# CHAPTER TEN

GROUP ENTERPRISES: CASES

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Introduction</td>
</tr>
<tr>
<td>10.2</td>
<td>Savitribai Phule Bachat Gat.</td>
</tr>
<tr>
<td>10.3</td>
<td>Taraskhila Bachat Gat.</td>
</tr>
<tr>
<td>10.4</td>
<td>Kalamjadivi Bachat Gat.</td>
</tr>
<tr>
<td>10.5</td>
<td>Rani Laximibai Bachat Gat.-Pavnanagar</td>
</tr>
<tr>
<td>10.6</td>
<td>Rani Laximibai Bachat Gat.- Varvand</td>
</tr>
<tr>
<td>10.7</td>
<td>Muktabai Mahila Bachat Gat.</td>
</tr>
<tr>
<td>10.8</td>
<td>Dr. Babasaheb Ambedkar Bachat Gat.</td>
</tr>
<tr>
<td>10.9</td>
<td>Ambika Bachat Gat.</td>
</tr>
<tr>
<td>10.10</td>
<td>Lessons to learn</td>
</tr>
<tr>
<td>10.11</td>
<td>Feedback from Bank Managers</td>
</tr>
<tr>
<td>10.12</td>
<td>Conclusion</td>
</tr>
</tbody>
</table>
CHAPTER TEN

GROUP ENTERPRISES: CASES

10.1 Introduction:

The self help group members had started individual micro enterprises and group micro enterprise. In this chapter group enterprises has been studied. The following groups were selected for the research.


These self help groups did not have written record of their financial activities, therefore researcher discussed these issues with the member of SHGs. Most of the SHG members semi literate or illiterate, hence the following cases had been studied on the basis of the information collected from the members of self help group.

10.2 Savitribai Phule Bachat Gat.

Savitribai Phule Bachat Gat ,Hinjewadi, Tal- Mulshi, was established in 1999, consisting of 11 members. The group was having saving bank account with Canara Bank,Hinjwadi branch.Total saving till 2008 was Rs.4,534/-. In the year 2001-2002 under Swarnajagati Gram Swaranjgar Yojana scheme the group borrowed loan of Rs.2,38,000/- and got subsidiary of Rs.1,19,000/-.
The self help group members were decided on their own to start 'Bakery' business. The training about 'bakery product' was organized by Self Help Group. Resource Institution was Maharshi Karve Stree Shikshan Sanstha. The training was given to all the women members of self help group.

Under SGSY scheme the bakery business had been started by the group at Z.P. School Campus, Hinjwadi. Total investment for machines of bakery was Rs.1, 62,000/-. For Bhatti Rs.75,000/-, for mixer Rs.23,000/-for Slice bread machine, Rs.27,000/-for Eggs facing machine. The group members purchased this machinery and installed it at the one of the room of school.

Everyday two women were working at Bakery. The items manufactured at the Bakery were Nanket, Bread, Khari, Tost, Jira, Butter, cake etc. Banners were displayed for the advertisement of Bakery. Mouth publicity was one of the methods of advertisement. Daily sale of the Bakery was Rs.1,500/-. Every day 20-25 kg. production was manufactured by workers Rs.40,000/- profit was earned in one year. The Bakery was in profit for one year.

But unfortunately the building of bakery, which was on the school campus, was demolish by the school consequently production was stopped. The group members applied for the space from Grampanchayat. They got very poor response from Grampanchayat.

To make repayment of the loan, selling of machinery was the only option. The group members sold the machinery at loss and repaid the loan amount to the bank. The group members said that they got both the experiences good and bad. Because of Bakery business the group members build up their confidence. They want to start new business. They want to take new loan and want to start canteen Business.

It is observed that there are few reasons for failure of the business.

Reasons for Closing Business:

1) They should not have started their business on school campus, Place of Enterprise selected was wrong.

2) Instead of closing business, new place should be selected for the business.

3) Treats should be studied before starting business.
It can be concluded that selection of place of business affects on success of business. Selection of the location of business was wrong. Bank could have taken objection on the location of business.

10.3 Taraskhila Bachat Gat

Taraskhila Bachat Gat, Nimgaon Mahalungi, Tal: Shirur, it was mix group having 2 female members and 8 male members. The group was having saving bank account with PDCC bank at Nimgaon Mhalungi. Under SGSY scheme, in the year 2003 with a loan amount Rs.3,00,000/- the group started 'Cow farming' business. Out of Rs.3 lakhs loan amount, 1 lakh were received as a subsidy. The group was supposed to pay Rs.2 lakhs but it paid only Rs.1,40,000/-. At present Rs.60,000/- is yet to be paid. The group paid all the installments for the first two years regularly.

One cow and one calf were given to each member. The group was supplying milk to dairy and were receiving payments from the parties fortnightly. Initially the income of the group was Rs.35,000/- per month.

But due to 'Lal Khurkat' disease few cows died. Duration of business activity was not more than one year. Due to drought situation, the grass was unavailable consequently the drought situation and illness of animals went out of the control. It becomes very difficult to take care of cows. So the cows needed proper medication from veterinary surgeons. But the group could not afford fees to private surgeons. So, they took loan from others to meet medical expenses.

There was no unity among all the members of the group. The business deteriorated the economic condition of the members. There was a loss of Rs.7 to 8 lakhs. The group members lost their decision making power. The burden of financial crises was very much. The loan amount of bank and additional expenses for medicine, 'chara' for animals, all together became very expensive.

It was observed that the group should have been given training to take care of cows.
Reasons for Closing Business:

1) No proper training was given to the members of SHG.
2) Problems like drought situation illness of animals, Shortage of Fodder etc. were not visualize by the members.
3) Selling of milk and loan repayment should be earlier fixed.

It can be concluded that running business without profit can be one of the step of business but in initial stage if there are heavy losses than for the members of self help group it becomes very difficult to manage the activity.

10.4 Kalamjadivi Bachat Gat.

Kalamjadivi Bachat Gat, Kalamb, Tal- Ambegaon, consisting 20 members established in 2003. The group is having saving bank account with UCO bank, Kalam branch. Total saving till 2004 was Rs.5000/-. In the year 2004 under SGSY scheme the group started its business,

Selling of ‘Bardana’ was the business started by the group members. Each member purchased Bardana of Rs.8,000/- from Manchar. It was the requirement of the farmers. The farm production like onion, potato’s and other material, Bardana was the compulsory item. For this reason the group started ‘Bardana Business’.

In beginning there was good response for the business. But after a few days problems started. There was decrease in sales. Even there was no unity among the members of the group. The business deteriorated the economic condition of the members.

There was loss in business. The Bardana material was given back to person from whom it was purchased.

As a result, the loan amount was not repaid to the Bank.

Reasons for Closing Business:

1) Wrong selection of business opportunity.
2) Lack of Entrepreneurial attitude.
3) Lack of unity of members.
It can be concluded that before starting the business proper market survey should be done by the members of the self help group.

10.5 Rani Laximibai Bachat Gat.

Rani Laximibai Bachat Gat, Pavananagar, Tal – Maval, was established in 2002 consisting of 20 members. The group was having saving bank account with Bank of Maharashtra, Pavananagar. Total saving till 2003 was Rs.5000/-. In the year 2003 under SGSY scheme with a loan amount Rs.2,00,000/- the ‘Mirchi Kandap’ business had been started.

The group members purchased Mirachi Kandap Machine. There were total 9 members working on this machine. Every day 15 Kg Masala was produced by the group. Rs.9 per Kg was the charges for Masala. The income till today was used for repayment of the loan.

Total expenses per month were Rs.1,000/-. Oil, nuts, Repairing of the machine, advertisement, these are the expenses. The Group has displayed 2 banners for the advertisement of the enterprise.

The major problems faced by the enterprise were load shedding and place for the enterprise. If there was no power supply in a daytime, then at that time night duty work was done by the group members. The place of enterprise was a rental shop. Now the group had purchased one stall for the enterprise. But there was no place to keep this stall.

The group had given an application for the place to Grampanchayat. It is necessary that the place for stall should be allotted to the Rani Laximibai Bachat Gat.

Reasons for Closing Business:

1) Wrong selection of place.
2) Lack of future plan.

It can be concluded that proper planning should be made before starting the business.
10.6 Rani Laximibai Bachat Gat.

Rani Laximibai Bachat Gat, Varvand, Tal- Daund was established in 2002 consisting of 20 members. The group was having saving bank account with Bank of Maharashtra, Varvand Branch. Total saving till 2005 was Rs.4000/-. In the year 2005 under SGSY scheme, the group started ‘Dairy business’ The group collected Rs.2,55,000/- loan.

There were total 15 members who purchased 1 cow each, The amount of Rs.17.000/-. was given to each members to purchase cow. The milk was provided to local dairy, 40 liters milk was collected every day. The group started manufacturing milk products. The training of this business was provided to them by Maharashtra Center for Entrepreneurship development. Everyday 4 group members were working at the enterprise from 40 liters milk 800 gram “Khava” was producted by the worker. The market for the product was hotel and sweet mart at local market. But no proper price was given by the shopkeeper. Initially only labour payments were recovered from the sale. It was very difficult to run the enterprise.

After two months, losses started occurring. When there was shortage of milk loss was increasing. The shopkeeper was also not ready to increase the price of “Khava”. He was purchasing it for Rs.60 per Kg and he was selling it for Rs.100 per Kg.

The problem started cropping up there was decrease in order. At that time only two women were on job. Again there were losses. Moreover, the group members also started refusing their responsibilities. They were not ready to participate in the business. On the last day 50 liters milk was thrown as wastage. So the males, husbands of group members ask them to close down the business.

If there had been cooperation among the group members and a separate stall of the SHG would have been provided for selling products then the enterprise would have been in profit.

Reasons for Closing Business:

1) Lack of Market Survey.
2) Absence of the proper market for the production.
3) Absence of unity of the group members.
4) No proper costing.
5) Lack of marketing skills.
6) Lack of leadership skills.

It can be concluded that availability of the market plays important role in business activity.

10.7 Muktabai Mahila Bachat Gat.
Muktabai Mahila Bachat Gat, Ahinewadi, Tal-Junnar, The group was established in 2005. The group was having saving bank account with Bank of Maharashtra, Otur branch. Total 11 members were there as a members of a group. In the year 2005 the loan of Rs. 2,50,000/- was disbursed under SGSY scheme. The group members were thinking about starting Dairy business. But due to not having proper guidance they not started there business.

10.8 Dr. Babasaheb Ambedkar Bachat Gat.
Dr. Babasaheb Ambedkar Bachat Gat, Rajgurunagar, Tal- Khed, the group was established in 2002. The group was having saving bank account with PDCC bank, Rajgurunagar branch. Total 20 members were there as a members of a group. In the year 2002 the loan of Rs. 2,20,000/- was disbursed under SGSY scheme. The group members purchased Mirchi Kandap Machine. But there is no place to keep the machine. The group had given application to the Grampanchyat for place of business. Grampanchyat assured the group that place will be provided to them. It can be concluded that SHG members starts any activity with self motivation, is having existence.

10.9 Ambika Bachat Gat.
This group can be observed as a successful group activity. The women members of this self help group had achieved success. Ambika Bachat Gat, Khutbav, Tal: Daund, the group had been established since 2007. The group was having saving bank account with Bank of Maharashtra, Khutbav. There were total 13 members in a group and all the members were from the BPL. Monthly saving of the group is Rs.100/-. Internal loans were disbursed
by the group up to Rs.25,000/-. Repayment of this loan was satisfactory. The total saving till date was Rs. 3,500/-. Before starting SHG the scheme members had started “Ambika Mahila Sahakari Audyogik Sanstha.” They got training about Masala manufacturing from Khadi Gramodyog. This training was of 15 days. The fees for this training programme was Rs. 300/- per day. Chairman of this group Mrs. Kamal training Shankar Pardeshi sold one guntha of her own land for Rs. 10,000/-. She invested this amount as a capital for the business. The members of self help group started enterprise in small kacha house that is called “Copi”.

In beginning the quality of Masala was not good. So they were circulating this product to group members only. After improving quality of the product they started it to circulating among other people, till today the production of Rs.72000/- had been distributed free of cost as a sample. At the initial stage the payment was not made for two years to the members who were working for the business.

Now the position had been changed. Now this group is having lot of orders. The product is popularized as a “Ambika Masala.” There are two shifts for production 1st shift is from morning 10to 4.30 p.m. and 2nd shift is from 6pm to 8am. Total 40 workers are working there two machines were installed for manufacturing of Masala. One machine purchased by the group and another machine is donated by Panchayat Samiti.

There was a separate room for the business. Every month Rs.1,25,000/- Raw material was purchased for production, Mirchi, Dhana Tamalpatra, Lavang, Dalchini, Vilayachi, Coconut, Onion these were the items purchased as a raw material. the members who were working as employees were getting Rs.60/- per day as a salary and Rs.80, 000/- p.a. is distributed as salary of the workers. Light bill, Packing box, packing stickers printing, these were the expenses incurred. For the advertisement purpose, Rs.50,000/- had been invested which includes photo and Video Shooting A bill of Rs. 1,08,000/- was receivable. If there was shortage of capital then they were purchasing raw material on credit. Post- dated cheques
were given by group and the members of self help group were collecting raw material easily.
If there was heavy load of order then the work was divided into three shifts. The members of other 5 groups were called for the work. The workers of 1st shift and 2nd shift were doing actual production of Masala and the workers of 3rd shift were doing packing of Masala. Chole masala, Sambher masala, Matan masala, Kanda masala, Pav Bhaji masala, Goda masala, Garam masala, Biryani masala, Dhana powder, Tea masala, Shikeekai powder, these were the productions.
The group got an order from Big Bazar, this was great achievement. To maintain quality precaution were taken by the group. During production of masala, complete cleanliness was maintained. Women were not allowed to wear bangles. Their hair were tied with a cloth or plastic. The door was closed properly. Outsiders were not allowed to enter the production area. The production starts only after this care was taken. Concentration was focused on quality. For getting rich colour to the Mirchi it was grinded twice. There was no compromise with quality.
Earlier there was simple packing system. So more masala was packed in a packet, now the group was having electric weight machine. So it was accurate as per weight. Earlier 1 Kg. masala was produced and sold, but now the group is having order in tones. The orders were fulfilled in time.
The group was acknowledged with a good amount of honorarium like: Rs. 14,500/- from Germany, Rs. 5,000/- from Mumbai, received as Puraskar. From Bhimthadi Rs.5, 000/- the group received as a felicitation. This year Rs. 45000/- was the sale in Bhimthadi Jatra at Shivajinagar at Pune.
The future plan of the group was to give guidance to the other groups. Dairy, Bakery, Food processing business these were projects for which the group is going to provide guidance. The group had given proposal of Rs. 7 crore to the Govt. for the project. The group wants to expand its business.
**Reasons Of success in Business:**

1) Proper identification of Business opportunity.
2) Unity of the group members.
3) At the initial stage the members worked without any payment.
4) Proper Costing.
5) Maintaining the quality of the product.
6) Proper advertisement of business.
7) Distribution of the work.
8) Political support to the group.
9) Excellent management of business.

It can be concluded that the first step of activity is identification of opportunity. The group has selected the idea properly and developed it with entrepreneurial attitude.

**10.10 Lessons to learn**

*On the basis of failure and success stories following lessons could be learned*

1) The business idea should not be imposed on the SHG members. The SHG member should select the business idea.
2) The SHG member should take keen interest in starting the business.
3) The Government, NGO's, banks can take an active role in guiding the SHG members.
4) The business plan should be made mandatory before sanctioning the loan by the bank. Identification of correct business opportunity, Selection of proper location of business of business, Market survey and market information, calculation of cost of production and proper pricing policy etc. are very important in the success of any business venture.
5) After disbursement of loan, care should be taken that the same is used for business.
6) A proper plan of action should be prepared before the implementation of the plan.
7) The SHG members, Bank manager and Govt. officers should implement the plan.

8) Proper training should be provided to the SHG member regarding the utilization of the loan.

9) Team spirit, team work, collective leadership, Vision are essential for group entrepreneurship.

10.11 Feedback from Banks Managers-

The banks who had given loan to Self help groups were playing important role in micro finance. Because actual finance was made by banks. There were total 8 Bank managers interviewed by researcher.

1) Bank of Maharashtra – Bhigvan, Tal- Indapur

Mr. Balvant Avchare

Mr. Balvant Avchare told that there were total 250 SHGs accounts, of above poverty line (APL) and below poverty line (BPL) opened at this branch. 45 Accounts were having overdue. Before giving loan register and past performance is checked by bank. There was no training provided by bank. After disbursement of loan there was follow up by bank. In application form the reason of loan was already mentioned so there was no guidance about spending loan amount. 10% groups had not yet paid the amount of loan.

He said that there were any irregular recovery then visits counseling of the group members were organized by bank, if the group was not making payment then notice was given to them about recovery.

There was no separate staff appointed for the self help groups. The loan department was looking after the SHG loans.

About the group he said that the future of SHG is good. Women were not spending amount unnecessarily. Every member was control by the group. NGO’s participation is necessary for awareness. Village level agency should be there for counseling. Proper guidance should be given at the time of selection of business. Marketing of the product should be done properly. The manager told that the
groups should create repayment awareness amongst members. It is assumed that the business loan may be used for private purpose.

2) PDCC Bank – Rajgurunager

Mr. V. B. Bhaskar-

Mr. Bhaskar V.B., manager told that every year around 100 self help groups were getting advantage of loan. Above poverty line groups were making repayment properly. 5% may be irregular recovery. But BPL groups were not making payments regularly

Minutes Books and Registers were checked while disbursement of loan. If the loan was taken for personal use then no need to check other details. But if the loan was for business purpose then visit were arranged.

He said that here was no guidance for spending loan amount. There was no separate staff appointed for SHGs. There was no proper follow up. People thought that subsidy means not necessary to make payment of the loan. For irregular recovery, chairman and secretary were called by bank. The information about payment of loan was given to the defaulters. There was no separate staff appointed for SHGS. Repayment awareness should be developed by SHGS.

3) Central Bank – Morgaon.

Mr. Sonawane A.R

Mr. A. R. Sonawane told total 350 Self help groups bank accounts were with central Bank, out of 350 SHGS for 150 groups loan was disbursed. 99% groups were making repayment of loan. As per the loan amount, the group were selected for allotment of loans. For BPL members training Programme was arranged.

He said that after disbursement of loan visit to particular group was arranged by bank, reason for loan was already mentioned in loan application form so there was no guidance for spending loan amount & groups were having problems about repayment of the loan. There was no separate staff appointed by bank for SHGs. There was lot of burden of work, it was necessary, that one separate staff should be appointed for SHGs.
He suggested that house hold expenditure should be second criteria main focus should be Business.

4) Canara Bank – Hinjawadi

Mr. K.B. Landge-

Mr. K.B. Landge told that total 40 SHGS had opened bank account in bank. Mahila VA Bal Vikas Mandal, Bank of Maharashtra NGO identifying the group from villages. There was no criteria for Selection of Group. Before disbursement of loan all the members are called by bank for counselling.

He told that after disbursement of loan there was follow up by bank. Bank was not looking after for which reason the amount was used. There was concentration on repayment.

He told that the recovery status was good. For regular recovery the techniques used were personal contacts, telephone contact, through NGOs communication with members etc.

He said that there was no separate staff appointed for the work of SHG. Separate staff is require.

The SHGs have bright future. Repayment attitude also good, but repayment for the sake of subsides should not be made. Entrepreneurship should be developed.

5) Bank of India – Junnar

Mr. S.N. Sabale

Mr. S.N. Sabale told that total number of SHGS were 160. The members who collected loan 96% members were making repayment of the loan. While giving loan to SHGS, Saving proportion, past experience and Bank track record was observed. There was no separate training but instructions were given at the time of disbursement of the loan. No guidance was provided about spending loan amount because the reason of loan was already mentioned on the loan application form.

Repayment attitude was good. But if there was any irregular recovery was found then one pressure group was appointed by Bank. Awareness about repayment should be created by staff members. There was no separate staff appointed for the work of SHGs. Appointment of additional staff should be made.
He said that now the amount collected by bank was used for farming or any other reason. Actually entrepreneurship should be developed.

Mr. R.T. Dagade
Mr. R.T. Tagade told that total 102 SHGS were having bank account, 95% groups were making repayment regularly. At the time of sanction of loan amount, total saving was seen. No training programme before disbursement of loan. After disbursement of loan regular meetings were organized between Bank and SHG members. There was counseling for spending loan amount. No separate staff was appointed. Awareness should be created about SHG and Repayment of the loan. Every year one “Melava” get together was organized by Bank for awareness. Counseling agencies should meet with group leaders for discussing the problem.
He suggested that NGO + Bank + SHG member leader this type of unit should be develop, so there will be proper communication between bank and SHG members.

7) PDCC – Manjre Tal. Haveli
Mr. N.D. Takavale
Mr. N.D. Takawale told that Total 250 group had bank account at this branch. All the groups were doing repayment well, at the time of sanction of loan saving, Registers are checked by bank. There was no training provided before disbursement of loan.
After disbursement of loan for nominal loan there was no survey report, but for big loan survey report was fill up by bank. There was guidance about spending loan amount. It was assured that the purpose mentioned in proposal, for that purpose only the amount is used. There was no irregular recovery, repayment, Attitude of the SHG member was good.
No separate staff was appointed for SHG department. There should be “Federation of staff help Group” one member can be member of other group, there was no control on membership. If federation will formed, the federation will
recommend the member for the loan, there will be registration of members with federation.

He said that really poor women should be benefited by loan and finance. There were many women who gets benefit of SHG those who were from finically settled family. BPL women should be benefited. 8% rate of interest declared for really poor families. 4% subsidiary was given for BPL group. The main objective is to develop entrepreneurship in needy people. It should be developed properly.

8) **Bank of Maharashtra – Telegaon Dhamdhere Tal. Haveli.**

Ms. Radha Agarwal-

Ms. Radha Agarwal told that total 22 groups were having bank account at this branch. 4 groups, had benefited by loan. Books, Registers, Copy of resolution were asked at the time of sanction of loan. Training was provided by Mahila Va Bal Vikas Mandal, NGO formed by Bank of Maharashtra. There was follow up after disbursement of loan as well as guidance about spending loan amount. Recovery status was good, Repayment attitude of the SHG members was good, no separate staff was appointed for SHG Accounts. There was bright future for SHGS, She suggested that entrepreneurship should be developed among members of the self help group.

**10.12 Conclusion:**

It can be concluded that group enterprises started by women needs proper guidance.

If it is managed systematically then it becomes successful activity. The role of group leaders, group members and financial institutions is very important in group enterprise. The group leader needs to be competent enough to make sure that the business runs for a longer period of time.

The banks were playing important role in loan disbursement and guiding members of the self help group for entrepreneurship.