

## **“RURAL MARKETING SUPPORT TO THE SELF HELP GROUP IN ORISSA”**

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### **ABSTRACT**

The output of SGSY (to create micro level entrepreneur, after forming a SHG) have slowed down and then it was changed into NRLM. Is it solving the problem of putting people above the BPL. Is the Govt. machinery doing enough to market the produce of the SHGs. Is the failure of this is the key reason of the failure of a scheme. In this article it is examined that how good the organization (ORMAS along with DSMS) is serving the BPL population of Orissa. Khurda district, home to the capital city of Orissa is taken as an example. ORMAS the marketing and DSMS should make their presence felt all over Orissa, either having their own outlets, making arrangement of uninterrupted supply of the commodities like pulses, turmeric etc. The ORMAS, being the torch bearer of all the rural marketing activities in the state, should apply strategic management process more scientifically. Incentivizing the line organization and the people with “output linked benefit” should motivate them to explore further, as a result more and more rural poor will be inside the bracket of SHG and take the help of ORMAS to market their produce. The implementation machineries should make sure, absolutely sure that the products are available in all the outlets, starting from Supermarkets, Retail Mall to weekly village markets.

## INTRODUCTION

Rural Market in India is no more a “blue Ocean”, because of the presence of corporate like ITC, HUL, LIC etc. yet it is not the focus area of many. Dominated by agro based economy, where a good monsoon improves the living condition of the rural masses more than the productivity or efficiency of a farmer. With the mammoth size of population, 21.8 percent people in the rural area still live below the poverty line in India. The MoRD (Ministry of Rural Development) along with other departments of Govt. of India have been trying desperately to bring the BPL percentage inside the single digit bracket. The present development programmes like SGSY, GGY (in Orissa) and NREGS etc are implemented to accelerate the living conditions of the rural poor. A host of other intervention to the targeted rural poor are also done for the same. These programmes not only help in raising the per capita income, but increase in the PPP (Purchasing Power Parity) as well. Resulting in the increase of dispensable income. Rural markets which act as a feeder to the need of the rural masses are having its own supply chain. Not very different from the one for their urban counterparts, yet it is unique in its own way.

Some of the points given below, substantiate the size of the rural market of India –

- More than 800 million people estimated annual size of the rural market.
- FMCG Rs 65,000 Crore
- Durables Rs 5,000 Crore
- Agri-inputs (incl. tractors) Rs 45,000 Crore
- 2 / 4 wheeler vehicles Rs 8,000 Crore
- In 2007-08, LIC sold 55 % of its policies in rural India.
- Out of two million BSNL mobile connections, 50% are in small towns/villages.

- Of the six lakh villages, 5.22 lakh have a Village Public Telephone (VPT)
- 41 million Kisan Credit Cards issued (against 22 million credit-plus-debit cards in urban) with cumulative credit of Rs.977 billion resulting in tremendous liquidity.
- 42 million rural households are availing banking services in comparison to 27 million urban households.
- Investment in formal savings instruments: 6.6 million households in rural and 6.7 million in urban India.
- Nano-Marketing or sachets worked well in rural India and there is ample scope for the products to be accepted by consumers if the price is competitive.”<sup>1</sup>

Rural Orissa, home to over two crores people, have its proportionate share of the market, as discussed above. A holistic view is required to analyze the problems faced by the cash starved farmers and also the vast opportunity of disproportionate surplus. Rural masses in Orissa are often caught between the devil (the middle men) and the deep sea (Instructional support). The bottlenecks created by the devils are in the form of price discovery, handling of loss and fall to quality on the other hand the deep sea situation created in the form of information of farming best practices, information on weather and quality and information on inputs.

Strategically Intervention are required in :- Price discovery before deciding to sell, Freedom of choice for transaction, Payment – cash on spot, Knowledge on farming best practices, Information on weather, High quality products and solutions – usage, It provided power of scale to farmers which led to overall improvement in productivity.

The same weakness turned into opportunities / strength by some of the corporate like ITC, successfully operates in the rural market segment. The

strategy adopted by ITC “e-choupal” in the rural market, are given bellow, which seems fit for a state like Orissa.

“**Availability:** It emphasizes on the availability of the goods and services to the end consumers. **Affordability:** It focuses on product pricing. Creating a win-win situation both for farmers and the company. **Acceptability:** It focuses on convincing the customer to buy the product. It is providing them customized knowledge in the form of farm management and risk management. It is also providing them lower transaction cost. It is also providing them financial services in the form of life, general, health and crop insurance. **Awareness:** It focuses on making people aware of the product. It is providing active servicing up to rural outlets. It is providing them with wide range of product categories. Moreover it has made entrepreneurs out of farmers as they are managing most of the work; it instills in them the sense of ownership.”<sup>2</sup>



#### **Four A's of ITC**

Keeping this as a backdrop, to optimize the utilization of inputs like man, machine. money materials and management, “MoRD (Ministry of Rural Development) Govt. of India have initiated a Program called Swarnajayanti Gram Swarozgar Yojana (SGSY) w.e.f April 1999, by merging programmes like, Integrated Rural Development Programme (IRDP), Development of

Women and Children in Rural Areas (DWCRA), Training of Rural Youth for Self-Employment (TRYSEM), Supply of Improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY), etc. In the state level the program is implemented by Panchyatiraj Department. In the district level by the respective DRDAs, where in one Chief Executive Officer of ORMAS is stationed”<sup>3</sup>

“The basic objective of the SGSY is to bring the assisted poor families (Swarozgaris) above the poverty line by providing them income generating assets through a mix of bank credit and governmental subsidy. The programme aims at establishing a large number of micro enterprise developments, both farm and non-farm based in rural areas based on the ability of the poor and the potential of each area. In doing so effective linkages have been established between various components such as capacity building of the poor, selection of key activities, planning of activity clusters, infrastructure buildup, technology and market support”<sup>4</sup>

“ORMAS (Orissa Rural Development and Marketing Society) is an autonomous body. ORMAS was constituted under the Societies Registration Act of 1860, in the year 1991, dedicated to moving rural producers and artisans from the poverty line, to the realms of plenty. Ever since its inception, ORMAS (Orissa Rural Development and Marketing Society) is the first and only organisation of its type, under the Panchayati Raj Department, Government of Orissa, facilitating sustainable livelihoods for rural producers, under different poverty alleviation programmes. In the process, providing training, capacity building, value addition, adopting key activity approach and adopting clusters bringing economic hope and promise to rural Orissa.

“ORMAS facilitating the marketing of rural products with the following intervention areas in Orissa:

- Market Research
- Activity selection/Trade identification

- Assessing Feasibility of Key activities
- Technology Up-gradation
- Skill Development
- Standardization and Quality Assurance
- Design Diversification and Product
- Scientific and Attractive Packaging Development
- Participation and Organization of
- Product Promotion Exhibition
- Facilitate Sales through different channels”<sup>5</sup>

The intervention strategy of ORMAS has been on capacity building of the rural producers for role evolution of the community and gradual withdrawal of ORMAS for self management of enterprises and empowerment of the rural producers. At the micro level, the strategy is to create successful models of enterprises and at the macro level to influence the policy decision in favor of the community.

“To facilitate for a sustainable livelihood of the rural poor, ORMAS has the following broad Strategies:

- Promotion of Self Help Groups (SHGs).
- Developing Swarnajayanti Gram Swarozgar Yojana (SGSY) groups on feasible key activities on a cluster basis.
- Facilitate Product Promotion and Marketing Linkages Activities
- Facilitate Capacity Building of the Groups.
- To create Infrastructure linkages.

- Transfer of Appropriate Technology.

In order to achieve the objectives, ORMAS involve in the activities like:

- Collaboration
- Promoting SHGs
- Identify & develop Feasible Project Proposal
- Capacity Building of the stake holders
- Technology Dissemination
- Product Promotion
- Market Linkages
- Organisation of Exhibitions”<sup>6</sup>

“Successful SHGs are the essential components for sustainable livelihood. Based on this fundamental truth, ORMAS /DSMSs have been forming and promoting SHGs. Having graded these SHGs and found to be vibrant, the groups are taken under SGSY and thereby the bank linkages and other inputs are facilitated with feasible activities

ORMAS/DSMSs facilitates the capacity building of the groups through training on basic orientation, skill development, exposure visits, work shops etc. as per the need of the activities. For the skill development on the leaf plate making activity, training on machine stitching are being imparted to the members for one month time in collaboration with one Annapoorna Cottage Industries (ACI), Hyderabad, who has also made the marketing tie-up for the products thus produced by these swarozgaris. For hill broom also similar type of training has been provided for making the brooms, whereas, for rock bee honey collection and processing "DHARAMITRA" of Wardha is imparting the training to the swarozgaris in Mayurbhanj district. Besides these the DSMSs have

facilitated skill development training on other products/activities as per the need. The cost of these training to the swarozgaris are met out of the SGSY training fund of the DRDAs”<sup>7</sup>.

“ORMAS/DSMSs facilitate the rural producers groups in developing their products through newer design, product diversification, standardization and certification, packaging etc. in order to strengthen the sales value and acceptability of the products. This has been done for the Spices, Kewda Products and Honey etc. ORMAS is in the process of establishing its own AGMARK & FPO laboratory to accelerate the certification process of the products which at present are suffering to a great extent in absence of such alternative facility. ORMAS, along with its minimal intervention in Handloom, Handicraft and other Utility items, has prioritized its interventions in Minor Forest and Agro-based products which have large raw material and skill base. The activity thus identified has been linked to market and are being covered under SGSY in different districts. Few of these products/activities are like, Siali & Sal leaf plate making, Hill Broom, Honey processing, Pulses processing etc. Marketing linkages for Tamarind, Amla, Harida, Kalmegh and medicinal plants are also initiated to strengthen the groups involved in these activities.”<sup>8</sup>

District Supply & Marketing Society (DSMS) offices are operating in all 30 districts of Orissa divided into 5 numbers of zones for its field level intervention to supervise the distribution process. Although there are more nos. of product developed with ORMAS’s interventions, ORMAS can facilitate bulk supply of products which can achieve brand leader status instead of being sold as commodities. Pulses, Turmeric, Hill Broom, Ginger, Rock bee Honey (with Agmark label), Hand roll raw incense sticks, Ground Nuts etc needed to be in the market place with right kind of branding, packaging, leveling and promotion.

“Some of the commodities/products can be marketed with “cost leadership strategy” as traditionally there is a huge production base and economics of scale

is a possibility. Some of these produce can be positioned by “differentiation strategy” because of the purity and other qualitative superiority and to start the strategic marketing initiative Orissa can be taken as a “focus market. With the aim to provide an opportunity to the rural producers to sell their products in urban markets & to interact amongst themselves to learn from each other and to sensitized urban buyers about rural products ORMAS regularly implementing State & National level exhibitions through out the state during important events / gathering. Basically ORMAS organizes three types of exhibitions such as SARAS, Gramshree Mela & Pallishree Mela. Besides these its district offices i.e., DSMSs support district administration in organizing different Block, District & State level events. ORMAS organized these events as per the Calendar of Exhibitions finalized by the Committee formed at State level for Mass Marketing Mission.”<sup>9</sup>

ORMAS facilitate the SHGs engaged in the secondary sector activities like: (1) small village industries, (2) handicrafts, (3) handlooms and other activities, supplementing the first three to sell their products to the end users by organizing trade fair. By selling the products through exhibition cum sale to the end users, the SHGs get some advantages. In addition to get the first hand exposure of the exchange process, they get the valuable feedback in connection to the qualitative aspects of the products / materials, the pricing trend etc. New ideas/suggestions, which can increase the usage of the products, accelerate the marketing process etc. Otherwise they are cut off from the rest of the world in the term of “customers’ feedback”. Silver lining to this type of sales are, the intermediaries’ issues are avoided.

Year wise information on the exhibitions organized by ORMAS is shown in the Table-1.

**Table 1 : Marketing Performance of ORMAS**

Sl. No	Year	Nos. Exhibition	Nos. of Beneficiaries Participated	Institutions Participated	Total Amount of Sales Rs. In Lakhs
1	2	3	4	5	6
1	2002-03	7	811	1871	139.7
2	2003-04	6	1060	2642	150.39
3	2004-05	10	1144	2765	252.45
4	2005-06	9	2051	2267	332.72
5	2006-07	20	3310	6078	1206.34
6	2007-08	20	3120	5820	1006.34
7	2008-09	22	3348	7365	1468.51
Total		102	15431	30424	4664.56

Source: DRDA –Orissa

In table-1, the performance of ORMAS are analyzed. The number exhibitions are exhibited in Col:3. Data are given for the years starting from the financial year 2002-03 to 2008-09. Col.4, represents the number of SHGs and other beneficiaries (swarozogaries) year wise. Col;6 speaks about the sales value (Rs.in Lakhs). Over the period of eight years 102 numbers of exhibitions cum sales are organized by ORMAS, with the participation of 15431 beneficiaries only. The sales made over a period of eight years are Rs.4664.56 lakhs. Taking the mean value, Rs.583.07 lakhs worth of products are sold annually by the help of ORMAS.

Moving average analysis is made to examine the trend of the efforts done by ORMAS to facilitate the process of completing the primary activities of the supply chain. “Three years duration are taken as average, since that many years

are required as a maturity period for one SHG”. (Source: Objective of SGSY, MoRD manual)

**Table 2 : ORMAS performance trend**

Year	Nos. of SHG	Moving Total	Moving Average
1	2	3	4
2002-03	811		
2003-04	1060	3015	1005
2004-05	1144	4255	1418.333
2005-06	2051	6505	2168.333
2006-07	3310	8481	2827
2007-08	3120	9778	3259.333
2008-09	3348		

In the Col.-3 of the above table three years total are made. i.e to get the moving average for the year 2003-2004, the value of the year 2002-2003 is added to the value of the year 2003-2004 and 2004-2005 (the value of the current year is added to the corresponding value of the previous year and the next year, value (given in Col.2) are added up. Then each of these values are divided in three (shown in Col:4) to get the three yearly moving average.

Moving Average of the following are :

$$MA_5 > MA_4 > MA_3 > MA_2 > MA_1$$

The ascending order establish the growth pattern. Although, the number of SHGs as well as the sales are growing as seen from the analysis, it can be extended further, to foresee the future pattern. Yet it is very low in comparison to the number of SHGs in Orissa, taking up the activities under SGSY.

**Table 3 : SGSY ORISSA Year Wise Target Vs. Achievement**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Year</b>	<b>Target</b>	<b>SHGs</b>	<b>%</b>
<b>2002-03</b>	99094	86171	87
<b>2003-04</b>	53755	59233	110
<b>2004-05</b>	45293	48925	108
<b>2005-06</b>	54348	59289	109
<b>2006-07</b>	58229	65712	113
<b>2007-08</b>	58229	63904	110
<b>2008-09</b>	66250	68687	104
<b>Mean</b>	66847.63	65819.25	

Source: Dept. of P.R. Govt of Orissa.

Table 3, exhibit the physical performance of SGSY scheme in Orissa. Col:3 is the number of SHG and other beneficiaries shown over the years from 2002-03 to 2008-09. Six times out of seven, the achievement recorded above cent per cent mark, though only 4.5% of BPL people become SHG member every year. 39.9 percent of BPL people living in rural Orissa, with a population of 3.61 Crs. (As per 2001 census). One SHG should have 5 to 20 number of members, taking 10 numbers as an average per SHG and multiplying it with the mean of Col:3.)

Same moving average method is applied to study the trend of SHG, taking up activities under SGSY, taking three years time as average. In the table-4 data of 2002-03 to 2008-09 are exhibited.

**Table 4 : SGSY ORISSA Year Wise Achievement**

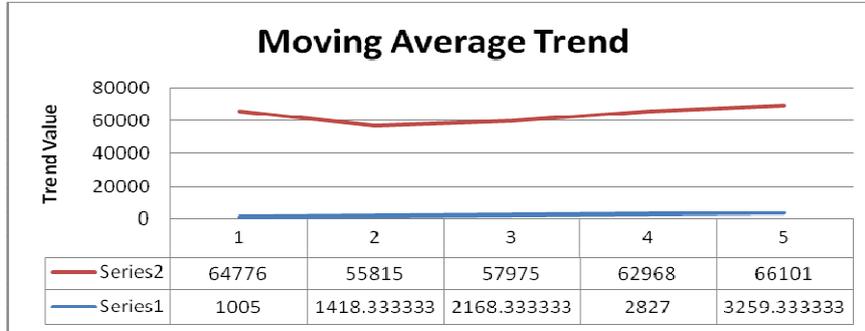
<b>Year</b>	<b>Beneficiaries</b>	<b>Moving Total</b>	<b>Moving Average</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
2002-03	86171		
2003-04	59233	194329	64776.33
2004-05	48925	167447	55815.66
2005-06	59289	173926	57975.33
2006-07	65712	188905	62968.33
2007-08	63904	198303	66101
2008-09	68687		

In the Col.-3 of the above table three years total are made. i.e. to get the moving average for the year 2003-2004, the value of the year 2002-2003 is added to the value of the year 2003-2004 and 2004-2005 (the value of the current year is added to the corresponding value of the previous year and the next year, value (given in Col.2) are added up. Then each of these values are divided in three (shown in Col:4) to get the three yearly moving average.

Moving Average of the following are :

$$MA_5 > MA_4 > MA_3 > MA_2 > MA_1$$

Growth trend is established here.



In the graph the X-axis represent the moving average units, and the Y-axis represent the moving average value. Series-2 is the moving average value of SHG under SGSY of Orissa and series -1 represent the SHG availed the facilities of selling their products through exhibition cum sale organized by ORMAS. The important thing observed in the graph is that, although ORMAS is going through the right track (growth trend), but at a wrong speed. Since what ever is the contribution of ORMAS in this respect, appears as too little or negligible. Even if both the trend value are showing growth, but going at this speed ORMAS is catering to only 3.48 percent of SHG in a year, through the exhibition cum sale. By the time the products of all the SHGs currently engaged are be sold in a trade fair, it will take decades to sell what has been produced so far till 2008-09. Considering the current SHGs continue to produce added by more number of new SHGs joining them every year, it will take much longer time to complete the exchange process. In order to touch all the produce of the SHG under SGSY, ORMAS along with all the DSMS need to scale up the efforts or in the other wards should multiply the present efforts by hundred. Otherwise the disproportionate growth of the SHGs and their products compared by very little sales done by the ORMAS, may put the entire programme out of gear. Most of the SHG by that time may run out of steam and slip into the bracket of BPL again, burdened with the failure and struggle to repay the loan.

## CONCLUSION

ORMAS and DSMS should make their presence felt all over Orissa, either having their own outlets, making arrangement of uninterrupted supply of the commodities like pulses, turmeric etc. They should try to take the advantage of the support of Govt. machineries, and work towards creating a brand image, like “OMFED”. The ORMAS, being the torch bearer of all the rural marketing activities in the state, should apply strategic management process more scientifically. Incentivizing the line organization people with “out put linked benefit” should motivate them more to achieve, as a result more and more rural poor will be inside the bracket of SHG and take the help of ORMAS to market their produce. The implementation machineries should make sure, absolutely sure that the products are available in all the outlets, starting from Supermarkets, Retail Mall to weekly village markets.

ORMAS along with all the DSMS and other line organizations should be coordinating with the ground level to accelerate the bellow the line activities, with the right kind of functional strategy to implement the plans done by the central Govt. and the state Govt. Right from the farmers producing the pulses, turmeric etc, to the processing units, from the people collecting honey in the forest to the SHG packaging it, from the craftsmen involve in the secondary activities like handicraft and handlooms like silk saris and silver filigree etc. to the shopkeepers and jewelers selling it, everybody involved in the process, irrespective of their rank and file should work as a part of a large team, operating within a very big supply chain, working in a proper harmony to fulfill the mission of “Prosperous Orissa”..

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