ABSTRACT

Microfinance has become, in recent years, a major tool for development initiatives for the poor, particularly in the Third World countries. It has been practiced in varying forms in different countries and has come to be regarded as an important strategy for poverty alleviation. Keeping in pace with the microfinance movement across the globe, Self-Help Groups, especially of women, are emerging in different parts of India. Efforts by various agencies like NABARD, NGOs, Banks and different governmental agencies have resulted in promotion of 1618476 SHGs covering 25 million people in India. Statistics show that SHGs have become a movement in southern states and efforts are under way to spread the movement to other states as well.

The easy availability of credit for SHGs from formal sources and micro finance institutions and grant support from various poverty eradication programmes of central and state governments have been crucial in motivating people to undertake micro enterprises. However it is seen that majority of these micro enterprises find it difficult to expand or they cease to exist. The present study addresses this problem and attempts to find out various factors which influence the sustainability of SHG run micro enterprises. The objectives of the study are: 1. To assess 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.

This is a descriptive study based on primary and secondary data. Multi stage random sampling is followed in selecting the district, blocks, panchayats, NGOs, SHGs and micro enterprises. Pre tested interview schedules were adopted for primary data collection. The sample size was 325 micro enterprises including 227 individual and 98 group enterprises. Secondary data was collected from banks, NGOs and local bodies. Focused group discussions were also held with SHG members and field animators to cross check the accuracy of data collected. Three point scale was adopted to measure the sustainability level of both group enterprises and individual enterprises. Statistical tools like percentage, mean, standard deviation, chi square, t test and multiple regression analysis were applied for data analysis and interpretation.

NGOs, Kudumbashree mission and SGSY are the major agencies engaged in SHG promotion in Kerala. As on December 2006 total number of SHGs promoted under SGSY is reported to be 60544 and the number of NHGs promoted under Kudumbashree is 175413. As on 31st March 2006, 86988 SHGs are credit linked with various banks in Kerala. (NABARD, MCID, 2006). The total savings per member of the SHG varies between Rs. 3000 to Rs. 5000 and the total savings of the SHGs varies between Rs. 30000 to Rs. 60000. There is a drastic decline in the interest rate (24% to 12%) charged by the SHGs from its members. About 74% of the SHGs have been able to avail repeat loans from banks and also there is a considerable increase in the size of the loan. It is found that NGO promoted SHGs have undertaken mostly individual enterprises (78%) while those promoted by governmental agencies are group enterprises (88%). 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. Marketing is found to be one of the major problems faced by the enterprises. It is found that compared to individual enterprises, group enterprises have a larger volume of sales. A majority of both categories of enterprises have a limited market size and are restricted to their locality. It is found that group enterprises have larger investment and volume of business and hence an increased monthly profit. However the per capita income accrued from the business is more for individual enterprises. It is found that group enterprises are mostly part-time businesses and the presence of more number of women leads to disguised unemployment. On the other hand, a majority of individual enterprises are full time and 54.3% are managed by the owners themselves. It is found that entrepreneurs of older age make less profit compared to younger age group.

Nearly 30 percent of the enterprises surveyed come under livestock development. The study shows that activities under livestock are merely income generation programmes and value addition, introduction of new breeds and other new technologies are ignored. Majority of the women entrepreneurs were previously housewives (60%) and majority of them have not attended any training. It is also found that women who attended training of longer duration are able to generate higher profit. Also 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. Regression analysis reveals that while monthly sales, age of the group and duration of the training influence the monthly profit of group enterprises age of the group, monthly sales and duration of credit sales affects the monthly profit of individual enterprises.

It is found that the participation of women in SHGs has helped them to have more control over their deposits and credit. Many women have been able to create assets utilizing the income generated from their business and it gave them more control and economic independence. Also it is found that access to these economic resources has given them a greater role in the decision making process regarding children’s education, the sale or mortgage of assets and other household purchases. An increased social mobility and active participation in Grama Sabha meetings are other indications that women have been empowered through the formation of SHGs.

On the basis of the above findings ‘Micro Enterprise Facilitation Model’ was recommended for micro enterprise development. There are various stakeholders involved in providing various services to SHGs and their micro enterprises. It is recommended that NGOs should act as the facilitator in extending various support services to the micro enterprises. NGOs with a professional approach should be identified in every district and they should coordinate with Banks, local bodies and research and development institutes in providing various support services to micro enterprises.