CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY

Introduction
Statement of the Problem
Review of Previous Studies
Objectives of the study
Selection of Micro Enterprises
Definition of Micro Enterprises
Area of the Study
Sampling Design of the Study
Source of Data
Pretesting of Questionnaire
Hypotheses Framed
Tool for Analysis
Scope of the Study
Socio-economic Profiling of the Study Area
Period of Study
Limitations of the Study
Future Study
Chapter Scheme
CHAPTER 1

INTRODUCTION AND DESIGN OF THE STUDY

1.1 Introduction

Micro enterprise sector has received quite a lot of attention from politicians, professionals and practitioners. The importance of promoting Micro Enterprises is an effective mean of combating poverty and creating employment and income for large segment of population particularly for those segments affected by structural adjustments and economic liberalization programme. In India’s micro enterprise sector most attention is given to micro financing programme. Foundations of specific interventions to help the poor were focused and this led to an emphasis on income generating activities through nongovernmental organisations and usually with groups of women. Women have been the focus of support for income generating activities and enterprise start ups since the early 1970s as there was a realisation that women formed the poorest and most vulnerable segment of society.

Karl Marx was considering ‘change’ as an instrument of development. The major factor in determining the destiny of the rural poor is women’s participation in micro enterprise activities. Women as an independent target group constitute almost 50 percent of the country’s population, but still their social-economical and political status is lower than their male counterpart. Intervention of micro enterprises made a remarkable change that women are to be viewed as productive members of the society rather than child bearers.

Karl and Marilee (1997) drew attention to the issue of whether increased men’s income translated in to increased incomes for households. In fact, research and practice has tended to find that the contrary holds true; that it is an increase in women’s income that contributes directly to a family’s food and basic needs rather than personal consumption. Research further suggests that women should be targeted not only in order that the economic needs of the poor be fulfilled, but also
because women’s employment leads to reduce fertility rates, and therefore better population control Prem Chaner (1998)

So efforts to improve the position of Indian women must focus on women as economic actors women must not be recognized as mere recipient of public support, they are first and therefore most economic agents. Making women more earners will reduce their dependency and enhance their status. Economic success for women will improve their own lives and those of all Indian family’s. Micro enterprise paves the way to make Indian rural women more economic independent than ever before.

Women are the vital part of human resources of India. Women constitute 48.2 percent of the total population and 56 percent of the total unemployment sector. Development of entrepreneurship among women has become an important aspect of the overall economic development.

Women micro entrepreneur is regarded as a person who accepts a challenging role to quench her personality needs and to become economically independent by making suitable adjustments in both family and social life.

Micro-enterprises not only enhance national productivity, generate employment but also help to develop economic independence, personal and social capabilities among rural women. Some of the personal and social capabilities which are developed as a result of taking up enterprise among rural women are economic empowerment, Improved standard of living, self confidence, enhanced awareness, Improvement in decision making status, sense of achievement, increased social interaction, Improvement in leadership Kiranjot Sidhu and Sukhjeet kaur (2006)

Kuratko and Richard (2001) in their book on entrepreneurship stated that it is the dynamic process of creating incremental wealth. This wealth is created by individuals who take the major risks in terms of equity, time and career commitment of providing value to some product or services the product or services itself may or may not be new or unique but value must somehow be infused by the necessary skill and resources.
Micro Enterprises is the only solution to the problems of unemployment and proper utilization of both human and nonhuman resources and improving the living conditions of the poor masses. Micro enterprises empower the Indian women through overcoming the barriers of their life and increase their ability to shape their own lives and environment.

1.1.1. Meaning & Concepts of Micro Enterprises

Micro-enterprises are small, informal, and privately owned businesses of small scale farm households. They often range in size up to about 10 workers and consist of family members. The farm family has only rudimentary skills in management; technologies used are a mix of traditional and modern; access to capital is often a limitation as is market access. It is difficult for a micro-enterprise to increase its scale as a result. These impediments stem from the little provision made for the promotion of policies in favour of small rural microenterprises. The primary barrier to economic growth is often only a scarcity of both the dynamic entrepreneurs that can bring these together and the markets and mechanisms that can facilitate them in this task.

Micro-enterprises are somewhat bigger (up to 10 workers), and are more likely to involve a single activity on seasonal basis. Workers are mostly family members. They use a mix of modern and traditional technology. They are often linked to nonlocal markets for raw materials and customers. They lack capital, have modest technical skills and weak management skills. Entry barriers laid by level of investment and skills are high, yet competition is fierce.

Dictionary meaning of microenterprises is “very small-scale business, especially owner-operated with few employees” Websters New Millennium Dictionary of English, (2003-2005)\(^5\) the term “microenterprise” refers to very small-scale formally organized business activity undertaken by poor people.

According to Schreiner and Woller “Microenterprises are tiny businesses; most have one employee, the owner Schreiner & Woller (2003)\(^6\).
Schreiner and Leon (2001)\textsuperscript{7} defined microenterprises as “Firms owned by the self-employed poor that use microfinance”. According to Schreiner and Leon complex definition of microenterprise should have three components ie type of activity, investment limits and number of employee. Hence, for the purpose of this paper micro enterprise he defined as an informal activity run by poor with an investment limit less than 0.1 million and employing less than five workers.

Amuthalakshmi and T.J Kamalanabhan (2006)\textsuperscript{8} stated that “A micro enterprise is a set-up where in the entrepreneur is an employed and rarely employs another person. The working capital requirement is small and fluctuating in nature. The profit margin is low and as such the entrepreneur is not in a position to invest the earning in large proportions”.

The difference between income generation and entrepreneurship is in the conscious decision regarding opportunity costs involved in entrepreneurship development an opposed to generate causal income Kraus-Harper (1992)\textsuperscript{9}. Micro enterprises are small undertakings run by individuals or groups who take up responsibility of managing a business venture and often involved in the family activities. The micro enterprises suit the life style of women because of their multiple roles and need to re-organise time. Originally micro enterprises for women were extension of kitchen activities. Now women have ventured in to engineering, electronics and other industries under IRDP David (1992)\textsuperscript{10}

Maria Nowak (2011)\textsuperscript{11} define micro enterprise as an entity employing less than five persons, generating income from non farm production, service and trade.

Muhammed Yunus (2002)\textsuperscript{12} of Bangladesh finds little scope in describing the character of micro enterprises rather interested to see the whole objective of assisting micro enterprises should be reduction of Poverty.

Micro enterprise sector is very diverse in terms of its size, type, market and several other characteristics that it is difficult to define a boundary for microenterprises and define it in proper words. Awasthi (2004)\textsuperscript{13} mentioned that it is very unfortunate that
there is no official definition available for microenterprises in the country. But she considers the units employing less than six workers under the category of microenterprises.

It is to conclude that micro enterprise is very diverse in terms of its size, type, market and several other characteristics that it is difficult to define a boundary for microenterprises and define it in proper words. The term “microenterprise” refers to very small-scale formally organized business activity undertaken by poor people.

1.1.2. Status of Micro Enterprises

Micro entrepreneurial activities of women entrepreneurs were mostly small production units, trade, Service and processing units. It is also absorbed that those units which have relatively high risk involve higher investment, are able to fetch better returns in terms of net income. That unit which involves complete labour of the self brings relatively lower income. If the scale of operation gets enhanced there may be difficulties as these women have identified marketing sources. There are constrains for women to fully invest their time in business. This tends to constrain their scale of operation and this is one of the reasons why the women owned enterprises are micro in their scale.

Christen believes that only with partial analysis, role of credit evolve as a determinant of success of entrepreneurial activity but deep analysis of entrepreneurial activity shows that finance does not in itself create opportunities rather it is the entrepreneurial nature of the people which lead them to see the various ways in which they can generate income Christen (1997)14.

In a study on NGO led microcredit programme in several developing countries with the objective of judging the performance of these programme and institutions on the basis of a set of four indicators i.e Targeting the poor, increase in the assets of poor, employment generation and skill improvement and financial viability in comparison with the state-led credit-based poverty alleviation programs and institutions, such as, the integrated rural development Project (IRDP) and Regional Rural Banks (RRBS).
In India it was found that Microcredit programmes have been able to bring about a marginal improvement in the beneficiaries’ income. However, the beneficiaries have not gained much by way of technological improvements, given the emphasis on ‘Survival Skill’. Also in Bangladesh the practice of repayment of Grameen Bank Loans by making fresh loans from money lenders has resulted in the creation of ‘debt cycles’ Chavan and Ramakumar (2002)\textsuperscript{15}. It reflects that the performance of microenterprises is not better.

It is absorbed in many studies that the women micro entrepreneurs face the usual problems faced by any entrepreneur be it small or large scale. Major problems are Fierce competition, high risk, lack of infrastructure, lack of finance. Researchers keep on stating that the micro enterprises sector should be supported and that it can play an important role in economic development of women and the country.

The micro enterprises are first and for most family affairs. They bring together members of the same family in a group which is very often directly linked to the activities on a house hold level. Micro enterprises survive and develop due to the fact that labour can be mobiles through the family, through spouses and children. This is however unpaid and difficult to account for. There is little information on how much labour is generated. Micro enterprises success should be measured according to the client’s economic operations and not according to whether the institutions managed to charge cost-effective interest rates.

Any one work with women in the rural reality knows the truth—how much the women lack even awareness of life skills, competitive knowledge and skill required for any profitable productive work or enterprise; how much these women lack productive resources of land and inputs of seed, electricity, water, information etc; how much these women are without access to interest low capital and credit; how much these women lack managerial capacity to run any effective enterprises. A very low percentage of women self help group members only are observed to have even started productive activities with the micro credit obtained; let alone the question of
their sustainability as secondary. Discriminations of socio-economic and gendered nature had continuously kept them in the low ladders of economic achievement.

Geethakutty (2009) observe in her study “Towards Sustainability of Entrepreneurship among Rural Women through Gender Responsive Institutional Support Services” that majority of the women self help group members engaged in activities not of any enterprise nature. Further the lack of extent of entrepreneurship among the participants, and lack of institutional support on the part of the development agencies to promote enterprises and entrepreneurship among the women groups. Seven Constrain listed by the participants of research were lack of entrepreneurship orientation in group activities, Lack of market for the product, Lack of marketing arrangements, lack of profit, Price fluctuations, lack of business Management Skills, lack of technological skill and lack of guidance for running the enterprise are the major constrains in taking up and running enterprises by the group.

Micro enterprise does not only need credit but they also need a variety of services for their growth and development. It is also true that credit alone may not be sufficient for promoting microenterprises; lack of skills, motive and other factors certainly hinders the development of these micro enterprises at various stages. Micro enterprises development is a self reliant development strategy but it need to be supported by enabling environment and proper infrastructure support.

1.2. Statement of the Problem

After many years of supporting the micro enterprises sector it is time to reassess the progress that has been made and seriously start investigating to how far our programmes have improved the targets groups’ situation. Micro enterprises are supposed to be the most important means of alleviating poverty and creating income and employment for the poor. Some of the evidences indicate that the promotion and support of the micro enterprises sector is probably not as successful as one expects.

A narrow capital base, inequality of income, poverty, and an absence of modern technology, financial institutions favoring large scale manufacturing and business
sector because of the convenience of administration. The borrowers of micro enterprises face many problems and difficulties from institutional sources with their complicated and lengthy procedures. The Importance of promoting women to engage in economic activities is being increasingly realized in all developing countries, the need is twofold. a) empower women by bringing them into the mainstream of development and improving their economic status and b) to provide new employment opportunities by way of income generation, self employment and entrepreneurship to women from different socio economic sectors. So it is necessary to assess the entrepreneurial role of women units of self help Groups and to find out how far the self-employment programme in the rural areas inculcated the spirit of entrepreneurship among the grass root and thereby improving the socio-economic condition of women.

After reviewing the literature on Micro enterprises the researcher strongly feel the need of research on the “Evaluation of Strategies and performance of Women Micro Entrepreneurs” with special focus to study the motive patterns of members, value orientation of micro-credit entrepreneurs, socioeconomic and behavioral changes due to the formation of micro enterprises, micro entrepreneurs is effective and efficient there by to identify reasons for failure and problems faced by the micro enterprises. With this back ground it is necessary to analyse how micro enterprises evolve and grow, weather the intention of women micro entrepreneurs is effective and efficient, what women micro entrepreneurs really need? What extent micro enterprises programs are positive towards achieving very purpose of its existence? And the growth prospects of women micro enterprises.

1.3. Review of Previous Studies

1.3.1. Contributions of Micro Enterprises

Economic development of women is the fundamental step in the eradication of poverty. Improvement in economic status is a more visible indicator of women empowerment. Economic empowerment of women focuses on improving women’s control over material resources and strengthens women’s economic security. A
micro enterprise is the way to generate economic resources for the women that will not only benefit the individual women but also to the family and the society as a whole.

Khanka (1990)\textsuperscript{17} rightly argued that the role of entrepreneurship in economic development varies from economy to economy and it depends on several factors like availability of material resources, industrial climate and responsiveness of the political system to the entrepreneurial function. India has a good potential to promote microenterprise because it has got enough material resources with favorable industrial climate.

Schreiner (2004)\textsuperscript{18} has defined support for microenterprise in terms of asset-building. He believes that microenterprise programs attempt to help people to build human, financial, and social capital for the development of very small businesses that will improve people’s well being.

One of the important variant of self employment programme is micro enterprise development. In several countries micro and small enterprises constitutes a large part of the total work force. Interest in the promotion of micro enterprises as a engine of growth and as poverty alleviation tool in the developing world is gaining importance Pisani and Patrick (2002)\textsuperscript{19}

The objective of micro enterprises is to make the poor self sufficient. Hence microenterprise development programme need self sufficient and sustainable approach Ortiz (2001)\textsuperscript{20}.

Awasthi (2004)\textsuperscript{21} stated that “Micro and small enterprises constitute an important segment of the Indian economy, Besides providing employment to nearly 25 million persons, mostly belonging to the lower rung of socio economic strata in society, the sector helps the process of economic diversification, utilization of otherwise dormant resources, balanced regional development, production of and demand for wage goods, equitable distribution of income, and widening the base of entrepreneurial supply”.
Microenterprises are the major sources of livelihood in rural as well as urban areas. It contributes to larger portion of employment generation and source of equitable distribution in many developing countries. Otero and Rhyne (1994) stated that “For increasing number of poor people, microenterprise is a source of income and employment where no other alternatives are available. In urban areas, a growing percentage of the working population sometimes as high as 50 percent is engaged in micro enterprise activity. In rural settings, most families combine micro enterprise with the farming and many depend on it as the main source of family income”. He also has assumed that the “new world of micro enterprise” finance has the potential to do in “finance what the green revolution has done in agriculture: provide access on a massive scale to the poor”.

Tiyas Biswas and Sengupta (2009) in their study on “Sustainable Group Entrepreneurship through Grameen System of Micro Finance: A Case study of Institute of Motivating Self Employment observed that 35% of the members who had no business before receiving the loan had created a business. In some cases, the women were also working before receiving the loan; micro credit provides women a feeling of insurance and self-respect for her financial share to the family. Through the creation of businesses they believe that women can improve their social and economic place in the society.

Indicating the role of Micro and Small Enterprises in the economy of Kenya, Daniels concluded that MSE contributes substantially to employment (1/3rd of total work force) and national income 13% to GDP. He further added that individual contributions of these MSFs may be small but their overall contribution in the national economy cannot be ignored. The study also reported that among those MSEs which represent the sole source of income for the households 72% contributes to those who are below poverty line in urban areas and in rural areas bone was above poverty line Daniel (1999). This fact clearly indicates the role of microenterprise for the poor.
It is evident that promoting micro enterprises on large scale is the only solution to the bring out the women out of poverty, vulnerability, powerlessness and independent as well as lack of income. It facilitates proper utilization of human and nonhuman resources and improving the living conditions of the poor women.

1.3.2. Role of Self Help Groups in Promoting Women Micro Enterprises

The concept of Self Help Group (SHG) is catching up as the most viable means of mobilizing support for the poor at the grass roots particularly for the women folk. Women have shown extra ordinary dynamism in organizing themselves in group activities for income generation. Self help groups develop participatory leadership among the marginalized and identify plan and initiate development activities.

Rengarajan (2005)\(^ {25}\) stated that “If a serious impact on the economic conditions of the rural poor has to be made, a much larger flow of credit to support a much broader production base is required. It is in this direction the movement has to travel. Self Help Groups (SHGs) have to graduate into promoting micro enterprises. Though micro enterprises are not a panacea for the complex problems and chronic unemployment and poverty in rural and urban areas, yet promotion of micro enterprises is a viable and effective strategy for achieving significant gains in income and assets for poor and marginalized people”. He sees the evolution of Self Help Groups at three levels to meet survival requirements, Subsistence – diversify its basket of income-generating activities, or to meet working capital requirements in the traditional activities and Sustainable.

Formation of Self Help Groups in rural area has created awareness among women both in social and economic aspects. Now most of the women are able to increase their income level and also contribute to the development of their family. Many of the women are participating in the financial decisions of the family, which they were not earlier able to do. Apart from financial aspects, Self Help Groups also become a platform for exchanging ideas related to social issues Kumar (2005)\(^ {26}\).
Jaya Anand (2000)\textsuperscript{27} concludes that the positive change in the attitude among the women in the SHGs made them to realise that loan from the SHGs cannot be a factor that changes their lives. But, micro finance through SHGs enables the poor women to take up micro enterprises without an outsider dictating the terms. Women are the vital part of human resources of India. Women constitute 48.5 percent of the total population and 56 percent of the total unemployment sector. Development of micro entrepreneurship among women has become an important aspect of the overall economic development.

The success of microfinance has attracted the attention of wide ranging players to use these groups for a range of purposes Srinivasan and Sriram (2003)\textsuperscript{28}

Shah (1990)\textsuperscript{29} in her study on fostering women Entrepreneurship classified the motive to become entrepreneur into five major responses. Economic needs or pressures, utilization of own experience and education, family’s interest and support, availability of free time and finance and desire to become independent and personal ego satisfaction.

Haper (1998)\textsuperscript{30} in her study on women of poor communities in Orissa found that one major barrier for women to start or expand business is the lack of exposure.

Manimekalai.N and Ganesan (2001)\textsuperscript{31} observed that women entrepreneurs who are emerged as a force in recent times associated through networking which must be encouraged and support both by Government and Family.

Neelam(1992)\textsuperscript{32} found that women chose micro enterprises because they value the quality of their lives. It allows them to stay in control of both their businesses and their personal lives, to integrate their career roles and family roles. They place a great value on long term stability over rapid business of products or services and quality of jobs and work environment overt the creation of number of jobs. Further, most of the problem of women eminate from poverty, compelling them to live a life of hard ship and drudgery. Therefore, addition to their domestic chores women has to go out to work along with their husbands in order to supplement their family
income. That income is known to have a positive correlation with nutritional and educational status of the family and in building up positive attitude towards the status of women.

Sarangi (2002)\textsuperscript{33} has revealed that self help group is a viable organized setup to disburse micro credit to the rural women and encourage them to enter into entrepreneurial activities.

According to Singh (2002)\textsuperscript{34} In India, the need for micro financing is higher as the demand for credit to start micro-enterprises by the poor people could not be met by the institutional initiatives of rural finance up to large scale. Due to the failure of percolation theory of social development, poor people are highly dependent on non institutional sources of credit. Growth of microfinance in India has been in response to the failure of institutional initiatives of rural credit and exploitation attached with informal system of credit”

Sen (2000)\textsuperscript{35} had attempted to study the functioning of SHGs promoted by Sreemamahiala Samity in Nadia District reveals that the individual loans were mostly used for productive purposes and change in the life of the poor women.

Leelavathy and Aradhana (2001)\textsuperscript{36} conducted a study in Nalbari District of Assam and state that the members of Self Help Groups expressed that they were economically empowered by joining in Self Help Groups as they were able to take up number of entrepreneurial activities like mushroom cultivation and weaving.

Mishra (2001)\textsuperscript{37} on the social and economic analysis of rural SHGs in Uttar Pradesh found that they are exposed to major problems like lack of training, credit and market facilities and lack of entrepreneurship skills.

Lalitha and Nagarajan (2002)\textsuperscript{38} Highlighted the fact that SHGs were people’s institutions and with their support, the women could march towards growth and they could promote individual and group ventures of income generating activities.
Narayanasamy (2002) reveals that SHGs in rural areas had emerged as effective institutions to promote the interest of women in particular families and villages in general towards involving in productive activities. The study confirms the sustainability of the group largely depends on productive activities undertaken by them.

Chellathamby (2003) in his article highlighted that SHGs involving in production were so active and they participated in all exhibition and trade fairs being conducted to promote products of micro enterprises. They have very good opportunity to market their products in Middle East counties.

Kala and Gowri (2004) in their study “Swashakti; A participatory model for infusing Gender Potential through SHGs” state that members were eager to undertake group activities which will generate income such as dairies, Sericulture etc.

Chiranjeevalu (2005) explained about the initiative of ten Self Help Group members in investing chili processing Units with a capital of Rs.15000. It becomes an example for women entrepreneurship and demonstrates the collective strength and wisdom of women on the other hand.

Pasayat (2006) made an attempt to study the participation of women in rural area in income generating activities. He observed that the tribal women self Help Group members had taken up Bamboo craft, broom making, packing of tamarind, making leaf plates and cups, turmeric powder, various spices and incense sticks and the like. The tribal women had reaped the success of Self Help Groups.

Senapathi (2006) had conducted a study covering 100 members of 10 self help groups of Athagarh block in Cuttack District, Odisha. The groups members were undertaking group actions like mushroom cultivation, preparation of turmeric powder and curry powder, rice processing, beetle masala preparing and fish marketing. The group members were also prepared to undertake group actions like carpet making, wall hangings, paintings, garment making, doll manufacturing etc.
The SHGs have taken the form of a movement for women’s social development in India. In fact as a strategy for women’s development, they have arisen out of the perceived problem of women’s lack of access to resources at both the household and the village level. Women’s development has gone beyond the economic dimension and place emphasis on issues relating to equality, autonomy and self-reliance at the individual level and on solidarity of the community (of women) at the group level. As a group-oriented model, SHGs in India is a mechanism for women’s development to bring in individual and collective empowerment through improvement in both ‘condition’ and ‘position’ of women. Women are organized as collectives towards the overall goal of achieving gender equality as well as sustainable, comprehensive community development. SHGs in India are primarily micro-credit groups and the direct objective of micro-credit is to improve the ‘condition’ of women. Women in India are mobilized to protest against domestic violence, legal discrimination, rising prices, dowry, Prohibition of liquor, rape, child marriage, female infanticide, sexual abuse, domestic violence, male alcoholism and economically independent through generating income from collective participation of micro enterprises activities. In dealing with women’s strategic interests, women participate in collective activities through SHGs to address these strategic needs. In the process, it aims to empower women with several forms of power.

Formation of self help Groups of weaker sections specially for women and inculcating in them the habit of savings among them for productive as also nonproductive purposes and thereby creating awareness for regular repayments. The focus of banks shifted from big customers to small customers, from class banking to mass banking and from purely security oriented traditional lending to need based lending.

It is found that self help groups has been gaining momentum and contributing in improving the status of poor in general and rural women in particular. Self help groups are not empowering women through liberating them from the clutches of money lenders also it make the rural women to enter into micro enterprise activities it paving the way to create a socio-economic revolution among the rural women.
1.3.3. Women Owned Micro Enterprises

Women entrepreneurs are players in any developing country, particularly in terms of their contribution to economic development. There are over five million women entrepreneurs constituting one fourth of all the entrepreneurs in China. In recent years one can see the increasing trend of women becoming entrepreneur in developed nations such as USA Britan and Canada. The trend in India does not go along the same line. Women’s participation in income generating activities is believed to be increasing their status and decision making power. With employment women do not remain as ‘objects’ of social change but become ‘agents’ of it. They make sustainable change in the society.

Flossie Raj (1985)\(^{45}\) found that women, by tradition and culture, had for generations taken a self-effecting role. They have been kept down, and have been always depend on a father, brother or husband. With independence and education, there is a burning desire in women to do something more besides running the kitchen and looking after children and family.

Anna (1990)\(^{46}\) found that the growth of women entrepreneurs is highly dependent upon the traditions of their families, social values and norms. Demographic factors, socio-cultural factors, previous occupations, husband’s business background and economic status to determine their entrepreneurial development.

Usha Jumani (1990)\(^{47}\), in their study on self employment of women as philosophy of work, identified self employment as a decentralized ownership, involving activities that lead to personal satisfaction. This consisted of small units with low capital investment having decentralized control over resources and freedom of time. It developed one’s personality in learning to manage the capital and be accountable in business.

Johanna Eiegen (1992)\(^{48}\) noted that without a sense of security a woman cannot commit her mind to business activities. The ad hoc demands carries for her family.
members prevented the women from making long term plans for economic activities.

Kennedy and Eileen (1992)\textsuperscript{49} in their study on household food security emphasized that if one makes an attempt to raise the women’s income, it will automatically improve the family members nutritional intake and also lessen related problems.

Amudha Rani and Manimekalai (2004)\textsuperscript{50} in their study on rural women owned micro enterprises: a stepping stone for promoting enterprises state that women entrepreneur is a person who accepts a challenging role to quench her responsibility needs, economically independent in both family and social life.

Singh (2002)\textsuperscript{51} mentioned that “The social development approach of micro-finance is based on the premise that people should earn money by investing in viable micro-enterprises. They should earn profit from their enterprises. Major share of the profit should be reinvested in enterprises for their growth. The other share of the profit should be spent on social development that is, health, education, housing, sanitation etc. By earning profit from the viable micro-enterprises, people will increase their paying ability for services delivered to them”. And finally this will lead to the development of the overall society.

CGAP (2003)\textsuperscript{52} report that “One of the first things, poor people all over the world do with new income from micro enterprise is invest in their children’s education. Studies show that children of microfinance clients are more likely to go to school and stay in school longer. Students drop-out rates are much lower in microfinance – client’s households”. In an impact study of a microfinance program in Uganda, it was found that client households invest more in education than non-client households. Microenterprises revenues were important source of finance for the education of their children for more than half of the client households. Clients were significantly more likely to pay the school charges than the non-client. Barnes (2001)\textsuperscript{53}. 
Grosh and Somolekae (1996)\textsuperscript{54} tried to explore the potential of developing industrial sector from microenterprise and stated that an alternative line of thinking has forced on the informal or microenterprise sector as a possible source of industrialization. Despite the common belief that the informal sector can play such a role, very little effort among scholars has been gone into identifying specific ways through which this may happen. There is a need for a policy support to help these microenterprises to lead to industrialization.

During the past four decades of development work, the approach shifted from welfare to structural but a common feature has been an emphasis on economic up liftment and an increasing focus on women as the primary target group. Women micro entrepreneurs act as change agent and empower rural women. It is worthwhile to understand and analyse the functioning of micro enterprises.

\section*{1.3.4. Micro Finance to Promote Microenterprise}

In a study on the role of microfinance, entrepreneurship and sustainability in poverty alleviation in least developed countries (LDCs) Vincent (2004)\textsuperscript{55} concluded that microfinance and sustainable micro entrepreneurship in LDCs have economic benefits and it affect the quality of life for the micro entrepreneurs.

In another study in Nicaragua it was found that “Micro Finances loke CARITAS Matagalpa are making a difference in the lives of thousands. For more than 10,000 clients of CARITAS Matagalpa, microfinance has enabled micro entrepreneurs the opportunity to star, expand, and develop enterprises with the goal of enhancing their lives” Pisani and Yoskowitz (2005)\textsuperscript{56}.

According to Robinson (2002)\textsuperscript{57} about 90 \% of the people in developing countries lack access to financial services from Institutions, either for credit or savings. Specially, for poor who lack any asset base for collateral, situation becomes all the more critical. Microenterprise usually needs small capital. Still it is difficult for the poor to manage that small amount of capital. This lack of capital constrains the growth of microenterprise.
Credit as one of the major constraint to the growth of microenterprise and believes that credit has a positive role play in larger goal of social and economic benefit Jain (1996). International Finance Corporation reported that more than 500 million poor people across the world run profitable microenterprises and often cite credit as the primary constraint to business growth IFC (2002).

Amartya Sen (1999) also find availability of finance as one of the important factor for development and mentioned that being financially more secure can help an entrepreneur become more successful, as it limits or reduces the various unfreedom which comes with poverty.

Eversole (2000) holds a positive view on the role of credit for micro businesses and stated that “Microcredit for businesses is usually offered in small quantities for short terms(usually three to ten months) with regular, frequent payments, solidarity-group or other accessible guarantees, and significant costs(transaction costs and interest). Micro enterprise programs seem to be serving well while impact on enterprise is difficult to measure quantitatively, the continued demand for this service suggests a positive impact.

Credit is the single problem faced by these micro entrepreneurs and providing access to credit will help these poor people to successful enterprise is not true. Nair (1998) identifies two streams of thoughts on the impact of microfinance on poor producers. First stream identifies credit as the most important input for poverty alleviation and believes that credit will go to some productive investment and that will help in reducing poverty.

This belief is based on the assumption that all credit goes to productive investments. Poor also have some consumption need and the credit not necessarily always go to productive investment.

Large population of India falls into the category of very poor for which meeting the survival need is much more important and urgent. Microfinance is making a significant contribution to both the savings and borrowings of the poor in the
country. The main use of microcredit is for direct investment. There is of course some fungibility, depending on household credit requirements at the time of loan disbursement, despite MFI insistence on loan use for enterprise which is the most pronounced in Grameen Model” Sinha (2005)⁶³

Harper (1998)⁶⁴ argued that only firms with the potential to graduate from micro to small and medium enterprise can be considered as entrepreneurial and businesses that are merely surviving to sustain a family and are not able to demonstrate any growth are not entrepreneurial.

Kuzilwa (2005)⁶⁵ he clearly established the relationship between credit and expansion of business. This argument supports the need of credit for entrepreneurial activity.

Micro enterprises often operate on short term cycle and that is why there is need of short term loan in small amount for them. In order to run their business they require sufficient amount of capital constantly and on time.

Alagappan and Nagammai (2003)⁶⁶ stated that “One of the foremost problems of any entrepreneur is finance. Availability of adequate finance at reasonable cost at the required time is the need and expectation of an entrepreneur.

Studies at Nicaragua on several micro entrepreneurs through in depth interviews also revealed that access to microfinance, enhanced the chances of survival of these micro entrepreneurs’ households. It was also found that income for self employed micro entrepreneurs was highly influenced by business sales volume, work experience, number of employees, and loan size Pisani & Yoskowitz (2005)⁶⁷

Adams and Pischke (1992)⁶⁸ argued that lack of fund was always perceived as the most important problems for the micro entrepreneurs rather than product price, modern input costs, low yield etc, because it is easier for donors and government to give credit than providing other support. This is the dominant reason behind launch of so many microenterprise credit programme.
Micro enterprises have significant potential to stimulate economic growth. However, evidence on the survival, growth and development of micro enterprises is inconclusive. Micro enterprises represent the earliest stage of business development, a stage where the owner-founder is typically also the manager of the firm. At this stage, the management decisions of the founder or entrepreneur, her/his intentions about the business, and his background and aspirations are intrinsically linked with the success of the business itself.

1.4. Objectives of the study

1. Evaluate the Socio-economic and Behavioural Impact of Micro Enterprises on Women Micro Entrepreneurs.
2. Evaluate the Strategies of Women Micro Enterprises.
3. Evaluate the Performance of Micro Enterprises.
4. To Study the Problems of Women Micro Entrepreneurs.
5. To Provide Suggestion for the Growth and Development of Micro Enterprises.

1.5. Selection of Micro Enterprises

Participation of Nongovernmental Organizations, Support of Government and banks makes Self Help Groups as dominant Social Contributor for the upliftment of the rural poor. The groups in the initial stages involved in rotate the savings among themselves mostly for consumption purposes. The link with banks helps them to raise small loans. After the launching of SGSY scheme in 1999, self help Groups received extensive financial assistance under credit-cum-subsidy programme under the scheme. Due to this leverage many self help groups and individual members of Self help Group started their own income generating economic activities. Mahalir Thittam of Tamil Nadu Corporation of Women Development have availed assistance for different micro enterprises under this scheme. The present study considers self help group based micro enterprises availing assistance under SGSY scheme.
1.6. Definition of Micro Enterprises

The Self Help Group members who run micro enterprises are referred to as entrepreneurs in this study. By micro enterprises, this study refers to small undertaking run by individuals and groups promoted by Self help groups who have taken up the responsibility of managing and running a business venture. Criteria for selection of the micro enterprises were the micro enterprises must be start-ups. In other words, the founders of the micro enterprises must be first generation entrepreneurs. For the purpose of this study a micro enterprise is characterized by the following features

1. Either an individual women or group of women can be associated.
2. It is formed by women either as part of poverty alleviation programme or the growth and income generating activity (IGP) of Self Help Group activity.
3. The technology used can be traditional, modern or mix of both.
4. The capital investment will be ranging from Rs.5000 to Rs 5, 00, 000/-.
5. It can be self employed or group employed or even unit wherein casual employment is made.
6. The unit should be in existence at least for 2 years
7. The unit should be able to generate at least Rs.50 per day per member and Rs. 1500/- per month per person after meeting all expenses.

1.7. Area of the Study

This study is confined to micro enterprises promoted in kanyakumari District and graded under Mahalir Thittam of Tamil Nadu Corporation of Women Development. For the purpose of this study informations have been collected from respondents who are running micro enterprises which are supported by eleven NGOs from nine blocks of Kanyakumari District.
1.8. Sampling Design of the Study

A multi-stage sampling design was used in the present study. The organizations, groups, Micro Enterprises and Micro entrepreneurs are the stages of selection of the sample. The sample was the self help group involving in micro entrepreneurial activities. The design of the study is described in Table-1.1

Table- 1.1

<table>
<thead>
<tr>
<th>Name of the NGO</th>
<th>No of SHGs formed</th>
<th>No. of Micro Enterprises</th>
<th>% of Micro Enterprises</th>
<th>Sample Micro Entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malar</td>
<td>1607</td>
<td>195</td>
<td>46</td>
<td>99</td>
</tr>
<tr>
<td>SBT</td>
<td>1129</td>
<td>16</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>RWDS</td>
<td>933</td>
<td>23</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>SMIDS</td>
<td>802</td>
<td>46</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td>PWDS</td>
<td>846</td>
<td>30</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>PASA</td>
<td>544</td>
<td>27</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>GV</td>
<td>744</td>
<td>22</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>RIP</td>
<td>471</td>
<td>11</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>SEDA</td>
<td>260</td>
<td>19</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>CSD</td>
<td>187</td>
<td>15</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>CCD</td>
<td>35</td>
<td>16</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7558</strong></td>
<td><strong>420</strong></td>
<td><strong>100</strong></td>
<td><strong>215</strong></td>
</tr>
</tbody>
</table>

*Source: DRDA*
1.9. Source of Data

The study was mainly based on primary data collected through personal interviews and a structured questionnaire. Data were collected with the help of a structured questionnaire. Triangulation by mean of questionnaire, Key informants Interview, and focus Individual Discussion provided solid information for the data analysis. For the convenience the questionnaire is translated in to Tamil.

The structured questionnaire used for collection of responses from the respondents are covered the following aspects. Different functional Strategies, Socio-economic profile of the entrepreneur, Entrepreneurial performance and growth of the firm, Entrepreneurial attributes possessed by the entrepreneurs and enterprises, Financial feasibility of Micro Enterprises, followed by the entrepreneurs and the problems encountered by them during the day to day operations of micro enterprises. The secondary data were collected from Manuals, records, publications, periodicals, reports and so on.

1.10. Pretesting of Questionnaire

To enhance reliability of the research instrument questionnaire was pretested in the development stage of the research. A pilot study was conducted. Ten micro entrepreneurs were identified and each micro entrepreneurs were interviewed particularly the interview sought to verify the clarity of understanding of questions in the questionnaire and identify the questions that might be resisted by the respondents. Based on the interview, a number of minor changes to the wording of the question to improve clarity to questions were made in the questionnaire.

1.11. Hypotheses Framed

To analyzing the impact of micro enterprises on the socio-economic and behavioral changes, characters developed after establishing micro enterprises and problem of micro enterprises following hypotheses were framed.
H₀: There is no change in the Socio-economical and behavioral performance of the Micro Entrepreneurs

H₀: H₀: There is no change in the Characteristics Developed after establishing Micro enterprises

H₀: There is no significant difference between the Socio-economical and behavioral performance and the Characteristics Developed after establishing Micro enterprises

H₀: There is no significant difference between the Problems of Micro Enterprises and the Elements of Expansion Strategy

1.12. Tool for Analysis

i. Weighted Average Method

This is developed after developing Likert-type scales. Likert scales are developed by utilising the item analysis approach wherein a particular item is evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. It consists of a number of statements which express either a favourable or unfavourable attitude towards the given object to which the respondent is asked to react. Each response is given a numerical score to record and then weights are being imposed according to the importance of the problem. The scores are then multiplied by the weights to arrive at the weighted average ranks.

ii. Paired Sign Test

The sign test has very important application in problems involving paired data. In these problems, each pair of sample values can be replaced with a plus sign if the first value is greater than the second, a minus sign if the first value is smaller than the second, or be discarded if the two values are equal. Here the researcher has used this test to know the impact of socio-economic performance of micro enterprises with the help of the following formula.
\[ |Z| = \frac{X - np}{\sqrt{npq}} \]

**iii. Man Whitney Test**

This test helps us to determine whether two samples have come from identical populations. If it is true that the samples have come from the same population it is reasonable to assume that the means of the ranks assigned to the values of the two samples are more or less the same. In calculating U test, treat all observations in a combined fashion and rank them from smallest to highest. In the study the researcher has used this tool to find the significant difference between the socio-economic and behavioural performance and characteristics developed after establishing Micro Enterprises.

\[ |Z| = \frac{U - n_1n_2/2}{\sqrt{n_1n_2(n_1 + n_2)/12}} \quad \text{Where } U = n_1n_2 + \frac{n_1(n_1+1)}{2} - R_1 \]

**iv. Correlation Analysis**

Correlation analysis helps us in determining the degree of relationship between two or more variables. It contributes to the understanding of common behaviour, aids in locating the critically important variables on which others depend, may reveal the researcher the connection by which disturbances spread and suggest one the paths through which stabilising forces may become effective. In this study, correlation technique is used to study the relationship between inter related variables for the chosen variables.

\[ r = \frac{\sum xy}{\sqrt{x^2 \times y^2}} \]

Further, to know the structural difference for the progress and performance of agriculture credit in the district, correlation significance analysis is used by the following formula.
\[ t = \frac{r}{\sqrt{1 - r^2}} \sqrt{n - 2} \]

v. Trend Analysis

The easiest way to evaluate the performance of a firm is to compare its present ratios with the past ratio. When financial ratios over a period of time are compared, it is known as the trend analysis it gives an indication of the direction of change and reflects whether the firm’s financial performance has improved, deteriorated or remained constant over time. Here trend analysis is used to measure the performance and progressing condition of agriculture credit, Non performing assets and the like.

\[ Trend\ percent = \frac{Current\ year}{Base\ year} \times 100 \]

1.13. Scope of the Study

The present research is an initiative to understand the role of Micro Enterprises on the development and empowerment of women. Available studies show that most of the women have started self employment activities after joining the self help groups. All the developing countries realizing the need for promoting women to engage in economic activities for providing better economic status and new employment opportunities. This present study assesses the functional strategies of micro enterprises and helps the planners and practitioners to initiate successful strategies for growth.

This study further focuses the role micro enterprises promoted through self help groups and analyze how for the Micro Enterprise Development in the rural area develops the spirit of entrepreneurship among the grass root level there by contributing to the socio-economical upliftment of women micro entrepreneurs. Also this study provide an insight about the success factors and problems encountered by the women Micro enterprises and provide a clear cut direction for the future developments.
Studying the impact of self help group base micro enterprises in Kanyakumari District of Tamilnadu is become important to evaluate the qualitative and quantitative outcome on women micro entrepreneurs promoted through Self help group initiative. This study assesses the performance of such enterprises and reflects the involvement of members in various activities, strategies of micro enterprises and the problems and hurdles faced by the women micro entrepreneurs in the development path. Apart from poverty eradication it is necessary to focus productive utilization of resources routed to the Self help groups. In India even though self help groups are only used as a poverty alleviation mechanism it is necessary to change the role of self help groups in to economic units producing resources their by contributing to the economic independence of the members and make them self reliant. In this contest is worthwhile to focus on the Evaluation of strategies and performance of women micro entrepreneurs of Kanyakumari District.

1.14. Socio-economic Profiling of the Study Area

The present study is basically designed to study the strategies and performance of women micro entrepreneurs of Kanyakumari District. Kanyakumari District is at the southernmost tip of peninsular India. On the South and the South West, the boundaries are the Indian Ocean and the Arabian Sea. On the West and North West it is bound by Kerala. Kanyakumari the smallest District in Tamil Nadu, with a land spread of 1,684 sq. Km. has almost all ecosystems - forests, wetlands, freshwater resources, marine, etc. Agricultural resources like plantation crops (Spices, rubber), banana, coconut, paddy, etc. are also produced. Among all this, coastal environment is very important with respect to fish production and fisher folk's employment. The coastal ecosystem of this District comprises 68 Km in length and is studded with 44 coastal fishing villages. The district comprises of nine blocks. Namely Agesteeswaram, Rajakamagalam, Thovalai, Thiruvattar, Thuckaly, Kurunthencode, Melpuram, Munchirai and killiyoor. The entire nine blocks were selected for the study.
1.15. **Period of Study**

The field survey was conducted from September 2010 to March 2011 for the collection of primary data. The reference period of the survey was 2010-2011.

1.16. **Limitations of the Study**

The present study has been conducted based on the following limitations.

1. The present study is limited to Kanyakumari District of Tamil Nadu.
2. This study is restricted to the Micro Entrepreneurs who have completed above two years after involving enterprise activities.
3. Financial data provided by the respondents are not compared with the records.
4. This study is restricted to women micro entrepreneurs support by Mahalir Thittam of SGSY scheme.

1.17. **Future Study**

The findings of the present study suggest several avenues for future research. Further research could explore the following issues

- Similar study can be conducted in different geographical locations.
- Measuring start-up success using financial parameters of micro enterprises.
- Measuring the issues associated with starts –up of micro enterprises.
- Measuring the personality traits of successful, unsuccessful micro enterprises, and women groups and individuals.

1.18. **Chapter Scheme**

The first chapter “**Introduction and Design of the Study**” presents the Introduction, Statement of the Problems, Review of previous studies, Objectives framed for the study, Area of the Study, Scope of the Study, Hypotheses of the Study, Methodology, Sample Design, Limitation and Chapter Scheme.
The Second chapter “Back Ground of Self Help Group Based Micro Enterprises Operations” gives a clear picture about role of Supporting Agencies in India, Tamilnadu and Kanyakumari and evaluate their performance.


Fourth Chapter “Evaluation of Socio Economical and Behavioural impact of Micro Entrepreneurs” This chapter furnish the impact of Socio-economic, Behavioural, and Financial performance of Micro Enterprises on Micro Entrepreneurs.

The final Chapter presents “Findings, Suggestions and Conclusion” provides the future growth of Micro Enterprises.
Reference


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