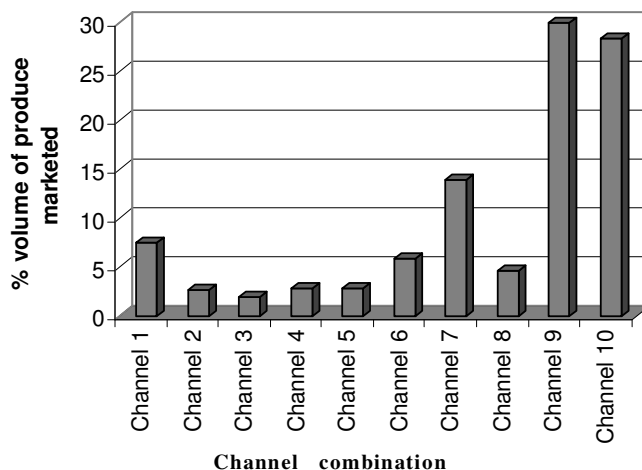


Fig 2 : Volume of produce marketed through identified channels among non-SHG group

Table 3 : Different channels through which major volume of produce marketed

SHG	Non-SHG
Channel I: DS+CA+WM+RS+FM	Channel I: DS + WM + FM
Channel II: DS+WM+RS+FM	Channel II: DS + WM + RS
Channel III: DS + FM	Channel III: DS + FM
Channel IV: DS + RS	Channel IV: DS + RS + FM
Channel V: FM	Channel V: FM
Channel VI: RS + FM	Channel VI: RS + FM
Channel VII: WM + RS	Channel VII: WM + RS
Channel VIII: CA + FM	Channel VIII: WM + FM
Channel IX: CA+WM+RS+FM	Channel IX: CA + FM
	Channel X: CA+WM+RS+FM

markets. This assorted kind of marketing channels, which gave no bargaining power to the small volume seller, which resulted in lower price for their produce.

Conclusion:

The study revealed a clear cut difference in the marketing efficiency between SHG and non-SHG group of farmers. This is reflected in the marketing channel used by them. The SHG group of farmers mostly resorted to the farmer markets and secondarily to retail shops/ direct marketing which fetched them reasonable prices, leading to producer satisfaction. The non-SHG groups still heavily rely on commission agents who more or less leave the producer at disadvantage.

The study, thus, points to the beneficial influence of SHGs in the marketing behaviour of vegetable farmers. It undoubtedly shows that the involvement in an SHG makes the farmers more market aware, profit conscious and instills entrepreneurial skills in them.

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