ABSTRACT

Self Help Group Bank linkage program has emerged as the largest micro finance program in India. Micro finance provides the capital to improve the output of the micro enterprises. Still most of the poorest do not have access to the formal financial institutions in India and they depend on informal sources for their credit needs. Self Help Groups are evolving as a promising intermediary to enable the poor link with the formal financial institutions. Promotion of micro enterprises brings in vibrancy to the local economy as it unfolds business opportunities to the poor and marginalized women and enable them to come out of poverty and also leads to their empowerment.

There are seven lakh matured SHGs in India, which need to be graduated to take up growth oriented micro enterprises. The present study primarily addresses this problem and attempts to find out how the continued access to micro finance has promoted the micro enterprises in the study area. The objectives of the study are 1. To review the progress of SHG bank linkage program at the national, state (Tamilnadu) and district (Madurai and Ramanathapuram) district level, 2. To identify the different types of micro enterprises promoted by the SHG women out of the SHG-Bank loans in the study area and to assess the constraints faced by them in availing loans, 3. To compare the performance in two blocks of study area in terms of the changes in the entrepreneurial behavioural competencies of SHG women, 4. To examine the impact of the continued access to SHG bank linkage program on the growth and management of the micro enterprises of SHG women in the study area, 5. To investigate the factors that promote or limit the growth of micro enterprises in the study area, 6. To evaluate the changes in terms of employment level, income and assets of the SHG women in the study area between pre-SHG and post-SHG period and 7. To suggest measures for policy changes for better implementation of SHG bank linkage and micro enterprise development programs.

The study is a descriptive one based on primary data and secondary data. The study has adopted multi stage random sampling for the selection of state, districts, blocks, NGOs and SHG micro entrepreneurs, who have taken SHG-Bank loans more than once. A pre-tested questionnaire was used to collect the data from 400 SHG micro entrepreneurs. Focus Group Discussions were held with the stakeholders to collect the qualitative data. Three point scales were constructed and used to measure the growth of the micro enterprises and the changes in entrepreneurial behavioural competencies. The data analysis
employed various statistical tools like percentage, standard deviation, mean, t-test and multiple regression.

In India, up to 31st March 2006, 2238525 SHGs have been credit linked with cumulative loan of Rs.113970 million. There is a significant association between the incremental EBC category and the training of the respondents. There is a significant association between the incremental EBC category and the period of participation of the respondents in SHGs.

In Usilampatti block, out of 128 respondents, who have started the new enterprises, 54 are trained under EDP, whereas in Paramakudi block, out of 108 respondents, who have started the new enterprises, 37 are trained under EDP. About 6.10 percent of the respondents from Usilampatti block achieved the high growth of micro enterprises, while only 3.40 percent of the respondents achieved the high growth of micro enterprises from Paramakudi block. The growth of micro enterprises is directly proportional to the number of bank loans availed, only up to the medium growth category of micro enterprises. Hence, apart from credit, availability of other BDS are also to be ensured. The factors promoting the growth and the barriers retarding the growth of micro enterprises have been identified.

The average number of days employed per annum of the respondent increased in the total study area from 213 days in Pre-SHG period to 292 days in Post-SHG period, while the average income of the respondent increased from Rs.9945.45 in Pre-SHG period to Rs.21584.21 in post-SHG period. The average assets of the respondents increased from Rs.39846.63 in pre-SHG period to Rs.49203.03 in post-SHG period. Multiple regression analysis reveals that the independent variables such as number of children, sales and number of days employed per annum have significant positive relationship with the post-SHG income of the respondent, while the variable cost of sales have significant negative relationship with the post-SHG income.

Recommendations are furnished for the problems faced by the respondents and their SHGs in the study area. A model titled 'Public Private Network (PPN)' has been suggested for promoting the micro enterprise development. The implementation of the above suggestions will lead to development of micro enterprise sector and strengthening of the SHG movement, which will unfold the prosperity to the poor women and will empower them.