



SELF HELP GROUPS THROUGH WOMEN MICRO ENTERPRISES

A case study of Vizianagaram and Srikakulam districts of Andhra Pradesh

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Introduction:

Indian experiment in micro-finance, the outcome of the NABARD's vision to evolve its own generic micro-finance system is based on various experimentations and careful study of the whole gamut of the self help programmes, from conceptualization to designing and implementation to make it feasible for the banks to bank with the poor.

Further, micro credit and micro development projects are considered to be “the” significant component of the 21st century development initiatives in both poor and industrialized countries (Rahman Amineur, 1999, 80)¹. Studies on SHGs by the NABARD, and others have thrown valuable insights into their positive features and operational constraints. However, there are some vital gaps in the knowledge of SHG operations, which are of relevance to policy making. This knowledge needs to be made available to make SHGs more popular and associated with the positive outcomes.

There is also a need to recognise that monitoring and evaluation is not a one time affair but a continuous process of providing feedback to the policy makers.

Rural women, though constitute almost half of the population, their participation in the labour force is only 33 per cent, while 56 per cent of their counterparts (males) are in the labour force. Thus 67 per cent of the female population is not gainfully employed. In order to utilise this valuable human resource, the government should adopt policies to bring the eligible women from the residue of the 67 per cent into productive employment. One such attempt is the DWCRA programme introduced in early 1980's. The objective of this programme initially was to provide all the support for a collective action by the women groups towards achieving sustainable livelihood and



promoting the habit of savings among them. Later these women groups have been provided bank loans for helping them to become micro- entrepreneurs.

Rural women with extremely poor economic background and who are mostly illiterate cannot be expected to possess the modern characteristics of an entrepreneur. Yet, by providing an environment of support, the Government and Non-Governmental Organisations (NGOs) with foreign funding, helped rural women to emerge as successful entrepreneurs through Self-Help Groups (SHGs). This has become a vibrant micro-finance movement. They have become part and parcel of the rural community.

Self-Help Group is a small and economically homogeneous group of 15-20 women belonging to rural poor, voluntarily formed for mutual benefit and support with thrift and credit as entry point. While access to financial services is a basic objective of SHGs, they are essentially credit plus groups. SHGs is organized by members with the facilitation and guidance of a social animator. They (SHGs) are self-managed community banking institutions at micro level, collectively accessing credit and non-financial services critical for effectiveness of micro-credit. Non-Governmental Organisations (NGOs) were involved initially in social mobilization and formation of SHGs as Self-Help Promoting Institutions (SHPIs).

The groups start savings on a regular basis and deposit the money in the bank account which will be used for lending among the members after prioritization of their needs. The collection of savings and decisions of lending will be taken by all members in the fortnightly meeting and the minutes will be recorded. All the savings and loaning transactions, member-wise, will be recorded in their own books of accounts.

During the regular meetings, the group is also supposed to discuss the social problems in their village and participation in community oriented programmes will be planned. Thus a good group is to have minimum of the six characteristics such as

- (i) Regular savings – mostly on monthly basis – saving amount to be decided by group itself,
- (ii) regular meetings – to take group decisions on savings, loans and social issues,
- (iii) internal lending – utilizing the savings and grants to meet prioritized credit needs of members,



- (iv) regular repayment – cultivating the ethic of repayment among members,
- (v) books of accounts – maintenance of accounts to avoid future conflicts, and
- (vi) Participation in social and developmental activities.

Once a group attains these characteristics, it becomes eligible for the assistance from the government in the form of matching grant/revolving fund which is given to augment their corpus. This fund can be used for rotation among members but cannot be appropriated. Any group, which has been in existence for minimum period of six months, with the above characteristics, becomes eligible for loans from formal banking system under NABARD sponsored SHG-bank linkage scheme. The group is eligible to receive loan up to four times of their corpus amount at 8-11 per cent rate of interest. The bank will never insist on the purpose of the loan and the group can utilize their amount, along with savings and grants, to meet the production or consumption needs of the members depending on their agencies.

Objective:

To study the income, expenditure, loans and savings of the members before and after joining SHGs.

The study was conducted in the two North Coastal Districts of Andhra Pradesh-Srikakulam and Vizianagaram. The relevant data for the study are collected in three stages.

Information has been elicited from the women entrepreneurs about their organization particularly the acquisition of raw materials, technology used, training received, workers employed and wages paid, Bank linkages, marketing including advertisement costs, and finally income and expenditure. All these aspects are important in the context of modern scientific management of an enterprise. Details about these aspects have been presented in this section.

In the selected micro-enterprises in rural areas of the two districts of Vizianagaram and Srikakulam it is found that about 34.89 per cent of the selected units are petty business units, followed by 23.40 per cent dairying, another 12.77 per cent are kirana shops, 22.13 per cent are agriculture and Horticulture and about 6.81 per cent are tailoring units. As a matter of fact,



the largest bulk of units in petty business consist of brick units, mango jelly production units, pottery, etc. These aspects are shown in Table-1

In the two districts almost the same pattern exists. The highest percentage is petty businesses 40.60 per cent in Srikakulam district and 27.45 per cent in Vizianagaram district. Dairying (24.51%) seems to be more predominant followed by horticulture (16.67%) in Vizianagaram district. In Srikakulam district, dairy is accounted for (22.56%), followed by Agriculture (11.28%), Kirana (10.53%), horticulture and Tailoring each (7.52%).

Table- 1
Distribution of Sample Respondents by Types of Enterprises

Activities	Vizianagaram		Srikakulam		Grand Total	
	No	%	No	%	No	%
Dairy	25	24.51	30	22.56	55	23.40
Horticulture	17	16.67	10	7.52	27	11.49
Kirana Shop	16	15.69	14	10.53	30	12.77
Tailoring	6	5.88	10	7.52	16	6.81
Agriculture	10	9.80	15	11.28	25	10.64
Other Petty Business	28	27.45	54	40.60	82	34.89
Grand Total	102	100	133	100	235	100.00

Generally the question pertaining to the type of technology (modern and traditional) used in micro-enterprises is construed as applicable to manufacturing. As a matter of fact, even if it is a business unit, it can adopt modern methods of marketing, purchasing and acquiring capital and book keeping and accounting. Hence, the study have asked the women entrepreneurs about the methods (modern and traditional) of managing or organizing the enterprises. The details on the adoption of technology in the enterprises are shown in Table-2

It is found that nearly half (47.66%) of the units reported that they used traditional technology for managing their enterprises, about 31.91 per



cent used a combination of both traditional and modern technology and only 20.43 per cent adopted modern technology. The highest percentage of units using modern technology is in Vizianagaram district (23%) while in Srikakulam it is 19 per cent. Both traditional and modern technology is used considerably more in Srikakulam compared to Vizianagaram.

Table-2
Adoption of Technology in the Enterprises

Adoption of Technology	Vizianagaram		Srikakulam		Grand Total	
	No	%	No	%	No	%
Traditional	50	49	62	47	112	47.66
Modern technology	23	23	25	19	48	20.43
Both Traditional and Modern technology	29	28	46	34	75	31.91
Total	102	100	133	100	235	100.00

If women have to be encouraged to start modern micro- enterprises, they have to be motivated and given appropriate training for organization of such enterprises. Rural women are in general inadequately literate but they are highly motivated and entrepreneurial in nature. Such talented people have to be identified and given special training in entrepreneurial activities. This is being done in Indira Kranti Patham (IKP), which is being implemented with the concept of SHG.

Information has been elicited from the women entrepreneurs about the training they received either from the Government or corporation. These details are presented in Table-5.3. The study found that most of the women (92.34%) did not receive any training. The remaining 7.66 per cent of the women received some training as a part of dairying or in acquiring Bank linkage. It is interesting to note that in Vizianagaram district the highest proportion (13%) and in Srikakulam only 4 per cent of women received training, which was by and large in setting up of an enterprise in the dairying.



Table-3
Members Receiving Training from Government or Co-operatives

Opinion	Vizianagaram		Srikakulam		Grand Total	
	No	%	No	%	No	%
Yes	13	13	5	4	18	7.66
No	89	87	128	96	217	92.34
Total	102	100.0	133	100.0	235	100.00

5.1.4. Acquisition of Raw material:

Acquiring raw material in an economical way is the basic criteria for the success of any enterprise. Micro enterprise is no different. For a petty business, purchasing goods at the nearest market at a lower cost is the key for success. Here the key point is “nearness” which in real terms means less transportation costs of the raw materials. In such cases transport cost is more crucial. Data on these aspects have been collected and presented in Table-4.

It can be observed that almost all the entrepreneurs purchase their materials from the nearest town from the location of their operation. For the transport of the purchased materials they use autos (48.51%) and buses (45.11%). The transportation is divided into three categories namely bus (public transportation), Auto (private transportation) and personal (own transportation). In Srikakulam and Vizianagaram districts significant number of women use private transportation namely autos 57 per cent and 37 per cent respectively while buses are used 36 per cent and 57 per cent respectively among women entrepreneurs in both the districts. This has a bearing on the overall profitability of the enterprise.

Table-4

Acquisition Transport	by	Vizianagaram		Srikakulam		Grand Total	
		No	%	No	%	No	%
Auto from nearest town		38	37	76	57	114	48.51
Bus from nearest town		58	57	48	36	106	45.11
Own transport		6	6	9	7	15	6.38
Tractor from nearest village		-	-	-	-	0	0.00
Total		102	100	133	100	235	100.00



Acquisition of the Raw Material

Almost all the entrepreneurs purchase their materials from the nearest town from the location of their operation. The main criteria being that the transportation costs should be low. In Srikakulam and Vizianagaram districts significant number of women use private transportation namely autos 57 per cent and 37 per cent respectively while buses are used 36 per cent and 57 per cent respectively among women entrepreneurs in both the districts. This has a bearing on the overall profitability of the enterprise.

The rural households give top priority for improving housing conditions and acquisition of economic assets. There is a clear preference towards converting their houses which were kutchra or semi-pucca into Pucca houses. Later their priority is buying income generating assets like poultry, cows and buffaloes, and sheep and goat.

There is a grave need for a structured entrepreneurship training programme which should include using of information technology along with financial and worker management for the women micro-entrepreneurs.

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