Management Of Micro-Enterprises : A Study On The Performance Of Micro-Enterprises In Srikakulam District , Andhra Pradesh

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INTRODUCTION

In India, entrepreneurship among women is of recent origin. Socio – economic background is an important factor that influences the women to start their own business. Money is not the sole objective among woman entrepreneurs to enter into the business. The studies relating to woman entrepreneurs in rural areas reveals that training and awareness regarding different agencies have proven to be beneficial for women entrepreneurs in building confidence among them.

OBJECTIVES OF THE STUDY

1) To examine the district-wise status of Self Help Groups (SHGs) in Andhra Pradesh.
2) To study the socio- economic profile of rural women entrepreneurs.
3) To study the profile and nature of enterprises run by women.
4) To evaluate the performance of business enterprises run by rural woman entrepreneurs.
5) To offer suggestions for promoting entrepreneurship among rural women.

METHODOLOGY

A sample of 130 women SHG members were selected randomly from among 95 SHGs. Two members (President and Secretary) from each group in 35 groups and one member - either the President or Secretary from 60 groups were selected for the purpose of the present study. While selecting the sample, the following issues were taken into account:

1) The group must have been in existence for more than five years.

2) The group must have undertaken income-generating activities.

3) The group must have bank linkage.

The schedule was designed and administered to 130 women respondents residing in 23 mandals of the district. The analysis of the findings is based on statistical tools such as averages and percentages. Secondary data was collected from official records of Ministry of Rural Development, Government of Andhra Pradesh, Hyderabad. NISIET, Ministry of Small Scale Industries, Government of India, Yosufguda, Hyderabad, and V. S. Krishna Memorial Library, Andhra University Campus, Visakhapatnam.

AN OVERVIEW OF MICRO ENTERPRISES

The Micro, Small and Medium Enterprises Act, 2006, which came into force on October 2, 2006, has redefined micro-enterprises as a separate segment of small industries, which in the case of manufacturing enterprises, has an

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investment in plant and machinery of up to ₹ 25 lakh and in the case of services, an investment limit of ₹ 10 lakh in plant and machinery. Within the non-farm unorganized sector, the most vulnerable group is the smaller size micro-enterprises, with investment up to ₹ 5 lakh. According to the Commission - this segment of unorganized enterprises - it is entitled to receive just about 2.2 per cent of the gross bank credit from scheduled commercial banks, regional rural banks and urban cooperative banks. Even this was estimated to remain stagnant at a lamentably low level for the years 2004-05 to 2006-07.

Shockingly, only 4.2 per cent of such units (or an estimated 2.4 million of the 58 million in 2006-07) availed of institutional credit. This is notwithstanding a banking network of more than 75,000 branches of scheduled commercial banks across the country.

In a clear case of adding salt to the wounds of this segment that bleeds for want of requisite modest credit to overcome a host of other constraints they are facing in a high-cost economy is *"the substantial piggy-backing of the loans at the lower segment of the unorganized sector enterprises with investment of less than ₹ 5 lakh on the credit-cum-subsidy linked self-employment schemes,"* the numbers of which are legion. Incidentally, in the latter scheme implemented by the Government, banks are confident that a part of the loans advanced would come back to them in the form of subsidy for margin money.

SELF HELP GROUPS (SHGs) - AN ANALYSIS

The concept of gender has been central to debates on how to empower women to improve the quality of their life. Poverty is an overarching factor and a reality of life for a vast majority of women in India. A corrective to such a situation is women's right to gainful employment. Apart from being a question of survival, this would increase their self – image and provide for greater anatomy within the household. The Small and Micro Enterprises (SMEs) account for 30 per cent of the industrial production and provide employment to 70 million persons, not an insubstantial number, considering the scale of widening income disparity in a country of continental size like ours. An attempt is made in the present study to find out the group loan and bank loan repayment performance of the respondents. Towards this end, the researchers verified the group loan records and bank passbooks maintained by each group in which the respondent was a member. One of the group members (generally known as the Secretary) collects the installment amount from each member and pays the total collected amount to the bank each month.

Generally, after six months of operation, the savings are pooled together, and are used for loans among the members. The quantum of loan and the members receiving the loan are decided by the members themselves, depending on their need and urgency. Generally, the group loan is given at an interest rate between 1 percent and 2 percent per month, as fixed by the members. Repayment period varies from 5 months to 12 months. The member borrows the group loan out of the accumulated savings lying with the group. The members avail of group loans for different purposes such as starting and running the business, meeting the household expenditure, children's education, etc. Loan repayment - both group loan and bank loan - was quite regular among all the sample women respondents. Defaults were rarely reported, except for late repayment due to unavoidable reasons. It is surprising to note that almost all the respondents were punctual in respect of repayment of group loans as well as bank loans. Thus, it can be concluded that the loan repayment performance of the respondents of the studied sample is laudable, and they should continue the same practice in the future as well.

The study revealed that none of the respondents had undergone formal training. Since the nature of their business was small in size, and in some cases it was by inheritance, the need for formal training for the respondents did not arise. The respondents had to pay the monthly installments of group loans and bank loans, and the remaining amount, if any, constituted the income generated from the business. This was the income that was used for asset creation, family maintenance and children's education. The distribution of respondents according to type of business run by them is presented in the Table 1. It is clear from the Table 1 that 96 respondents (accounting for 73.84 percent of the total respondents) were engaged in the dairy business, while 16 respondents (accounting for 12.31 percent of the total respondents) were engaged in the sheep rearing business. The other respondents were engaged in business activities such as selling of forest products (2.31 per cent) ; cashew plantation (1.54 per cent); fish vending (2.31 per cent) ; milk collection and selling (3.07 per cent) ; pig rearing (2.31 per cent) ; and bullock's trading (2.31 per cent).

A large number of respondents were engaged in the dairy business in the area under study, mainly due to the policy of the banks located in the study area, which had sanctioned liberally, loans to the respondents, for the purchase of Jersey

Cows. Thus, it can be concluded that the dairy business was a predominant activity among all the business activities under the study. The availability of both dry grass and green grass locally was a main reason for this business. The study revealed that surprisingly, none of the respondents had been facing problems with other members in the group. Similarly, none of the respondents had been facing any problem in running their business. This is a healthy sign for the smooth running of a business enterprise. This also depicts that there was unity among the members of the respective groups.

Table 1: Distribution of Respondents By Type of Business

Business Activity	No of respondents	Percentage
Dairy	96	73.84
Sheep Rearing	16	12.31
Forest Products	3	2.31
Cashew Plantation	2	1.54
Fish Vending	3	2.31
Milk Collection and Selling	4	3.07
Pig Rearing	3	2.31
Bullock's Trading	3	2.31
Total	**130**	**100.00**

The efficiency of a business enterprise is measured in terms of profit generated by the entrepreneur. The income from the business constituted the supplementary income for all the respondents, with the exception of three widow respondents. For them, income from their business constituted the main source of income. While collecting data regarding the net income from the business, the researchers also experienced certain difficulties. Due to illiteracy coupled with unorganized nature of the business, the respondents did not maintain any records for their earnings. Moreover, there was a tendency among the respondents to understate their earnings in an effort to win public cum government sympathy. As such, the revelations had to be cross - checked. Every effort was made by the researchers to collect reliable information to avoid underestimation of the income levels. Data regarding income from business was collected with reference to the month preceding the month of enquiry. As can be seen from the Table 2, the net profit from business earned by 40.00 per cent of the respondents was between ₹ 2001 and ₹ 2500 per month, while for 27 respondents (20.77 percent), it was between ₹ 2501 and ₹ 3000. A little over 14 per cent of the respondents had been earning a profit of ₹ 3001 and ₹ 3500 per month. Thus, the income accrued from the business is almost on the lower side and the respondents should think in terms of expanding the business so as to earn more revenue from the business. The banks and non - governmental organizations should play a key role in this regard.

Table 2: Distribution Of The Respondents By Profits Earned From Business Per Month

Particulars (In ₹)	No of Respondents	Percentage
Up to 1000	2	1.54
1001-1500	8	6.15
1501-2000	21	16.15
2001-2500	52	40.00
2501-3000	27	20.77
3001-3500	19	14.62
3501& above	1	0.77
Total	**130**	**100.00**

It can be inferred from the Table 3 that 81 respondents (accounting for 62.31 percent of the total respondents) were using income generated by the business for family maintenance, while 31 respondents (accounting for 23.84 percent of the total respondents) were using the income earned from business for children's education. However, 18 respondents reported that they were not getting any surplus income from their business. An attempt is made in the study to find out the extent of involvement of family members and fellow group members in taking business decisions. It is clear from the study that in case of 42 respondents (32.31 percent), the decision-making laid with the women respondents themselves, while the business decisions were made by their respective husbands in the case of 18 respondents (13.85 per cent). Joint decision making of husband and wife was also found among 23 respondents (17.69 per cent) , decision-making by the respondent along with group members was found in the case of 43 respondents (33.07 per cent). Thus, it can be concluded from the above analysis that majority of the women respondents were taking the business decisions by themselves, without depending much on their family members.

Table 3: Mode Of Utilization Of Surplus Amount

Particulars	No of Respondents	Percentage
To meet domestic requirements	81	62.31
To support children's education	31	23.84
No surplus income	18	13.85
Total	**130**	**100.00**

Apart from the savings in the group for the common pool, the members also saved in post offices, banks and chits, etc. As can be seen from Table 4, as many as 97 respondents (accounting for 74.67 percent of the total respondents) had no other savings other than the group savings. Among the rest, the savings varied from ₹ 50 to ₹ 200 per month. Respondents also invested their savings in other businesses such as the dairy business and sheep rearing. Each member in the group had to contribute ₹ 30 per month towards the group savings. It is from these accumulated group savings that the members were entitled to take loans from the group as per the consensus arrived in the group meeting. The Table 5 shows the distribution of the respondents on the basis of the total accumulated savings in the group as on the date of enquiry. The accumulated savings of each member in the group varied between ₹ 1050 and ₹ 4000 as on the date of enquiry. On an average, the savings of the respondents worked out to be ₹ 2245 as on the date of enquiry.

Table 4: Distribution Of The Respondents By Amount Of Savings Per Month, Other Than The Group's Savings

Amount (₹)	No of Respondents	Percentage
Below 50	11	8.46
50-100	16	12.31
100-150	4	3.08
150-200	2	1.54
No	97	74.61
Total	**130**	**100.00**

Table 5: Distribution Of The Respondents By Total Accumulated Savings In The Group As On The Date Of Enquiry

Amount (₹)	No of Respondents	Percentage
1000-1500	23	17.69
1500-2000	24	18.46
2000-2500	43	33.08
2500-3000	28	21.54
3000-3500	10	7.69
3500-4000.	2	1.54
Total	**130**	**100.00**

As can be seen from the Table 5, the total savings in the group of 71 respondents (accounting for 54.62 percent of the total respondents) were between ₹ 2000 and ₹ 3000, while that of 12 respondents (9.23 per cent) were between ₹ 3000 and ₹ 4000 as on the date of enquiry. Thus, it can be said that the savings of the respondents in the group are praiseworthy; and they should continue this practice of saving, as long as they remain as members of the group.

The Table 6 portrays the activity- wise average income per month. It is clear from the Table 6 that the average monthly income was the highest in the sheep rearing business (₹1209) followed by milk collection and selling (₹ 1175), fish vending (₹1167), cashew plantation and bullock's trading (₹1150), pig rearing (₹1133), dairy (₹1091), and sale of forest products (₹ 933).

Life for a woman entrepreneur, having a small-scale industry is not a bed of roses. The individual woman entrepreneur single-handedly faces a plethora of seemingly endless problems. In fact, from the moment an entrepreneur conceives the idea to start her own unit, she has to work extremely hard against heavy odds. The problems of industries, whether in the small, medium or large sector can influence, to some extent, its raw material suppliers, its customers and at times, even the Government in framing its polices. The small and medium sectors have many limitations as compared to the large sector in facing different problems. Majority of the functions have to be performed by the owners themselves due to the limited resources. In the case of women entrepreneurs, the problems get compounded because certain problems have gender dimensions attached to them. The management of domestic commitment and child-care support are the two issues where women have to play a more active role. This coupled with the narrow vision of the society in still accepting a woman in a separate entity as an entrepreneur makes the life of a women entrepreneur all the more difficult.

Table 6: Activity Wise Average Income Per Month

Activity	Average income in ₹
Dairy	1091
Sheep rearing	1291
Forest products	933
Cashew plantation	1150
Fish vending	1167
Milk collection and selling	1175
Pig rearing	1133
Bullock's trading	1150

The respondents were asked to list out the major problems they faced in carrying out their business activities. The discussion which follows depicts the type of problems being faced by them. These problems have been categorized (as shown in the Table 7) in two main heads - i.e. facing problems relating to marketing and problems related to finance.

As can be seen from the Table 7, it is surprising to note that 76 respondents (accounting for 58.46 percent of the total respondents) expressed that they were not facing any problem in carrying out their business activities, while 37 respondents (representing 28.46 percent of the total respondents) who had been running their dairy business expressed that they had been facing marketing problems, i.e. they were not getting a reasonable rate for their milk. Marketing is an area, which very often proves to be the graveyard for many small enterprises. The other marketing problems faced by the respondents were competition among sellers, lack of transportation facilities, lack of demand,

Table 7: Distribution Of Respondents By Problems Faced In Business

Problems	No of respondents	Percentage
Marketing problems	37	28.46
Inadequate capital	17	13.08
No problem	76	58.46
Total	**130**	**100.00**

collection of payments, etc. The Table 7 further shows that 17 respondents (13.08 percent) had been facing financial problems by way of inadequate capital. Finance is the life-blood of any business. Financial support as well as financial viability are the most important considerations of any business proposition. The respondents also reported that inadequate credit received from the banks was a major reason for their financial problems. Reluctance by banks to extend credit to women, inability to provide adequate security and margin money, tight repayment schedules were the problems being faced by the respondents in the realm of finance. From the respondents, the details of various benefits derived by being the members of SHG groups were collected, and 60 respondents (46.15 per cent) admitted that by becoming members of the SHG groups, they could save some money every month. The next important benefit accrued, as perceived by 48 members (36.93 per cent), was the achievement of economic independence. However, 22 members (16.92 per cent) did not give their opinion on this issue.

KEY FINDINGS OF THE STUDY

☸ Considering the exceptionally high rate of recovery in the case of micro credit, the banks' fear of high transaction costs for small loans and non-stipulation of any priority sector target for the sector should not deprive *"a vast productive sector of the economy populated by numerous micro enterprises,"* so argued the Sengupta Commission. Dejected by the poor institutional mechanisms to provide this vibrant segment of the economy, its small but nevertheless, substantive credit needs, NCEUS proposed an authorized capital of ₹ 1,000 crore for the proposed national fund for this sector. The initial paid-up capital was proposed at ₹ 500 crore in 2008, which was to be gradually stepped up to ₹ 1,000 crore by 2011-12.

☸ Existence of demand for the finished goods was the main reason for selecting the present business in the case of 37.69 percent of the respondents. The demand for milk from local and nearly hotel owners as well as easily availability of loan facilities for purchasing Jersey Cows was the major reason for selecting the dairy business by the respondents. Easy availability of raw materials locally such as grass, tree leaves, etc., was the main reason for selecting the present business in the case of 35.39 percent of the respondents. The compelling reason for selecting the business by all the sample women respondents was no doubt poverty, and inadequate earnings by the male-members in the family. Thus, both pull and push factors led to the inception of small businesses by these entrepreneurs.

☸ The study revealed that as many as 76.90 percent of the respondents started their business with both - their own funds and borrowed funds, and the remaining 23.10 percent started the business exclusively with borrowed funds. Loan repayment - both group loan, and bank loan - was done on time by all the sample respondents. Defaults were rarely reported, except for late repayment due to unavoidable reasons. It was surprising to note that almost all the respondents were punctual in respect of repayment of group loans as well as bank loans.

☸ The study also revealed that on an average, each respondent was earning ₹ 1209 per month. Thus, the income accrued from the business was on the lower side, and the respondents should think in terms of expanding their businesses so as to earn more revenue. The bank and non-government organizations should play a key role in this regard.

☸ The study revealed that surprisingly, none of the respondents had been facing problems with other members in the group. Similarly, none on the respondents had been facing any problem in carrying out their business activities. This is a healthy sign for the smooth running of the business enterprise. This depicts unity among the members of these groups.

☸ The accumulated savings of each member in the group varied between ₹ 1050/- and ₹ 4000/- as on the date of enquiry. On an average, savings of the respondents worked out to be ₹ 2245/- as on the date of enquiry. The total savings in the group of 71 respondents (accounting for 54.62 percent of the total respondents) were between ₹ 2000 and ₹ 3000, while that of 12 respondents (9.23 percent) were between ₹ 3000 and ₹ 4000 as on the date of enquiry. Thus, it can be said that the savings made by the respondents are praiseworthy, and they should continue to save as long as they remain SHG members.

☸The study revealed that the average monthly income was the highest in the sheep rearing business (₹ 1209), followed by milk collection and selling (₹ 1175), fish vending (₹ 1167), cashew plantation and bullock's trading (₹ 1150), pig rearing (₹ 1133), dairy (₹1133), and sale of forest products (₹ 933).

☸The study revealed that 76 respondents (accounting for 58.46 percent of the total respondents) expressed that they were not facing any problems in carrying out their business. 37 respondents (28.46 percent) who had been running their dairy business expressed that they had been facing marketing problems, i.e. they were not getting a reasonable rate for their produce (milk), which very often proves to be the graveyard for small enterprises. The other marketing problems were competition among sellers, lack of transportation facilitates, lack of demand, collection of payments etc. Financial support as well as financial viability is the most important consideration of any proportion. Inadequate credit from the banks was the major reason for their financial problems. Reluctance of banks to extend credit to women, inability to provide adequate security and margin money, tight repayment schedule were the problems being faced by the respondents in the realm of finance.

CONCLUSION

Following the fast growth in the SHG-Bank Linkage Programme, the quality of the SHGs appears to have come under stress, as now, they have taken a target – oriented approach, with some Government departments promoting inadequate incentives to NGOs for nurturing SHGs and the low level skills among SHG members. The challenge for the SHG-promoting institutions is in building capacity through training programmes, particularly due to the absence of quality resource centers at the district level. The more critical challenge, the report noted, would be in inducting SHGs to graduate to more mature levels of enterprises, livelihood diversification, access to supply chain, linkages to capital market, and appropriate production and processing technologies. The progress revealed that many SHGs turned morbid; particularly, the older groups, as they did not avail credit from banks after the initial few rounds.

SUGGESTIONS

On the basis of findings of this study, it was deemed appropriate to give suggestions that might help in the improvement of the functioning of SHGs and financing Milch Animals Scheme under SGSY through SGHs.

1) Since some of the members were illiterate, officials from DRDA, banks, and NGOs should periodically visit the groups for giving training on accounts keeping and conducting awareness programmes on latest schemes and developments.

2) The Milk Producers Union should collect the milk produced in the respondents' dairy, and take steps to ensure a fair price and continued marketing of the produce. Similarly, support for feed and fodder must also be arranged.

3) For encouraging more diversified activities in the non-farm sector, the group members may be advised by the NGOs to undertake income generating activities besides dairy, which are suitable for the women entrepreneurs.

4) The women should be provided with adequate training in development of entrepreneurial skills covering management of enterprises, maintaining accounts, enhancing productivity, marketing, selling etc., so that they can undertake income generating activities other than the dairy business.

5) Identification of local need and demand – based traders needs to be done, with a sustainable outlook from the entrepreneurs' point of view, rather than from the stakeholders' point of view.

6) There is a need to establish marketing information centres at the district level for enhancing the opportunity of marketing outside the locality.

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