

Collaboration between Corporates and Self-Help Groups – A Foreword

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Abstract: This paper presents an overview on collaboration between corporates and self-help groups.

Keywords: corporates, self-help groups

1. Introduction

Indian economy is on the cusp of momentous changes. India's gross domestic product (GDP) is growing at a faster rate comparable to other countries GDP growth rate. India became a \$2 trillion economy in 2015. According to International Monetary Fund (IMF) estimates of 2015-16 GDP growth percentage, India is ahead amongst BRICS countries with 7.6%, where as china is at the 2nd place with only 6.9% losing its glitter after nearly three decades of rapid expansion, South Africa with 1.5%, Brazil with -3%, Russia with -3.7%. Indian economy is more vibrant, income levels are raising, standard of living is improving, habits, preferences and attitudes of the people are changing rapidly. Nowhere is this more evident than in Rural India.

As per Census of India, 2011, there are 6,40,867 villages in the country. Out of 1210.2 million population in India, villages accommodates 833.1 million people which is 68.84% of the total population. During 2001-2011, the rural population increased by 90.4 million and the number of villages increased by 2,279. These villages are not uniform in size; instead some villages in India have fewer than 50 residents and some have more than 10,000. As much as 62% of the villages have less than 1,000 people each and only around 3% of the villages have more than 5,000 people each. According to McKinsey report, 15% of rural population lives in about 20,000 large villages which could be more aptly called as "non-urban" centres, each with a population greater than 5,000 people. Over 63% lives in villages of 1,000 to 5,000 people in size. The remaining 22% of the total population lives in villages with fewer than 1,000 people.

The huge rural population, which is yet to taste the fruits of modernity, fuelled by robust growth registered after 1990's, appeared more greener than urban market. Adding to this, the improvements in agricultural productivity, application of science and technology in agriculture, using of high yield varieties of seeds, fertilizers, periodical increase in minimum support price by the government, various government funded rural development programmes, initiatives taken up by many

NGO's and individuals, have contributed to the overall growth of the rural economy subsequently. Improving infrastructural facilities and growing number of consumers, who are earning more and buying discretionary goods and lifestyle products, are snapping up products and services which meet or supports their aspirations. As rural market opportunity becomes more attractive, many companies are trying out with different marketing strategies and stepping up efforts to gain a strong foothold in these markets. In view of this, Collaborations will play a central role.

2. Objectives of the Study

1. To study the role of corporate and self-help groups in rural market.
2. To examine the existing strategies of corporate and self-help groups in reaching rural market.
3. To assess the performance of corporate and Self Help Groups in the study area.

A. Hypotheses

H1= Higher the Integration between corporate and SHG's, greater the avenues for Rural market development.

H2= Link between corporate and SHG's averts the problem of imperfection brands in rural market.

3. Methodology

Area of the study: Karnataka state is chosen Locale for the study. Using Stratified random sampling method, 5 talukas will be selected to carry out the intended research. Out of these five talukas, 20 Self help groups will be identified in each talukas randomly and data would be collected from any five members, who will be randomly selected.

Method: Exploratory research and case study method was adopted.

Sample size: 100 respondents.

Data: Primary data was collected through direct personal interview, questionnaire and schedule method. Secondary data was collected by referring to various journals and research articles.

A. Need for Collaboration

Collaborations with local communities appears to be the panacea for the sales and distribution challenges, that prevails

in rural India. Many corporates, who have ignored the rural market initially, now understand the blunder they have committed and want to rectify their mistake. Now operating in rural is not an option, if any corporate does so, they will be keeping themselves away from 70% of the marketability. Many companies who are active in rural market form a long time are further intensifying their efforts and are also enjoying the fruits of being an early operator. To quote few instances, Hero Moto Corp Limited, has created a rural vertical, customized its local communication and increased its sales and service touch points in rural area. Hero Moto Corp Limited added authorized representative dealers (ARDs) to its existing hub-and-spoke network. ARDs are appointed by the dealers. Well versed with local dialect, ARDs also know the financial profile of the target customers. Possession of such exhaustive information helps the ARDs to create awareness about company's products, objectives etc., The new layer has increased Hero's reach to 20% of the India's more than six lakh villages with more than 5,000 touch points. Currently, the company draws 60% of its total sales from rural market. In FMCG category, half of the revenue of Hindustan Uniliver and Colgate now comes from the rural market. Dabur, which is India's fourth largest fast moving consumer goods enterprise, derives 47% of total sales from rural market. Dabur offerings are very popular in rural markets. TVS, manufacturer of two wheelers derive 50% of their sales from rural market.

Collaborations with local channel partners, requires less investment and ideal for seeding the product in rural market. As social fabric plays an important role in influencing the consumption pattern of a villager, selecting a right influencer is very important. This ensures deepest reach possible and creates a stronger foundation in a 'word of mouth' sensitive rural setting. This collaboration ensures not only creating awareness about the product but also finds ways in explaining the functionalities of the goods and services and how it meets the unique needs of the rural population.

Two major companies have already done it and tasted the success of it and act as a guiding light for others too, who are still waiting and unsure about how to penetrate into rural market. Companies need to join organisations or institutional arrangements across the rural value chain to create an environment, which fosters business expansion and also provides an alternative income source to the partnering member. This ought to be a win-win situation for both and should bring about three dimensional developments. (i) It should facilitate company's reach, help in business expansion. (ii) Ultimate consumer must be benefitted with quality products, at an affordable price at their door step, because, the purchase frequency of FMCG product is high. Preferably rural consumer doesn't want to spend too much time on purchases. (iii) It should provide an alternative income source and livelihood sustenance to the member, who would be connecting corporate and consumer. This feet-on-street model, helps to overcome all sales and distribution infrastructure related

challenges.

Hindustan Lever Limited (HLL, now known as HUL-Hindustan Unilever Limited), initiated 'Project Shakti' in 2001. To stimulate demand and consumption through the direct-to-consumer approach, this project was launched in Andhra Pradesh on a pilot basis. Now this project has spread over to more than 260 districts across 12 states. A strategic combination of micro credit and training in enterprise management leads to the transformation of women members of 'Self Help Groups'(SHG's) into direct-to-home distributors of HLL products. Women members of SHG's can avail micro credit from the group or from the local bank to promote and to carry out income generating activities aimed at poverty eradication and women's empowerment. They were identified as potential channel of distribution, due to their widespread presence in rural areas. There are 4.36 lakh such SHG's in Andhra Pradesh alone.

Interested women from SHG's were appointed as Shakti entrepreneurs and they were being called as Shakti Ammas. They borrow money from their Group corpus and provide services to 6-10 villages, covering a population of 6,000 to 10,000. They receive stocks from HLL rural distributors and make sales to both retailers and direct consumers in villages. Capacity building of the women is an important component of Project Shakti; they are provided support till they enhance their entrepreneurial abilities.

Project Shakti is often described as a win-win initiative with multiple players, as it has proven to be useful for all stakeholders. It has increased penetration into the rural market for HLL and the ability to reach out to small villages that are often left out of the distribution circuit. HLL earlier had only 70,000 villages in its ambit, but after the launch of Project Shakti this number has more than doubled. Small villages below 2,000 population and size are most common in rural areas, according to Census of India 2001, but ironically these get left out in conventional distribution channels due to their poor approachability or scattered nature. Project Shakti, however, was able to counter this problem and succeeded in penetrating into small villages as well. The creation of this one-to-one sales channel that reaches the final consumer is unique; it has created credible and effective brand endorsers at the grass-root level, an achievement that is beyond the scope of most media. In the first phase of the experimentation itself, the company saw incremental sales of 8 to 10% in rural Andhra Pradesh. This innovative distribution channel has been to reach rural markets at the bottom of the pyramid, while achieving double digit savings in costs as compared to using independent rural sales agencies.

For the rural consumer, this has meant the procurement of authentic and quality products at appropriate pricing. The biggest beneficiaries are the Shakti entrepreneurs or Shakti Ammas, who in some cases have been able to augment their incomes upto 1,500 or even more per month. Rural women who were underprivileged until very recently, beam with

them additional source of income and could be a source of livelihood also. A life of dignity is the right of every citizen. Poverty is an obstruction to a dignified life. Self-employment is a significant step to have sustained incomes and remove the shackles of poverty. Self-employment of the poor has been an important component of the antipoverty programmes implemented through government initiatives in the rural areas of India.

4. Data analysis

From the table 1 that there is a significant relation between before and after linking with SHG. Also it is evident that 70% of sales is improved after corporate companies linked with SHG.

From the table 2 it is concluded that there is significance difference between after linking with SHG. Therefore the corporate companies are making 95% of their sales after linking with SHG. From the above table 2, it is assured that the corporate companies are losing 95% of their sales, if they make direct sales. Hence there is an impact of SHG on Corporate sales in remote areas.

Before	CV= 63.13%	mean = 8.93
After	CV = 43.58%	mean = 33.90

It is evident that the total sales in (%) from rural market. The sales of products is significantly increased and almost 20% (63.13-43.58) regular sales increased after linking with SHG. Therefore SHG is playing a vital role in promoting the sales of corporates. It is also seen from the above table 25% sales are improved on an average.

5. Conclusion

Of late, even companies are realizing the fact that mere presence is no longer sufficient to survive in the rural market and for long term sustainability. Companies must concentrate on building 'Symbiotic Relationship', which aims at meeting the consumer needs rather than achieving simply corporate profits. An 'Eco system' to be developed which creates the awareness about the company products or services and instils confidence amongst consumers that business is a force for widely shared good. Hence collaboration between corporate and SHG helps in achieving the deepest reach, creates sound foundation.

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