CHAPTER THREE

PROBLEMS ENCOUNTERED BY MICRO ENTERPRISES - AN EXTRACTION FROM EMPIRICAL STUDIES

3.1 INTRODUCTION:

It is recognized that the micro scale production operators are key players, which provide significant employment and income to poor groups, as well essential goods and services to the poor communities. However, it has been found that micro entrepreneurs faces different problems right from the establishment of the unit to uninterrupted running of the production stream until successful marketing of the products. For the sustainability of these enterprises, first of all the problems faced by micro enterprises have to be addressed. This chapter, accordingly, takes up a review of empirical studies into the problems face by micro entrepreneurs in different parts of the world. This review is aimed at preparing a broad context in which the problems face by micro entrepreneurs in Sonitpur district will be studied.

3.2 CONSTRAINTS ENCOUNTERED BY MICRO ENTREPRENEURS:

In the following review of studies, the general and specific problems encountered by micro enterprises are discussed under different heads:

A. Financial constraints
B. Raw material problems
C. Technical and managerial problems
D. Marketing problems, and
E. Starting-up and operational problem faced by women enterprises
(A) **Financial Constraints:**

A large number of studies were conducted on the financing of small and micro enterprises, which found lack of sufficient credit from the formal financial institutions for investment as the main obstacle for the survival and growth of micro enterprises.

Dias (1990) observed that, in Sri Lanka, nearly 90 per cent of rural enterprises faced the problem of lack of capital or lack of access to institutional finance. In Indian context also, according to Bagchi (1992), most of the Indian enterprises have faced difficulties in raising capital for their enterprises, as the capital market was extremely imperfect for small enterprises in particular. Somayajulu (1999) investigated the reasons for the mortality of Small Scale Industries in south India and revealed that within a lag of two-three years, there was a high birth rate of micro enterprises, with an equal number of deaths. Some of the causes for the mortality were extreme inadequacy of working capital with rigid procedures and delay to get credit from financial institutions. Mathew (1998) conducted a study on micro level enterprises at Kalady village in Kerala and found that the first generation enterprises failed to get appropriate support from the banking system. Even sundry of similar findings were also available in the works of Bagchi (1992), Sudheram (1990), Naidu (1984), etc.

In Bangladesh, Chowdhury (2000) identified the problems of the formal banking sector for micro-entrepreneurs. In Asia, Ghate (1992) found that formal finance is unsuccessful to serve small and micro entrepreneurs because they are better suited to serve medium and large industries and organized trade and commerce. In some countries of Africa (Kenya, Nigeria, Uganda, etc) and Latin America (Bolivia, Chile, Peru, etc.), similar studies were also done regarding institutional finance for micro enterprises
by Dando (1995), Lizano and Messalles (1995), Holden (1995), Spring (1995), etc. and their findings were same as discussed in the preceding section.

Therefore, from the above empirical studies, it has been found that access to institutional credit is the major problem encountered by micro entrepreneurs. Various scholars and authors have tried to establish the main reasons for ignoring the credit needs to micro entrepreneurs, which have been highlighted below.

Bhattacharya (1998) found that the banks were not interested in giving long-term credit for risky productive activities. Even bulk of entrepreneurs did not apply for loans to banks. The loan charges were high and it was dangerous for entrepreneurs to take long-term credit. According to Rajapatirana (1995), the primary reasons for limited access to formal credit market are high transaction cost of small size of loan, lack of adequate collaterals, track records (borrower's credit history), riskiness of small enterprises and asymmetrical information.

The first Inter-cultural Micro Enterprises Development (MED) Summit, held in New Delhi in 1998, has highlighted the following causes for high transaction cost of small size credits:

a) The small amounts of credits with higher fixed costs, which arise for the provision of each credit.

b) Higher costs for evaluating, monitoring and identification of suitable borrowers from the desired target groups.

c) The compelling need for pre-credit and follow-up services.

d) The need for the suitable partner organizations, and
e) The distance, both physical and psychological between borrowers and lending organization.

Rhyne and Otero (1995) stated that micro entrepreneurs in the third world specially lack marketable assets and that their greatest need is the short-time financing. But due to the procedure of the banks, the cost of small loans becomes expensive to serve micro enterprises.

Purushotham (1998) observed that the micro entrepreneurs could not obtain institutional credit because several micro entrepreneurial activities are carried out informally on premises that often lack legal status, even the bankers would not consider their inventories lodged in their informal premises as pledge worthy.

It is evident from the above studied, that micro enterprises particularly the poorest as well as the first generation entrepreneurs have less or no access to the banking system. So most of the micro entrepreneurs have to depend on informal credit, even the interest rate is of little significance to them.

(i). Role of Informal Finance Sector (IFS)/ Informal Credit Market (ICM):

Chandavarkar (1987) defines ICMs as all legal but officially unrecorded and unregulated financial activities and transactions, which are outside the orbit of officially regulated institutional finance. ICMs are by their very nature homogenous as they cover the lending, borrowing, brokerage and remittance activities (often based on verbal contracts and understandings) of wide variety of lenders. ICMs comprise professional and non-professional moneylenders (often relatives and friends), private banks-cum-merchant, intermediaries, pawnshops and finance firms,
personal and business fixed funds, rotating savings and credit association, landlords, the more prosperous agriculturalists and all sources of suppliers and trade credit.

From the empirical review, it has been found that informal credit markets play an important role in the micro credit/finance for micro enterprises. Spring (1995) attempted to vividly discuss from the experience in Latin America that in spite of state interventions for direct support to small entrepreneurs, moneylenders continue to flourish at exorbitant interest rate. The reasons being that the repayment is at the ease of the borrower, the borrower and the lender tend to be acquainted, informal collateral are adequate for moneylender and lenders understand the rapid response to credit need.

Vepa (1971) in his study depicted that every problem of small producer concerning setting up of units, production of materials and quality of marketing is ultimately a financial one. He found that in developing countries, the formal financial institutions remain cautious while dealing with micro enterprises because, to them, it was risky and costly. So they prefer to deal with credit worthy clients and, therefore, micro entrepreneurs have to depend on friends, relatives and moneylenders for credit at exorbitant interest rate. However, it was found that ICMs are quite efficient as they provide credit at any time, doorstep service, accept deposits of any amount, extend credit for any purpose and do not depend on complex formalities. Even Ghate (1992) made same remarks in Asian countries.

ICMs can play an important role for micro enterprises, though Chandavarkar (1989) stated that it is virtually impossible to analyze the relationship between ICMs and MEs in terms of time-series or cross
section studies because of unregulated and unrecorded financial activities of ICMs.

But the role of ICMs can be examined from various studies conducted in different countries. In India, according to a report of Reserve Bank of India (RBI/2000), 40 per cent of rural credit, which is mostly micro credit, is met by informal finance system. According to World Bank report (2005) on rural financing in two Indian states - Andhra Pradesh and Uttar Pradesh, reveals that only 21 per cent of rural households in the two states have access to credit from the formal financial sector. Chandavarkar (1989) evaluated from a sample survey in Gujarat (India) and found that 48 per cent of small scale entrepreneurs raised more than 25 per cent of seed capital from own savings, about 57 per cent sought assistance from families and friends for meeting more than 25 per cent of finance. Moneylenders accounted for less than 10 per cent of the amount.

In Indonesia, Hook (1995) observed that micro enterprises borrow credit from alternative sources like suppliers at an interest rate of 6 per cent per month, co-operatives/ savings and loan groups at 2.5 per cent per month, buyers of finished products at 14.8 per cent per month and from money lenders at 13.4 per cent, excluding the loans from friends and relatives. In Pakistan, Aleem (1993) found that the moneylenders charged interest at a rate of 78.6 per cent per annum. In Bangladesh, Hossain (1998) estimated the average annual rate of informal interest to be 125 per cent.

Generally, the amount of capital needed to start a rural micro enterprise is negligible, considering the small amount of investment in plant and equipment. However, capital is a scarce commodity and the micro entrepreneurs seldom shared the benefits of institutional banking system.
Even it is seen that many poor and marginal entrepreneur especially the first generation micro entrepreneurs, did not have access to informal finance. To enable marginal micro entrepreneurs to have adequate access to financial services, micro credit programmes have been proved to be very effective means of supporting and providing sufficient capital to start up their businesses.

(ii) **Role of Micro Credit / Finance**

In 1970s, experimental micro credit programmes in Bangladesh, Brazil and a few other countries extended tiny loans to groups of poor women to invest in micro enterprises. This type of micro enterprise credit was based on solidarity group lending in which every member of a group guaranteed the repayment of all members. Today, micro credit programs throughout the world improve upon the original methodologies and buck conventional wisdom about financing the poor because of high repayment and cost-recovery interest rates.

Ahmed (1997) defined micro credit / finance as a system of lending from micro source without collaterals along with a simple method of loan recovery. The term micro credit has been gradually replaced by micro finance which includes micro credit as well as savings and variety of services that, now-a-days may be accessed by low income people in a growing number of countries.

In general, the micro finance institution (MFI) is mostly used to refer all types of formal and semi-formal institutions that offer micro finance services. Now-a-days, financial institution in the public sector and private sector have been entering into the business of micro finance (Nair/2005) around the world which have been using various models of delivering credit.
to the targeted beneficiaries. In this section, some commonly adopted micro finance-delivering model around the world has been highlighted:

(a) Individual lending Model
(b) Rotating Savings and Credit Association Model.
(c) Grameen Groups Model
(d) Self-Help-Group Model
(e) Cluster/Federation Model

Different countries around the world use different micro finance delivering models, so here an attempt has been made to review some of the existing literature pertaining to micro finance encompassing its various aspects, irrespective to the model used.

The experiences of Bangladesh Grameen Bank and Agricultural Cooperative Bank in Thailand suggest that it is possible to develop a profitable financial institution that exclusively works with the poor and provides financial services at unprecedented levels to millions of the rural poor. As on April 2004, the Grameen Bank of Bangladesh had 1,456 branches covering 51,681 villages having borrowers of 4.48 millions with 98.91 per cent recovery rate. (NEDFi Data Quarterly, Oct-2004 – Micro finance Sector Report)

Hickson (2002) made a survey on micro finance institution of very poor slum dwellers and tried to highlight how these institutions help the poor people to get the micro credit to set up micro enterprises. In his study, he found that MFIs rarely managed to serve the extremely poor people even though they gave more importance on MFIs due to three reasons—security of their savings, flexibility and easy repayment schedules. His
survey revealed that most MFIs reached the upper poor in greater numbers than the very poor.

Dhar (2005) attempted to discuss about the micro finance scheme offered to women micro enterprises in some areas of North Bengal and found that the Regional Rural Banks (RRBs) were playing a major role in the field of micro finance together with the schedule commercial banks through self-help groups (SHGs). RRBs had been found to lend higher amount to village artisans and micro enterprises in the year 2005.

Ramesh (2004) examined the impact of micro credit on socio economic empowerment of rural women of Mahaboobnagar district in Andhra Pradesh. The study revealed that the member who availed micro credit had facilitated to empower women to take active part in socio-economic activities. The study further proved that SHGs could bring a change in mindset of the very conservative and tradition bound illiterate women in rural areas.

In India, though there are no comprehensive estimates available on the outreach of the micro finance sector to the poor, available evidence suggests that about 80 per cent of the clients are without any formal savings and 91 per cent are without formal credit. Nearly 77 per cent of the clients are in rural areas. (EDA / 2004). According to RBI (2004), at the macro level, however, micro finance sector has not able to make much impact. The cumulative disbursement of bank loans to SHGs stood at Rs 2,049 crores as on march 31st, 2003, with an average loan of Rs 28,559 per SHG and Rs 1,766 per family.

It is believed that an extended base of micro credit would contribute significantly to the diversification of livelihoods in the non-farm sector. There is evidence as noted by Burgess and Pande (2003) to suggest that
increased access to the formal banking sector and the increased flow of bank credit and savings to rural areas subsequent to bank nationalization helped the growth of non-farm rather than the farm sector. However, Nair (2005) stressed that there is no conclusive evidence to prove that micro credit infusion in rural areas automatically leads to livelihood diversification unless the MFI insists on lending to productive purposes.

No systematic enquiries have been made so far on the linkages between micro credit supported enterprises and the larger issues of productivity and employment. However, Nair (2005) while conducting a field research in a fishing village in western India has brought forth another interesting phenomenon. The clients of the credit programme did enhance their asset position. Thus even when the loan has increased the productivity technically, the average income and consumption levels of many of the households have not gone up to any significant extent. The inability of MFIs to address structural issues including imperfections in the factor and product markets tend to limit their efficacy in delivering services in sustainable manner (Nair 2001).

Therefore, the growth of non-farm sector which is seen as both an effect and driver of the micro finance revolution, does not depend only on the availability of credit. Various studies argued that there are significant externalities attached to investments in the farm sector that can impact the level and composition of local economic activity and the income and consumption of rural households. Hence, Ravallion (2003) stated that underinvestment in agriculture leads to rural underdevelopment.

Examining the access to financial services of micro and small enterprises in the developing countries, it has been found that micro enterprises typically lack of marketable assets and their greatest need is
short-term financing. But the formal banking system seems to become expensive to micro entrepreneurs. So they have to depend on informal financial system. Though MFIs are growing, but it has not penetrated in remote rural areas due to lack of in-depth intermediation.

(B) Scarcity of Raw Materials:

Raw materials are equally important to all organizations, irrespective of their form and size. But, generally, it has been found that micro and small scale enterprises suffered from acute shortage of raw materials. These enterprises use two kinds of raw materials - scarce raw materials and freely available raw materials. The non-availability of scarce raw materials in sufficient quantities has been the main problem of the entrepreneurs. Despite various government measures, micro scale producers have been facing considerable difficulties because of the overall shortage of raw materials and intermediate products. In actual practice, the sector tends to get more or less “residuary” treatment in raw materials distribution. Subramania (1995) observed that small-scale units did not get adequate quantities of raw materials of right qualities because of their retail prices even they have to pay higher prices for raw materials.

An analysis was carried out by Federation of Indian Chambers of Commerce and Industry (FCCI), regarding the cost of input materials and utilities (infrastructure) cost across 15 important manufacturing segments. The study revealed that on an average the share of input materials and utilities (infrastructure) in total output values as high as 81.3% in India against 75.5% in China, 68% in Malaysia and 58.5% in Korea. (The Hindu Business line march 7, 2005, p-11)

Various committees, working groups and manufactures forum have highlighted the continuing scarcity of raw materials. The working group on
Small-Scale Industries (1959), stressed that non-availability of the right types of raw materials at reasonable prices had always been a problem faced by the small entrepreneurs. Therefore, there had always been a pressing demand by small entrepreneurs for government assistances. The second International Perspective Planning team studied that even in the case of indigenous raw materials; the large enterprises get preferences over the small enterprises, as they are the bulk purchasers as they assure the sellers a steady market. The Loknath Committee on Scarce Raw Materials on Small Scale Industries Board and Planning, Government of India (1968), also reported that small sector was starved of essential raw materials which lead to underutilization of their capacities.

Another issue regarding scarcity of raw materials is discrimination of allotment of raw materials to small and micro producers. The subcommittee on raw materials and the standing committees on raw materials of the Small Scale Industries Board reported that the small-scale sector was not getting its due share as against the organized sector. According to Jamuar (1992), the International Perspective Planning reported that large farms, on an average, receipt 85% of their one shift requirement compared to 33 to 44% of the small-scale sector. Even the team pointed out that there were haphazard assessment of capacities or no criteria for assessing capacities and that in many cases the assessment had been made 5 years earlier. Different states use different sets of figures to allocate within the farms.

It has also been found that many micro enterprises, particularly in rural non-farm sector, faces some obstacles in accessing raw materials from common property resources. According to Baruah and Dutta (2004), access to common property resources by non-farm enterprises and its regulatory mechanism can effect life of non-farm enterprises. Mechanism
of regulation and access to these properties also bears significance on the capacity building of micro enterprises. Ashman (1996), demonstrated how partnership arrangement between government and NGOs had made an important contribution in addressing critical issues in Africa and Asian countries.

Thus, the raw materials which are neither available in adequate quantity nor in high quality pose a great concern for micro level enterprises. The competing large-scale enterprises, through their better buying capacities and arrangement, corner the material of good quality and at cheaper rates. As against this, the small enterprises are unable to undertake bulk buying and are forced to take whatever quantities and qualities are available at high prices. The result is that these enterprises very often fail to produce goods of good quality in requisite quantities and at cheap rates.

(C) Technical Problems:

It has been found that most of the rural micro enterprises generally produce conventional goods by using traditional techniques of production. In the present era of globalization, the micro enterprises have been facing stiff competition. The patterns of competition are now being redefined with an increased importance of non-price elements of competitiveness such as quality assurance, design and responding to the needs of customers, the speed delivery etc. But it is found that one of the major factors behind the failure of micro enterprises is the absence of adequate technological and managerial competitiveness to face the emerging competition. It is observed that the importance of technology is widely appreciated at the large-scale enterprise level, the technology concern of micro producers have been largely neglected. Micro enterprises have great potential but
pose great technological problems that cannot be resolved through adequate availability of finance alone.

Gamsers (1998), stated that larger producers often had a selection of technology packages to choose from, micro producer rarely can draw upon “off self” products and processes to meet their needs. A striking empirical example of Zambia’s experience in searching for machinery (technology) to manufacture eggs cartons showed that the market for eggs was severely affected due to lack of egg cartons for transportation from farms to markets.

Mahler (1998), pointed out that the key problem which is generally encountered by women micro enterprises are difficulties in technology sourcing, technological choice, technology assessment and evolution, technology absorption and adoption. Sundari (2000) added a few more constraints which include lack of training and extension services, lack of quality control and obsolete and primitive technology. According to Sharma and Bhimawat (2001), the technological constraints encountered by the micro producers were mainly due to lack of entrepreneur awareness regarding enterprises, poor technical know how and poor support and extension system.

Apart from technology, Garg (2005) found that quality management appears to be the stumbling block faced by Indian cottage units in a globalized market. Markets for handicraft products are highly competitive in a business environment that is increasingly complex and uncertain, Keller (2003) stressed that to improve the performance of micro enterprises, the entrepreneur must adopt a philosophy that does not tolerate lack of quality, defects, all and out dated training methods and inadequate and ineffective supervision.
On the basis of literature review, Garg (2005) have identified various important quality parameters which influence the growth of cottage and handicraft sectors. The parameters are:

(a) Quality consciousness of manpower  
(b) Quality of machinery and quality enhancing measures  
(c) Quality control methods  
(d) Quality products with respects to market trends  
(e) Total quality management  
(f) Financial sufficiency  
(g) Information technology  
(h) Government assistance and infrastructure

While analyzing the issues related to quality management in Indian handicraft units, Garg (2005) found that due to the lack of above mentioned quality management parameters, there is a gap between current performance levels and projected potential of Indian handicrafts in domestic as well as international markets.

Carvajal (1989) rightly stated that credit is often necessary but it should come at later stages. Owners of micro enterprises generally know their trade, but know nothing about running a business. As soon as they set up an accounting system, more than half realized that they have been heading towards bankruptcy. Therefore, owners of micro enterprises should first be trained to manage their business properly.

In contrast, some scholars argued that technical assistance has a limited role to play and they focused on supplying only credit and no other form of assistance, which they termed as “minimalist” approach (Levitsky,
1989). Harpar (1989) found that the micro entrepreneurs do need credits with a few strings as possible and technical assistance has a very limited role to play.

While casting doubt on the cost benefit effectiveness of training for micro enterprises, Harper (1989), suggested that training might be given to government officials to change their attitudes to development of micro enterprises. Numerous agencies offer entrepreneurial development programs, which are based on learning methods and originally designed to enhance entrepreneurial qualities in people who had never set up in business for themselves. Some of the micro entrepreneurs attend these courses, attracted by incentives like stipends, the hope of loans or other associated assistance or by their believe that the course can actually help them. But the actual results are often less encouraging. Some participants have higher expectations which remain unfulfilled when they fail to obtain improved access to market, cheaper credit or whatever other services they really need and the final effect can be damaging. But other scholars who disagree with the view of the minimalist approach argue that assistance in the form of credit without training in advance would be misused and may achieve poor result in improving and expanding micro enterprises operation. So they believe in "integrated approach or programs" combining both financial assistance and some kinds of technical and managerial assistance.

Gasemer and Carr (1989) considered that some of the institutional supports have succeeded in generating numerous micro production innovations such as the work of technology consultancy centre in Qumasy, Ghana. Further Carr had put some specific experiences on technical support in micro enterprises and tried to emphasis on the importance of technical program. In Nepal, the United Mission for Nepal and a Swiss
government engineering company within the department of industrial development has taken the measures to provide appropriate way of driving grain mills in remote areas based on abundant supply of waterpower. The benefit of this project is striking. Income and employment have been generated. In India, an NGO from south known as South India Federation of Fisher’s Man Societies (SIFFS) have assisted fishing communities of Kerala and Tamilnadu to run viable business through the provision of technical advice and assistance and the result obtained is quite impressive.

The process of globalization and rapid consolidation of new technological development have raised competitive pressure that the enterprises have to face. But there are lots of opportunities that have been thrown by the opening of markets, which can be exploited through absorbing new technology. So Angelelli (1999) stated that to face competitive feature micro enterprises have to absorb new technologies to build up their competencies which are generally transmitted through external association through networking with other farms and through training and consultancy institutions.

Wilde (1991) has classified overall training efforts into two categories. Either by the NGO or Government initiated program. The later is often supported by the United Nations Agencies. Despite having good intentions, training and education programs for rural micro enterprises have, in general, been unsuccessful. Many NGO’s efforts are ineffective primarily due to lack of funds; courses are too short or centers have too few facilities to be of any significant use of trainees.

Gamser (1998) mentioned three main factors, which increased the difficulty of resolving technological problems on a micro producer level:
1. The limited availability of tried and tested production system for small scale decentralized operations

2. The need to work with uncertainty and variation with raw materials

3. The frequent presence of government policies that restrict the producer abilities to be used even with those limited materials and techniques at their disposal.

In the International Conference of Micro Enterprise, most of the Latin American, representatives strongly supported technical assistance and training program, which, they believed, could be made meaningful for the needs of micro enterprises. Some training and technical assistance programs had helped micro enterprises to produce new products, improve product quality and design, and to lower cost of production. In the conference, it was agreed that these programmes are costly, but ways could be developed to reduce cost through the group approach, such as help from private companies, equipment or material suppliers and volunteers. NGOs have succeeded in many places in developing low cost training courses, which have raised the standard of micro operations.

Although production oriented micro enterprises face considerable technological obstacles, they have vast potentials to generate employment and income, particularly in rural areas. These potentials can be realized only if these micro producers are given access to resource to address their technological progress.

(D) Marketing Problems:

It is a fact that micro entrepreneurs often claim lack of sufficient credit for investment as their main problem. Once the credit is provided, they may, however face another problem of inadequate market share
because there is a significant underlying problem of inadequacy in the demand or access to additional market shares for what they produce. So, as soon as the capital scarcity problem is dealt with, the market becomes critical operational constraint.

Moudalige and Pereva (1989) found that micro level businesses see insufficiencies as the major problem. Survival and growth of any enterprise, to large extent, depend on the success in the orientation and adjustment of production and sales activities to market conditions.

It is found that marketing of rural micro enterprise is mostly performed under uncertain conditions and does not have any organized functional pattern. Most of these rural products have a very limited distribution network and are generally sold in isolation or either sold in adjoining villages or in nearby urban markets because of the limitations in reaching out the state or the national level markets. Rural entrepreneurs mostly depend on huts which are usually periodic in nature (Pal /1999).

Even it has been found that rural micro enterprises generally produce conventional items by using traditional techniques of production due to lack of exposure. The choice of products produced by the micro producers are often stereotypes, even the products are produced without any idea of its demand and market. So there is covariance risk. To avoid the situation, newer area has to be explored.

However, after post liberalization, the complexion of demand pattern of goods and services in rural areas have changed due to change in occupational structure, level of literacy, socio-economic development, evolution of tele-communication etc. So, Raju (2005) asserted that today the demand constraints therefore, are dictated by supply pattern. Marketing becomes extremely crucial for sustainable development of market
enterprise. Hence, it is said that marketing starts with consumers and also ends with customers. After all, marketing is a social process by which individual and groups obtain what they need and want through exchanging products and value with each other (Kotker, 1987).

Today, only those goods and service can be sold which the consumers need. Therefore, the consumers are regarded as king, who dictates the markets for production. So, in order to generate demand for the rural products produced by the micro enterprises, entrepreneurs should adapt changing taste of markets. It is in this context, Raju (2005) pointed out two important aspects for food processing enterprise to cater to the growing domestic and global markets, which are food safety and quality standard. Even he regarded packaging and leveling as market tools and symbol of value.

Now a days, markets have been flushed with environmental-friendly products that are resource conserving, energy saving, bio-degradable and recyclable. So according to Jain and Kour (2005), businesses small or big have also started to be “green” and have been embracing green marketing practices to conform to green pressures and environmental legislations. In the words of Peattic (1995), green marketing is “the holistic management process responsible for identifying and satisfying the requirements of consumers and society in a profitable and sustainable ways”.

Raju (2005) advocated that one of the key reason as a cause of market distortions and failure is information asymmetry, which means unequal access to information among the various entrepreneurs involved in market transactions. This has been a difficult and persistent problem particularly under the dispersed nature of rural India and of rural non-farm enterprises, coupled with lack of literacy and access to the media among
the entrepreneur. However, in the last three years, there have been some noteworthy developments, which have potential to reduce information asymmetry.

It has been found that most of the micro producers sell their products through wholesalers or commission agents against contracts. As a result, there is large scale of exploitation by middlemen and traders. So, the crux problem of marketing of rural products lies in the lack of proper institutional linkages, which allows exploitation by middlemen. Rajagopal (1993) advocated the institutional mechanism as alternative to the role of middlemen in marketing of rural products in general or rural industry products in particular. Getting rid of the exploitative middle layer means involvement of intermediaries, either Government or Non Governmental Organization, which could provide the producers with necessary marketing support.

In a case study conducted by Pal (1999), where a Non Governmental Organization (NGO) has been called upon to be a partner in marketing of products made by tribal micro enterprises in Bihar. It is found that NGO intervention in organizing the producers around the issue of marketing has helped at least a few to cross the critical minimum threshold and manifest their entrepreneurial skills.

(E) Start-up and Operational Problems Faced by Rural Women Micro Entrepreneurs:

It has been observed that there is hardly any difference between women and men entrepreneurs in terms of their motivation and other entrepreneurial qualities. The difference lies only in the nature of problems encountered by women entrepreneurs. So, apart from the general problems confronted by all entrepreneurs, women entrepreneurs are faced
with some specific problems related to social and cultural set up in rural areas. What is generally over looked is the magnitude of problems faced by women entrepreneurs in getting an enterprise going due to social and cultural factors and gender discrimination that prevails in the society.

Sharma and Bhimawat (2001) have classified three basic constraints faced by women entrepreneurs, which are economical, technological and socio-psychological constraints. Meenai (2003) observed that the rural women in India faced strong cultural barrier, which often restrict them to their homes and limit their mobility. In this regard, Rajendran (2003) stated that though women enjoy the constitutional and legal equalities, it is still a far cry from reality. Because of the traditional customs of our Indian society they have a tendency to keep away from highflying economic activities which is supposedly regarded as the pressure from men. Women in the rural areas have to face not only resistance from men but also from elderly women who are ingrained with this attitude of inequality.

Licanan (1994) had attempted to find out the bottleneck of South Asian rural women entrepreneurs. She found that the rural women entrepreneurs suffer from illiteracy, superstition, dogmatism and lack of technological knowledge. Belcourt (1991) found that the tension between personal lives and carrier pursuits is the most significant problem that women entrepreneurs face while starting a business. DeCarlo & Lyons (1979) and Goffee & Scase (1985) observed that in many married households, husbands are generally not very much involved in their wife's businesses and are not very supportive to them, even expect them to continue with their household duties despite high demands of their businesses.
Asia Pasific for Transfer of Technology (1995), have shorted out some of the important stumbling blocks which generally confine to women entrepreneurs. They are:

(a) Lack of family support for entrepreneurship
(b) Looking after the family seems as a primary role.
(c) Lack of time for other work after attending to family needs.
(d) Lack of role model in their locality.
(e) Lack of access to peer support
(f) Low exposure to business, hence less experience.
(g) Strong fear of failure and success, and.
(h) Women are conditioned to be “Good” rather than “Successful”.

The above study reveals that the women entrepreneurs, especially in the Indian rural context face strong barriers in terms of gender specific and socio-cultural constraints. So, Ledgerwood (1998) pointed out that women’s business are different from those of men.

3.3 CONCLUSION:

From the above empirical studies, it can be concluded that the micro enterprises face considerable obstacles at pre-investment stage, investment stage and post-investment stage. They suffer from the problems of finance, raw materials, marketing, socio-cultural problems, and many other problems. If these problems are addressed properly, then naturally the potential of the micro enterprises to generate employment and income particularly in rural areas can be realized.
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