Chapter 7

FINDINGS, CONCLUSION AND RECOMMENDATION

Efforts of different institutions including government, NGOs, banks and other development agencies have resulted in phenomenal growth of micro finance in Kerala during the last decade. Although it is behind other southern states in terms of the number of SHGs, the programme has been able to bring about significant changes in the lives of the rural population in the state. SHG being perceived as a poverty eradication strategy, it is necessary to conduct an impact study on the pros and cons of this movement and the enterprises promoted through SHGs to suggest possible ways and means for further momentum.

This chapter presents the conclusions drawn from the study on the sustainability of micro enterprises. The study was a descriptive one with the following objectives. 1. Assessing the progress of SHGs in Kerala. 2. To compare the performance of individual enterprises with group enterprises. 3. To identify various factors that influence the sustainability of micro enterprises. 4. To analyse the impact of micro enterprises on women empowerment and 5. To recommend a replicable model for micro enterprise development. Multi random sampling method was followed in sample selection and both primary and secondary data was collected. Primary data was collected from 325 micro enterprises including 227 individual enterprises and 98 group enterprises using interview schedule. Chi square test and regression analysis were applied to find out various factors influencing the sustainability of micro enterprises. Following are the major findings of the study.
7.1 Progress of SHGs in Kerala

NGOs, Kudumbashree mission of the state government, SGSY and banks have played a crucial role in promoting SHGs in Kerala. Kudumbashree and SGSY started promoting SHGs during 1998 and 1999 respectively. NGOs mainly those promoted by the Catholic dioceses of Kerala in all the districts started promoting SHGs much earlier, 1996. While data is available on the number of SHGs promoted by Kudumbashree and SGSY, no accurate data is available regarding the number of SHGs promoted by NGOs in Kerala. However the data provided by NABARD is an indication of the pioneering effort of NGOs in promoting SHGs in Kerala. As on December 2006 the total number of SHGs promoted under SGSY is reported to be 60544 and the number of NHGs promoted under Kudumbashree is 17513. As on 31st March 2006, 86988 SHGs are credit linked with various banks in Kerala. (NABARD, MOD, 2006). Among this 70% of the groups are credit linked with bank through direct linkage where NGOs facilitated the process. It shows the pioneering effort of NGOs in promoting SHGs in Kerala. Also the data provided by Kudumbashree and SGSY includes SHGs promoted by NGOs and availed assistance under these schemes.

7.2 Functional aspects of SHGs and respondent micro enterprises

7.2.1 Profile of the Respondent SHGs

Promoting agency: It is found that 76.92 percent of SHGs selected for the study are promoted by various NGOs like PDS, VOSARD, Nedumkandam Cultural Society and Vikas while the remaining 23.08 percent are promoted by local bodies. Local bodies have promoted SHGs under the Kudumbashree programme and SGSY scheme. It shows that Non-Governmental organizations have been playing a major role in SHG promotion in the district.

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Membership: The study shows that the" average membership in SHGs is 15, but in older groups it is 16 and younger groups it is 14,

Savings: A majority of the SHGs contribute a fixed amount as weekly remittance. Their weekly remittance varied from Rs. 5 to Rs. 50 per member and it is found that 70% of the SHGs have increased their weekly savings over a period of time. The total savings per member varies between Rs. 3000 to Rs. 5000 and the total savings of the SHGs varied between Rs. 30000 to Rs. 60000.

Interest Rate: There is a drastic decline in the interest rate charged by the SHGs on internal loan. In the initial period, most of the SHGs (94%) charged 24% interest annually. Presently only 28% of the sample SHGs charge 24% interest annually. About 72% of the groups charge only 12% as annual interest.

SHG bank Linkage: In Kerala, Idukki district claims the major share in the number of SHGs directly credit linked with banks. Out of the 325 SHGs under study, only 3 groups have not availed loan from bank. It is found that 49% of the groups under study have availed loan of less than Rs 2 lakhs and 50% of the groups have taken loan between Rs 2 to 4 lakhs.

Repeat loan; A majority of the SHGs (74%) have been able to avail repeat loans from banks and also there is a considerable increase in the size of the loan from Rs. 20000 to 4 lakhs.

Absorption of funds: Majority of the SHGs (52%) have utilized their funds for income generation programmes in non farm sector such as garment making, food processing, vermicompost making, grocery shops, dairying and poultry.
7.2.2 Performance of Individual and Group Enterprises

Agency promoted and category of enterprises: The study shows that among the enterprises promoted through SHGs, Individual enterprises (69.8%) are found more than group enterprises (30.2%). The analysis shows that NGO promoted SHGs have undertaken mostly individual enterprises while those promoted by governmental agencies are group enterprises. This is because group enterprises are mostly promoted under different government schemes like SGSY and Kudumbashree while individual enterprises are mostly started under SHG bank linkage scheme. As individual enterprises are not funded through government schemes they are free to choose enterprises of their own choice.

Entry profile: The performance of the enterprise has a direct link with the age and experience of the entrepreneur. It is found that 90% of the entrepreneurs under study are less than 45 years of age. Also it is important to note that a majority of the entrepreneurs (62.8%) under study are educated up to SSLC. It is found that the initiation of group enterprises is mostly motivated by the availability of different schemes and grant support while individual enterprises are started from their own initiative. In the project selection, group enterprises gave priority to the nature and size of financial support received (23.5%) while individual enterprises gave priority to their previous experience in the respective field (47.1%).

Size of investment: The analysis shows that compared to individual enterprises, the size of investment is higher for group enterprises. The average investment made by group enterprises is more than double (Rs.34900) compared to individual enterprises (Rs 16900).

Margin Money: It is found that 60% of individual enterprises and 58.2% of group enterprises have invested margin money of less than Rs. 5000. However the percentage of
margin money to total investment of the project is more for individual enterprises (25%) compared to group enterprises (10%).

Marketing: Marketing is found to be one of the major problems faced by the enterprises. Though projects related to livestock development do not experience such problems, the income earned from such projects -mainly dairying - is not encouraging. It is found that compared to individual enterprises, group enterprises have a larger volume of sales. Both categories of enterprises depend on retail sales and direct marketing. A majority of both the categories of enterprises have limited market size and are restricted to their locality.

Monthly Profit; It is found that group enterprises have both a larger investment and volume of business and hence a higher monthly profit. A deeper analysis of the data shows that the per capita income accrued from the business is more for individual enterprises when compared to group enterprises. In the case of individual enterprises, 34.3% of the respondents earned monthly per capita income between Rs. 500 -1000'as against 13.3% in the case of group enterprises. While 63.3% of the group enterprises earn less than Rs 500 only 22.9% of individual enterprises were found in this category. Again it is important to note that while 22.9% of the individual enterprises earn more than Rs. 2000 a month, none of the group enterprises are able to generate the same amount of per capita income. Hence it can be concluded that though group enterprises are generating a higher amount of profit, individual enterprises are enjoying higher per capita income. The major reason for this phenomenon is because of the involvement of a larger number of women in the enterprise than what is required. Thus disguised unemployment is found among group enterprises.

**Employment** generation: It is found that group enterprises are mostly part-time businesses (10%). Also it is important to note that 40% of the group enterprises are managed by more than 9 women. The problem is worsened as the involvement is part-time
and hence the per capita income earned is very low indicating the presence of disguised unemployment in group enterprises. On the other hand, a majority of individual enterprises (67%) operate on fall*time basis and 54.3% are managed by the owners themselves.

Maintenance of accounts: The accounts of most of the enterprises are written on loose papers and the cashbook is the only account which they maintain. Also it is found that compared to individual enterprises, group enterprises are more concerned about keeping their accounts. Most of the units which maintain their accounts reported that it helped them in getting a better understanding of the status of their business. For group enterprises it helped them in avoiding conflicts thus ensuring better cooperation and continuance of the unit.

Training: It is found that a majority of the entrepreneurs (57%) under study have not attended any sort of training. The profiles of the entrepreneurs show that a majority of them were previously housewives and do not possess any knowledge or skills in business management and it is important to note that a majority of the individual units (54.3%) are managed by themselves. All this suggests the necessity of training. Among those who have attended training, 55% have undergone training of more than 5 days duration and the, remaining less than this. The content of the training in most cases was limited to skill training and ignored inputs on management skills and achievement motivation. However, trainings of longer duration had a well articulated syllabus touching both hard and soft skills. For Example Jyothi of Snehadeepam SHG' in Upputhara panchayat is successfully running an automobile spare parts shop and had attended one month Rural Entrepreneurship Development Programme (REDP) at Kattapana. The syllabus included skill training on accounts keeping, investment plan preparation, working capital cycle and
inputs on achievement motivation, rural marketing, market analysis, communication and leadership.

7.2.3 Micro enterprise and women empowerment

Control over savings and credit: The analysis shows that 61.5 percent of female entrepreneurs did not have any savings before joining their SHG because many of them were previously housewives and did not have any source of income. However, the emergence of micro finance provided an opportunity for women to come out of their traditional roles and undertake new productive roles. Weekly meetings, linkages with banks and other agencies provided them with more room for an increase in social mobility. The availability of credit enabled them to undertake income generation programmes thereby creating personal savings.

It is found that 62 percent of the SHGs provided an average amount of Rs 10000 as loan to the members. On an average, 12 members per SHG had taken 4 or more loans. The process involved in the disbursement of the loan is very important in terms of the empowerment of women. A participatory decision-making process, conflict resolution, financial transactions, accounting, etc provide tremendous opportunities for women in capacity development. The sustainability of the group, and thereby the sustainability of micro enterprises, depends on these factors.

Participation in decision making process: The ownership and control of savings and credit have enabled them to have a larger voice in decision making regarding the purpose and management of funds. Pre-credit scenario and post-credit scenario are studied to find the changes taking place in the lives of women entrepreneurs under study. About 90 percent of the women responded that they have either an equal or greater voice in deciding
the amount and purpose of loan to be taken from the SHGs and there is also a corresponding trend in the management of funds received from the SHGs. The percentage of families where both men and women have equal control over the management of funds increased from 33.85 percent to 49 percent and the number of women enjoying more power over the management of funds increased from 11 to 33 percent. This has helped them immensely in other decision-making areas such as the children’s education and purchase or sale of assets.

Mobilization of funds for weekly remittance: Women’s access to savings and credit gives them a greater economic role in decision-making about savings and credit. The analysis shows that female entrepreneurs are able to mobilize the required funds for weekly remittance by themselves and this accordingly helps them to exert more control over the savings and credit. However, in the experience of the researcher, women who depend on their husbands or family members for the funds for weekly remittance have less control over their savings and fewer decision making roles.

Management of the enterprise: Most of the female entrepreneurs under study were previously housewives and did not have any experience in managing an enterprise, but the study shows that 55% of the enterprises are managed by women alone. These women have been managing the enterprise for the last few years and have developed a series of entrepreneurial competencies through trial and error. Entrepreneurial functions like the purchase of raw materials, credit mobilization, marketing of their products and credit recovery have enabled women to enjoy increased mobility and collaborations and have made them more confident in their ability to make good decisions.

Assets created: The study shows that 86 percent of the women entrepreneurs have created assets out of their income from the business. According to them, most of whom were
previously housewives and that creating assets using the income from their business has immensely contributed towards improving their level of confidence and self-esteem. According to the respondents, the ownership of these assets has helped them enjoy a better status in their home.

Management of triple role: One of the serious criticisms leveled against micro finance is that it creates an additional burden and workload for women. But this study shows that people are becoming more gender conscious and gender roles are changing. Trends show that the number of families in which the husband and wife share the burden of the household chores is increasing and is now at 69 percent, but 25 percent of the women responded that they still single-handedly manage the entire show and that their income generation activities have increased their workload. The remaining 6% reported that other family members help them in delivering their household responsibilities.

Leadership: Improved leadership quality is one of the indications for empowerment. The study shows that after starting the enterprise, more women have been elected as the officers of their SHGs. It is found that 72 percent of the women entrepreneurs are office bearers in their respective SHGs. Leadership in these SHGs has helped many women to establish associations with different agencies and it has increased their knowledge and developed various skills. The close association with different agencies and officials helped them to know more about various schemes and programmes and has paved the way for starting different micro enterprises by many leaders of the SHGs.

7.3 Sustainability of Micro Enterprises

One of the major objectives of this study was to find out different factors which influence the sustainability of micro enterprises. It is found that 24.23% of the individual enterprises
are found at high level of sustainability as against only 15.30% in the case of group enterprises. On the other hand 21.43% of the group enterprises are found at a low level of sustainability as against only 11.01% in the case of individual enterprises. Thus though a higher percentage of both group enterprises (63.27%) and individual enterprises (64.76%) are found in a medium level of sustainability, a higher percentage of individual enterprises are on the road to sustainability compared to group enterprises.

Activity wise analysis reveals that more than 66% of the activities are accounted by industry and livestock in individual enterprises as against trading and manufacturing units in group enterprises. As trading is more of risk free and does not require much training more women are engaged in it (37.76% in the case of group enterprises and 18% in the case of individual enterprises). Among individual enterprises high level of sustainability is found among the manufacturing units (32.72%) and activities under livestock (29.09%). For instances units like fibre door making, vermi compost units, garment making, pappad making and food products are making comparatively good profits. Under livestock development goat rearing is found very successful and profit making compared to dairying. As the place is richly endowed with natural resources like timber, grazing yard and spices, agro based enterprises are found more popular.

‘t’ test was applied to test the significance of difference between the sustainability scores of group and individual enterprises. It is found that there is a significant difference between the sustainability scores of individual and group enterprises. Non Cooperation among the members in allocation of tasks, lack of accountability and responsibility, lack of team spirit, opportunity cost of earning better wages outside, prevalence of disguised unemployment etc are found to be the reasons for low level of sustainability of group enterprises. The reasons for high level of sustainability of the individual enterprises are
the faster decision making process, higher per capita income, individual responsibility and accountability, longer business hours and involvement of family members. Multiple regression analysis reveals that monthly sales and age of the group are the common factors which influence the monthly profit of both individual and group enterprises. In addition duration of training is also found influencing the monthly profit of group enterprises. Hence steps like quality control, branding, packing, product diversification, advertisement, etc. should be taken to improve the sales. Moreover sufficient follow up support should be provided for the sustainability of the SHGs.

Age of the Entrepreneur: Age is an important factor as far as business is concerned because the entrepreneur is expected to perform many different functions. The ability to take calculated risks, flexibility in thought and action, the ability to face uncertainties, etc. are some of the major competencies required for maintaining a business successfully. It is found that none of the entrepreneurs above 46 years of age earn a monthly profit of more than Rs 1000 while 47% of those below the age group of 35 and 50% of those in between 36 and 45 years of age are getting a monthly profit of more than Rs 1000. The chi square test shows that there is an association between the age of the entrepreneur and profit generated in the business.

Education: Though the level of education is not necessarily an essential criterion for successful entrepreneurship, this study shows that entrepreneurs with higher educational qualifications performed better compared to women with a lower educational background. Almost 50% of the entrepreneurs with standard VII plus educational qualification are able to generate more than Rs 1000 profit per month while only 15% of entrepreneurs of less than standard IV are able to generate the same profit.
Previous Experience: The analysis shows that the majority of the entrepreneurs (60%) were previously housewives and did not have any idea about business. It is found that 45% of the entrepreneurs with previous experience in the same field are earning a monthly profit of more than Rs 2000. However, the majority of the wage laborers (73%) and housewives (60%) earned less than Rs 1000 as monthly profit. In the case of housewives and wage laborers, due to a lack of experience, they are unable to make higher profits. For instance, Miss. Kamala at Kumily who had previous experience in teaching was successful in running a tuition center. On the other hand, Mrs. Rosamma, previously a wage laborer, of Sanghamam SHG in Peermade panchayat found it very difficult to maintain her poultry unit.

Aptitude for self employment: The analysis shows that nearly 60 percent of the enterprises under study were started without any persuasion from outside. The availability of funds with SHGs sourced from bank credit and members’ savings enabled them to start and expand the activities. However, nearly 40 percent of the enterprises have responded that their entry into business has been motivated by factors such as assistance from government-sponsored schemes, subsidy, and recommendations by others. In this study, women with a real desire and initiative, and who had previous experience, generate a higher profit than those who were previously housewives or wage laborers.

Type of enterprise: The analysis shows that enterprises under industry, trading, and service sectors performed better than activities in the farm sector. Activities such as lease farming and dairying have not made any surplus. It is found that 27.7% of the enterprises under study belong to activities in livestock development. In most of the cases, dairying was not taken up as a commercial activity. Though goat rearing is a very promising activity in Idukki district, it is found that many women maintained local breed
with less productivity and hence they were unable to make good returns. Varieties like Jemnopari and Malabari are hardly seen.

Linkages and Collaborations: It was observed that most of the SHGs under study are directly linked with banks and are getting repeat loans without much delay and this directly helped the free flow of credit to the enterprises, however the practice of dividing the loan among the members equally affected the principle of credit namely ‘adequacy’.

Also it is found that many SHGs have been able to establish contacts with local bodies and other developmental agencies. In many cases membership in SHGs have helped women establish linkages with different agencies like the Industries Department, Backward Development Corporation, Khadi Commission and NGOs for resource mobilization and capacity development. For instance the membership in SHG enabled Mrs. Indu Sunny in Kumily Panchayat to come to know about Backward Development Corporation and she could mobilize Rs.75000 for her grocery shop. Similarly membership in SHG helped Mrs. Bency Biju to participate in the E.D.P training organized in Ayyapancovil Panchayat.

It is important to note, however, that forward linkages such as marketing is completely ignored by SHGs and SHG-promoting agencies. Except in a few cases, no serious effort was made by the entrepreneurs to establish linkages for marketing their products.

**Enterprise Management:** It is found that individual enterprises perform better than group enterprises and the per capita income accrued from the business is larger in individual enterprises. A majority of the group enterprises earned a monthly per capita income of less than Rs 500. Disguised unemployment was common in group enterprises, the employment generated was only part-time, and a majority of the entrepreneurs have not received any training. Most of the women (64.2%) who did attend training are able to generate a good profit. It is interesting to note that women who attended training of longer duration
are more successful in generating a good surplus. Although nearly 27 percent of the enterprises were involved in livestock (mostly dairying and goat rearing), only 7 percent of them had insurance coverage which is a serious threat to the sustainability of these enterprises.

Marketing is one of the most important areas ignored by the enterprises. More than two-thirds of the women are ignorant about globalization and its implications and the channels of distribution adopted by them include wholesalers and retailers. Some of the units, for example ready-made garments and food products, made some efforts in direct marketing. One enterprise, namely fiber door manufacturing unit in Kattapana Panchayat has taken great effort in establishing tie ups with different local bodies for getting orders from their housing projects.

SHG-promoting institutions have not taken a lead role in facilitating marketing support to these rural entrepreneurs. Nearly 70 percent of the industrial units do not have any brand name for their products and though nearly 50 percent of women are interested in further expanding their units, a majority of them do not have any idea of how to go about it. Also, half of the female entrepreneurs have taken up some business promotion techniques such as advertisement and installment sales while the remaining have not made any effort to improve their sales.

7.4 Replicable model for micro enterprise development

The findings of the present study on the sustainability aspects of micro enterprises ran by SHGs indicate that the mere provision of credit even through SHGs will not lead to successful enterprises. Comprehensive support in the areas of training, sales promotion, linkages and collaborations and longevity of the group is required in promoting sustainable
micro enterprises. It is confirmed by the findings of P. Purushotham (2006) on the performance of SGSY in 13 states. According to him, “a majority of the participating bankers do not find the SGSY performing very differently from the erstwhile IRDP, except the positive element of the impact of peer pressure on loan repayment resulting from the group approach. It may be stated that the emphasis on group approach, which the PI As as well as banks prefer, is the only striking difference one could notice between the IRDP and the present SGSY”.

Participation of women in SHGs has enabled them to undertake various income generation programmes. However, the study shows that most of the women are first generation entrepreneurs (71%) and they do not possess the required skills and experience in managing an enterprise successfully. In today’s market conditions, the successful management of an enterprise is not an easy task. Enabling women towards effectively managing enterprises requires a comprehensive approach. Therefore it is important to recommend a replicable micro enterprise development model integrating different stakeholders presently involved in micro finance and micro enterprise development.
7.4.1 **Objectives of the MEFC**

- To enhance the skill and productivity of the SHG members through appropriate technology so that their capacity to initiate and manage the enterprises can be developed.

- To facilitate the development of local organizations to serve the MEFC.

- To provide various support services to the SHG members and their micro enterprises in training, marketing, linkages and collaborations.
7.4.2 Functional aspects

The MEFC should be an autonomous registered body monitored by a Project Implementation and Monitoring Committee consisting of officials from NABARD, Lead District Manager, DRDA, NGOs and SHG federation. In each district interested NGOs or other agencies with a proven track record and professional expertise in micro finance and micro enterprise development can be the Project Implementing Agency (PIA). The membership to the general body of the centre should be open to all the interested micro entrepreneurs with a nominal membership fee.

7.4.2.1 Training for micro entrepreneurs

Since the duration and content of the training programme is needs-based, there cannot be a common curriculum and duration for the EDP. However, many of the government-assisted programmes like PMRY, SGSY, REGP, etc. have built-in training programmes with a specific duration and training curriculum. The caliber and capacities of the rural and urban population are different. Also it differs for first generation entrepreneurs and people with previous experience thus the following factors should be considered when designing a training programme for micro enterprise development:

- The objective of the training programme
- Profile of the trainees - gender, experience, rural / urban, education level, etc.
- Nature of the enterprise they wish to undertake
- Availability of resources - time, fund, infrastructure, expertise, etc.
- All training should include sessions on the development of soft skills in addition to project-specific hard skills.
Table 7.1

A iiiftlel EDP curriculum for micro entrepreneurs

<table>
<thead>
<tr>
<th>S.No</th>
<th>Session</th>
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<th>Methodology</th>
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<tbody>
<tr>
<td>1</td>
<td>Ice breaking and creating a learning atmosphere</td>
<td>1 1/2 hrs</td>
<td>Group dynamics</td>
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<td>2</td>
<td>Charms of being an entrepreneur</td>
<td>3 hrs</td>
<td>Interactive session, Sharing by successful entrepreneurs</td>
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<tr>
<td>3</td>
<td>Basic qualities of an entrepreneur</td>
<td>3 hrs</td>
<td>Case study and group discussion</td>
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<td>4</td>
<td>Necessary conditions for a good business project.</td>
<td>1 1/2 hrs</td>
<td>Interactive session</td>
</tr>
<tr>
<td>5</td>
<td>How to plan a small enterprise</td>
<td>3 hrs</td>
<td>Interactive session</td>
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<tr>
<td>6</td>
<td>Role of communication skills in successful enterprise management</td>
<td>1 1/2 hrs</td>
<td>Role plays</td>
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<td>7</td>
<td>Inputs on different self-employment schemes</td>
<td>3 hrs</td>
<td>Lecture</td>
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<tr>
<td>8</td>
<td>The financial viability of the project - Investment plan preparation</td>
<td>3 hrs</td>
<td>Interactive session</td>
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<td>9</td>
<td>Rural marketing - How to deal with the customers and close a sale</td>
<td>3 hrs</td>
<td>Group dynamics</td>
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<tr>
<td>10</td>
<td>How to maintain the accounts in a small enterprise.</td>
<td>3 hrs</td>
<td>Practical session</td>
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<tr>
<td>11</td>
<td>Leadership qualities</td>
<td>3 hrs</td>
<td>Group dynamics</td>
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<tr>
<td>12</td>
<td>Achievement Motivation Training (AMT)</td>
<td>6 hrs</td>
<td>Business games</td>
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<td></td>
<td>Motivational inputs on goal setting, risk taking, group work, result based approach, etc.</td>
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<td>Total</td>
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7.4.2.2 **Common** Facility Centre (CFC)

CFC is the basic grassroot level organization linked with MEFC promoting access to technology for the micro enterprises. It is the link between CFC and SHGs and hence it becomes crucial for the successful implementation of the MEFC. The CFC will provide various machineries which can be used by the entrepreneurs on a cost sharing basis. The centre can approach NABARD for grant support for the purchase of machineries,
Sustainability of SHGs is very important to run the micro enterprises. Efforts should be made to strengthen the SHGs. The concept of self-help and self reliance should be promoted. SHGs are not only for bringing about economic development, but other areas like education, health, nutrition, environment, leadership also should be given equal importance. Village level federation of SHGs will help in participatory monitoring and evaluation of different activities carried out by the SHGs. The federation should have an executive body capable of controlling and monitoring the federation and work in collaboration with various agencies including local bodies at the grassroots level.

7.4.2.4 Linkages and Collaborations

Linkages and collaborations are very essential for the survival of the micro enterprises. Linkages help in resource mobilization, marketing, technology development and networking. The SHG federation will undertake the responsibility of linking SHGs with local banks. The MEFC will work in collaboration with research and training institutes and undertake research and development programmes in micro enterprise development.

7.4.2.5 Book keeping and Auditing

The maintenance of accounts by the SHGs is crucial for its survival. SHG federation will monitor the activities of the SHGs including record keeping and annual auditing.

7.4.2.6 Insurance

General insurance is another area which should be seriously considered by the entrepreneurs. Both personal insurance, in terms of health insurance and enterprise insurance, especially for projects under livestock, should be promoted. Various insurance companies are providing different micro insurance products which can be incorporated in
the micro finance programme and micro enterprise activities. Animators should be trained in this area and the MEFC should design a suitable product in consultation with a reputable insurance company.

7.4.3 Conclusion

Micro enterprise development is a process and hence the facilitating agency should have a clear understanding of its different aspects. The process of enterprise development should begin from the entrepreneur and therefore efforts should be made to prepare her for entrepreneurship. MEFC and CFG can do a great job in this area. Care should be taken in creating a favourable atmosphere where the poor are motivated and guided for further improvement. As CFCs are closer to people, they are a better option for creating this atmosphere and governmental agencies including local bodies and batiks can implement their different programmes through MEFC in a result-based manner.