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Business performance of self-help groups: A case study of Surguja district

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Abstract

This study was conducted to assess the business performance of five self-help groups (SHGs) in Surguja district, Chhattisgarh, namely Swastik SHG, Subhash SHG, Radhe Krishna SHG, Roshni SHG, and Madni SHG. A total of 55 respondents participated in the study, and the literacy rate among them was found to be 94.54 percent. The majority of respondents belonged to the age group of 31 to 40 years and were married (80 percent). The study examined the Input-Output ratio for various products produced by each SHG. For Swastik SHG, the Input-Output ratios were as follows: Mushroom Pickle - 1.98, Potato Chips - 2.21, Mushroom - 1.46, and Candle - 1.24. Subhash SHG had Input-Output ratios for products like Mango Pickle - 1.47, Rakhiya badi - 1.61, and Daal papad - 1.18. Radhe Krishna SHG's Input-Output ratio for Herbal Gulaal was 1.72. Roshni SHG's ratios for Phenyl, Floor Cleaner, and Handwash were 1.69, 1.85, and 1.42, respectively. Madni SHG's ratios for Coriander Powder, Chilli Powder, and Turmeric Powder were 1.23, 1.43, and 1.23, respectively. Among the selected SHGs, Roshni SHG exhibited better business performance. The overall net profits of the SHGs were as follows: Swastik SHG - Rs 36,370.2 per year, Subhash SHG - Rs 35,289 per year, Radhe Krishna SHG - Rs 50,400 per year, Roshni SHG - Rs 1, 65, 500 per year, and Madni SHG - Rs 39,250 per year. The study identified several major constraints faced by the selected women SHGs. These included fluctuations in the price of raw materials in the market, shortage of manpower for selling the products, fluctuations in the demand for their products, and a lack of advertisement. To address these constraints and enhance the SHGs' business performance, it is recommended to advertise their products on social media platforms and FM radio. Additionally, increasing the SHGs' loan amount and establishing links with local supermarkets can boost their operations. Organizing training programs to develop entrepreneurial capabilities and improving the quality of packaging and grading are also advised.

Keywords: Business performance, SHG, input-output ratios

Introduction

Self-Help Groups, commonly known as SHGs, are small, economically homogeneous affinity groups consisting of rural individuals who come together voluntarily to socialize and save modest amounts of money regularly. These groups play a crucial role in improving the financial situation of their families, thereby contributing to the empowerment of women. Through education and empowerment, SHGs enable women to actively participate in the socio-economic development of the country. In Chhattisgarh, the total number of self-help groups is 2, 58, 312. However, SHGs face several significant challenges that have been identified as researchable issues. These include family responsibilities, lack of self-support, personality-related factors, economic barriers, market risks, and uncertainties. Additionally, many women within SHGs lack self-confidence, willpower, and a strong mental outlook, leading to a fear of making mistakes while performing their tasks. With these researchable issues in mind, the conducted research aimed to delve deeper into the challenges faced by SHGs in order to identify potential solutions and facilitate their growth and development. The ultimate goal is to enhance the impact of SHGs in empowering women and contributing to the overall socio-economic progress of the region.

Materials and Methods

Sampling framework

Chhattisgarh comprises 33 districts out of that Surguja district was selected purposively. There are 7 blocks in Surguja district *viz.* Ambikapur, Batoli, Lundra, Lakhanpur, Mainpat, Sitapur, Udaypur. Out of these 1 block Ambikapur was selected purposively and 05 women SHGs namely Swastik SHG, Subhash SHG, Radhe Krishna SHG, Roshni SHG and Madni SHG were selected purposively.

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Data collection

The primary data were collected from respondents through personal interview method and recorded the information on pre-tested questionnaire and schedule from selected SHGs on various aspects to fulfil the different objectives of the study. The primary data comprised of demographic, income, and marketing pattern of various products of selected SHG.

Tools of analysis

The major tools for data collection were interview schedule, designed questionnaire. The data were analysed by using simple tabular analysis, average, percentage and ratios were calculated wherever necessary.

Input-output ratio

Input-output ratio can be expressed as the ratio of total output to total input. The ratio was calculated as:

$$\text{Input - Output ratio} = \frac{\text{Total Output}}{\text{Total Input}}$$

Total input

Expense of purchasing raw materials such as mango, edible oil, urd, moong, mustard, cumin, chilli, coriander etc., packaging materials, labour cost, and other cost (electricity cost and other maintenance cost).

Total output

The quantity of various processed products sold by SHGs were treated as the output values.

Variable Cost Ratio (VC Ratio)

The variable cost ratio is an expression of a SHGs variable production costs as a percentage of sales, calculated as variable costs divided by total gross income.

$$\text{VC ratio} = \frac{\text{Variable Cost}}{\text{Gross Returns}} * 100$$

Results and Discussion

Table 1: Demographic Features of the Selected SHGs

S. No	Particular	Attribute	Swastik SHG	Subhash SHG	Radhe Krishna SHG	Roshni SHG	Madni SHG
1.	Age	18-30	2	2	5	2	2
		31-40	7	7	4	4	5
		41-50	3	1	2	5	3
		51-60	0	0	0	1	0
2.	Literacy Level	Illiterate	0	2	0	1	0
		Primary school	1	0	3	4	3
		Middle school	3	4	6	5	4
		High sch./H.S. S	2	4	2	1	2
		Graduate	6	0	0	1	1
3.	Marital status	Married	8	9	11	9	7
		Unmarried	4	1	0	3	3

Total number of respondents were 55. Literacy rate was found 94.54%, the majority of the respondents in the study area belonged to the age group of 31 to 40 years and were married (80%).

Cost and returns of various products of Swastik SHG

The Swastik SHG was engaged in the production of several products, including Mushroom Pickle, Potato Chips, Mushroom, and Candles. Table 2 presents the cost determination for these four different products. Among the products, Potato Chips had the highest Input-Output ratio of 2.21, while the lowest Input-Output ratio was observed for Candles at 1.24. Furthermore, the Variable Cost (V:C) ratio was highest for Candles at 0.8 and lowest for Potato Chips at 0.45.

Cost and returns of various products of Subhash SHG

The Subhash SHG was involved in the production of various products, namely Mango Pickle, Rakhiya Badi, and Daal Papad. Table 3 presents the cost determination for these three different products. Among them, Rakhiya Badi had the highest Input-Output ratio of 1.61, while the lowest Input-Output ratio was observed for Daal Papad at 1.18. Additionally, Daal Papad had the highest Variable Cost (V:C) ratio at 0.84, and the lowest VC ratio was recorded for Rakhiya Badi at 0.61.

Cost and returns of various products of Radhe Krishna SHG

The Radhe Krishna SHG was engaged in the production of Herbal Gulaal. The cost determination for this product is presented in Table 4. The Input-Output ratio for Herbal Gulaal was found to be 1.72, and the Variable Cost (V:C)

ratio was recorded as 0.58.

Cost and returns of various products of Roshni SHG

The Roshni SHG was involved in the production of various products, including Phenyl, Floor Cleaner, and Handwash. Table 5 presents the cost determination for these three different products. Among them, Floor Cleaner had the highest Input-Output ratio of 1.85, while the lowest Input-Output ratio was observed for Handwash at 1.42. Additionally, Handwash had the highest Variable Cost (V:C) ratio at 0.7, and the lowest VC ratio was recorded for Floor Cleaner at 0.54.

Cost and returns of various products of Madni SHG

The SHG was involved in the production of various products, namely Coriander Powder, Chilli Powder, and Turmeric Powder. Table 6 presents the cost determination for these three different products. Among them, Chilli Powder had the highest Input-Output ratio of 1.43, while the Input-Output ratios for Coriander and Turmeric Powder were both 1.23. Additionally, Coriander and Turmeric Powder had the highest Variable Cost (V:C) ratio at 0.8, and the lowest VC ratio was recorded for Chilli Powder at 0.69.

Business performance of Swastik SHG

The business performance of various products produced by Swastik SHG, namely Mushroom Pickle, Potato Chips, Mushroom, and Candle, is presented in Table 7. Among the

four products, Potato Chips had the highest sales, with a total of 100 kg sold. The net return per kilogram for Potato Chips was 137 Rs, resulting in a total return of 13,700 Rs per year, which was the maximum among all products. Mushroom Pickle had a total sale of 60 kg, with a net return of 173.67 Rs per kilogram, leading to a total return of 10,420.2 Rs per year. For Mushroom, the total sale was 200 kg, and the net return per kilogram was 38 Rs, resulting in a total return of 7,600 Rs per year. On the other hand, Candle had the lowest sales among the four products, with a total of 200 kg sold. The net return per kilogram for Candle was 23.25 Rs, leading to a total net return of 4,650 Rs per year, which was the minimum among all products.

Business performance of Subhash SHG

The business performance of various products produced by Subhash SHG, namely Mango Pickle, Rakhiya Badi, and Daal Papad, is presented in Table 8. Among the three products, Mango Pickle had the highest sales, with a total of 300 kg sold. The net return per kilogram for Mango Pickle was 48.23 Rs, resulting in a total return of 14,469 Rs per year, which was the maximum among all products. Rakhiya Badi had a total sale of 100 kg, with a net return of 133.7 Rs per kilogram, leading to a total return of 13,370 Rs per year. For Daal Papad, the total sale was 200 kg, and the net return per kilogram was 37.25 Rs, resulting in a total return of 7,450 Rs per year, which was the minimum among all products.

Business performance of Radhe Krishna SHG

The business performance of Herbal Gulaal produced by Radhe Krishna SHG is presented in Table 9. The total sales of

Herbal Gulaal amounted to 600 kg, with a net return of 84 Rs per kilogram, resulting in a total return of 50,400 Rs per year.

Business performance of various products of Roshni SHG

The business performance of various products produced by Roshni SHG, namely Phenyl, Floor Cleaner, and Handwash, is presented in Table 10. Among the three products, Handwash had the highest sales, with a total of 1500 liters sold. The net return per liter for Handwash was 60 Rs, resulting in a total return of 90,000 Rs per year, which was the maximum among all products. Phenyl had a total sale of 3000 liters, with a net return of 20.5 Rs per liter, leading to a total return of 61,500 Rs per year. For Floor Cleaner, the total sale was 2500 liters, and the net return per liter was 23 Rs, resulting in a total return of 57,500 Rs per year, which was the minimum among all products.

Business performance of various products of Madni SHG

The business performance of various products produced by the Madni SHG, namely Coriander Powder, Chilli Powder, and Turmeric Powder, is presented in Table 11. Among the three products, Chilli Powder had the highest sales, with a total of 300 kg sold. The net return per kilogram for Chilli Powder was 85 Rs, resulting in a total return of 25,500 Rs per year, which was the maximum among all products. Turmeric Powder had a total sale of 200 kg, with a net return of 34.5 Rs per kilogram, leading to a total return of 6,900 Rs per year. For Coriander Powder, the total sale was 200 kg, and the net return per kilogram was 34.25 Rs, resulting in a total return of 6,850 Rs per year, which was the minimum among all products.

Table 2: Cost and returns of various products of Swastik SHG (Rs. /Kg)

S. No	Particular	Mushroom Pickle	Potato Chips	Mushroom	Candle
1	Raw material Cost	100	72	25	55
2	Other cost	51.33	20	27	21.75
3	Packaging+Labelling Cost	10	6	5	5
4	Labour cost	15	15	25	15
5	Total variable Cost	176.33	113	82	96.75
6	MRP	350	250	120	120
7	Gross Returns	350	250	120	120
8	Net Returns (GR-TC)	173.67	137	38	23.25
9	Input -Output Ratio	1.98	2.21	1.46	1.24
10	Variable Cost Ratio	0.5	0.45	0.68	0.8
11	VC Ratio (%)	50	45	68	80

Table 3: Cost and returns of various products of Subhash SHG (Rs. /Kg)

S. No	Particular	Herbal Gulaal
1	Raw material Cost	40(34.48)
2	Other cost	48(41.37)
3	Packaging+Labelling Cost	8(6.89)
4	Labour cost	20(17.24)
5	Total variable Cost	116(100)
6	MRP	200
7	Gross Returns	200
8	Net Returns (GR-TC)	84
9	Input -Output Ratio	1.72
10	Variable Cost Ratio	0.58
11	VC Ratio (%)	58

Table 4: Cost and returns of various products of Radhe Krishna SHG (Rs. /Kg)

S. No	Particular	Mango Pickle	Rakhiya Badi	Daal Papad
1	Raw material Cost	35	30	150
2	Other cost	40.77	160.03	29.75
3	Packaging+Labelling Cost	8	8	5
4	Labour cost	18	18	18
5	Total variable Cost	101.77	216.3	202.75
6	MRP	150	350	240
7	Gross Returns	150	350	240
8	Net Returns (GR-TC)	48.23	133.7	37.25
9	Input -Output Ratio	1.47	1.61	1.18
10	Variable Cost Ratio	0.67	0.61	0.84
11	VC Ratio (%)	67	61	84

Table 5: Cost and returns of various products of Roshni SHG (Rs./Kg)

S. No	Particular	Phenyl	Floor cleaner	Handwash
1	Raw material Cost	13.5	11	120
2	Other cost	0	0	0
3	Packaging+Labelling Cost	6	6	10
4	Labour cost	10	10	10
5	Total variable Cost	29.5	27	140
6	MRP	50	50	200
7	Gross Returns	50	50	200
8	Net Returns (GR-TC)	20.5	23	60
9	Input -Output Ratio	1.69	1.85	1.42
10	Variable Cost Ratio	0.59	0.54	0.7
11	VC Ratio (%)	59	54	70

Table 6: Cost and returns of various products of Madni SHG (Rs. /Kg)

S. No	Particular	Coriander Powder	Chilli Powder	Turmeric Powder
1	Raw material Cost	100	160	110.5
2	Other cost	20.75	10	10
3	Packaging+Labelling Cost	5	5	5
4	Labour cost	20	20	20
5	Total variable Cost	145.75	195	145.5
6	MRP	180	280	180
7	Gross Returns	180	280	180
8	Net Returns (GR-TC)	34.25	85	34.5
9	Input -Output Ratio	1.23	1.43	1.23
10	Variable Cost Ratio	0.8	0.69	0.8
11	VC Ratio (%)	80	69	80

Table 7: Business performance of various products of Swastik SHG (in Rs.)

Product	Quantity Sale Kg/Year	Net Return Per Kg in Rs	Total Net Return in Rs	Percentage to Total Net Return
Mushroom Pickle	60	173.67	10420.2	28.65%
Potato Chips	100	137	13700	37.66%
Mushroom	200	38	7600	20.89%
Candle	200	23.25	4650	12.78%
Total	560		36370.2	100%

Table 8: Business performance of various products of Subhash SHG (in Rs.)

Product	Quantity Sale Kg /Year	Net Return Per Kg in Rs	Total Net Return in Rs	Percentage to Total Net Return
Mango Pickle	300	48.23	14469	41
Rakhiya Badi	100	133.7	13370	37.88
Daal Papad	200	37.25	7450	21.11
Total	600		35289	100

Table 9: Business performance of various products of Radhe Krishna SHG (in Rs.)

Product	Quantity Sale Kg /Year	Net Return Per Kg in Rs	Total Net Return in Rs	Percentage to Total Net Return
Herbal Gulaal	600	84	50400	100

Table 10: Business performance of various products of Roshni SHG (in Rs.)

Product	Quantity Sale Lt/Year	Net Return Per Kg in Rs	Total Net Return in Rs	Percentage to Total Net Return
Phenyl	2000	20.5	41000	24.77
Floor Cleaner	1500	23	34500	20.84
Handwash	1500	60	90000	54.38
Total	5000		165500	100

Table 11: Business performance of various products of Madni SHG (in Rs.)

Product	Quantity Sale Kg /Year	Net Return Per Kg in Rs	Total Net Return in Rs	Percentage to Total Net Return
Coriander Powder	200	34.25	6850	17.45
Chilli Powder	300	85	25500	64.96
Turmeric Powder	200	34.5	6900	17.57
Total	700		39250	100

Constraints in production and marketing by selected SHGs and suggestions to overcome them

SHGs encounter challenges with fluctuating raw material prices, no fixed manufacturing location, limited processing equipment, inadequate storage facilities, disputes from dual responsibilities, and lack of training. They also face issues with price fluctuations, salesperson shortage, changing consumer demand, insufficient advertising, accessing distant markets, and competition from similar products.

Suggestion

Proposed enhancement strategies involve leveraging social media, newspapers, and TV for product promotion, holding exhibitions at various venues, raising SHG loan amounts, establishing connections with nearby supermarkets, offering entrepreneurial training, improving packaging and grading standards, and elevating the buying limit of C-Mart. These measures are aimed at increasing visibility, expanding market penetration, and enhancing the overall efficiency of SHG business operations.

Conclusion

The study reveals that the majority of respondents were literate and married, aged 31 to 40. Roshni SHG exhibited superior business performance with higher net profits compared to others. Input-output and V:C ratios differed for various products. Major constraints included fluctuating raw material prices, salesperson shortage, demand fluctuations, and insufficient advertising. The findings emphasize the need for improvement in business operations and addressing identified constraints for SHGs' success.

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