

A Study Of Micro Enterprise Development Initiatives Of NGOs In The City Of Mumbai

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Abstract

This paper is an outcome of an empirical research carried out by the author to study the role of voluntary organizations involved in empowering women, through micro-enterprise development initiative. The data was collected from 19 NGOs in the city of Mumbai. During the course of primary data collection from NGOs, it was noticed that except for few NGOs under study, there was an absence of initiatives to further the efforts of micro entrepreneurs by provision of various Business Development services (BDS).

This paper illustrates the provision of BDS to the urban poor in the city of Mumbai, by studying the:

- 1. Role of NGOs in Micro-enterprise development.*
- 2. Identifying certain best practices in Micro-enterprise Development.*

Objective(s) of study.

- 1. To assess the micro enterprise development initiatives of NGOs in the process of empowering the urban poor.*
- 2. To study the problems encountered by the NGOs in the process of Micro enterprise development.*
- 3. To suggests measures to improve the micro enterprise development initiatives of the NGOs.*

Entrepreneurship development training among urban poor beneficiaries could prove to be one of the most effective strategies for urban poverty alleviation through creation of self and wage employment opportunities.

Introduction.

Urban poverty in developing countries is typically concentrated in slums and other informal settlements. If nothing is done to check the current trend, the number of people living in dire conditions will rise from one billion today to 1.6 billion by the year 2020. These figures call for a revision of Target 11 of Millennium Development Goal No. 7, which aimed at "significantly improving the lives of at least 100 million slum-dwellers by 2020".

United Nations Decade for Women (1976-1985) focused attention on women's ability to earn an income as a necessary element of household poverty alleviation and a pre-condition to gender equity. Colin L. Powell U.S. Secretary of State rightly stated that "...micro enterprise provides hope and concrete tools for the worlds poorest to improve their own lives and realize the basic dignity of self-sufficiency".

If the urban context of poverty is not directly addressed, it would be impossible to achieve the Goals. Improving the lives of slum dwellers helps combat HIV/AIDS, improve environmental sustainability, and address gender inequality. In order to empower women in urban slums, it is necessary to provide an expanding network of support services. Self-employment is particularly important for women in urban areas, as this type of employment is well suited to their needs. It is important to note that self-employment requires access to capital and entrepreneurial skill; it is in this

context that Voluntary organizations can play a proactive role, in improving the quality of life of women.

The micro enterprise movement has been viewed as an important economic development strategy. This paradigm is based on the premise that gender discrimination is an economic phenomenon and, therefore, the generation of employment and income through micro-enterprises would empower women. Micro enterprise development projects can serve four major objectives: (i) poverty reduction; (ii) the empowerment of women; (iii) employment generation; and (iv) enterprise development as an end in itself (ADB 1997). Mayoux (1999) identified three paradigms aim at the empowerment of women.

- i. An economic paradigm that promotes development interventions to improve women's capacity for increasing their income either through employment or micro-enterprises.
- ii. A poverty alleviation paradigm which focuses on addressing practical needs, such as health or education, as the best way of addressing gender inequality and as a consequence women are empowered; and
- iii. A feminist paradigm, it addresses gender subordination at the individual, organizational, and macro levels.

Supporting female entrepreneurship is seen as having important 'trickle down' effects on wider poverty alleviation and gender equality. Female managed micro-economies are an effective antidote to the chronic circles of poverty, ignorance and poor health that plagues most of the world's poor women. They enhance the skills, self-confidence and capabilities of women. It allows them to contemplate higher goals than basic survival. UNDP studies have even shown that where women control cash from such businesses it is more likely to be used in child survival and other human

development issues. Micro-credits and small enterprises can contribute to simultaneously achieve economic and social development goals.

Micro-enterprise can be defined as a tiny business usually with one owner started by the poor in cities, towns and villages, commencing with minimal investment and not requiring a formal establishment. Owners of micro enterprises do not generally use formal financial institutional channels for credit or any other financial transactions. Employees, if any, are usually or family members who are easy to monitor. Micro enterprises have been seen as having particular advantages for women because of the flexibility, location, ease of entry and links with local markets. An empirical research work was undertaken by the author to assess the role of voluntary organizations which have undertaken Micro enterprise development programmes for improving the livelihood of the women in urban slums of Mumbai Region. The outline of this paper is as follows:

1. Background of Present study.
2. Objectives of the present study.
3. Analysis and Discussion.
4. Recommendation and conclusion.

1. The Background of the Present Study .

The research work was carried out by collecting Quantitative data based on interviews with 19 NGO functionaries based in Mumbai. The focus of this paper is only on the role of NGOs in the process of micro-enterprise development in the city of Mumbai.

2. Objectives of the present study.

They are as follows:

1. To assess the micro enterprise development initiatives of NGOs in the process of empowering the urban poor.

2. To study the problems encountered by the NGOs in the process of Micro enterprise development.
3. To suggests measures to improve the micro enterprise development initiativeso the NGOs.

Hypothesis

1. NGOs have made a significant difference in the lives of women by providing them micro-enterprise training.

In terms of geographical area, this study plans to probe into the facets of voluntary organizations in Mumbai, who are in the process of empowering women of urban slums through microenterprise development initiatives. The researcher selected Mumbai as the area of study because of the following reasons:

1. Familiarity with the city and the local language.
2. The growing slum population.
3. The presence of number of NGOs of National and International repute.

3. Analysis and Discussion.

In this paper only those Voluntary organizations, who have undertaken Micro-enterprise development (in Individual capacity or in Groups) in urban slums of Mumbai, have been considered. The following section highlights the profile of NGOs and the Micro entrepreneurs and their level of empowerment.

3.1 Role of NGOs in Micro-enterprise development.

This section illustrates the initiatives of the NGOs in the process of Micro-enterprise development. As this study aimed at only reaching out to NGOs which provided micro enterprise development option to the

beneficiaries, a need was felt to assess the various categories of women covered by the NGOs.

Table 1: Target audience covered by the NGOs in Mumbai.

Variable	Frequency	Percent
Destitute women	7	77.78
Abandoned women	5	55.56
Divorced	6	66.67
Widow	5	55.55

Note: Some organizations identified more than one answer

77.78% NGOs reached out destitute women, 55.56% NGOs reached out to abandoned women, 66.67% reached out to Divorcee's and 55.55 % reached out to widows. Apart from this select NGOs reached out to Bamboo artisans, school dropouts, general population and mentally challenged children. From this analysis we can make out that the NGOs reach out to the most marginalized section of the society and bring them to the mainstream by providing them Vocational training and assistance to set up Micro-enterprises.

3.2 Profile of NGOs in Mumbai.

3.2.1 Registration details.

16(84.21%) were registered under 2 or more Acts and only 2(10.5%) NGOs were registered under only one Act. 63.15% NGOs were registered under Societies registration Act of 1860, 89.47% NGOs were registered under the Bombay Public Trusts Act 1950, 84.21% NGOs were registered under Income Tax act Section.

3.2.2 Area of coverage

- 19(100%) of the NGOs covered as part of the survey had coverage in urban Mumbai, apart from it 10(52.6%) NGO also had coverage in Urban and Rural areas within and outside Maharashtra State.

- 19(100%) had presence in Mumbai (Local area), 11(57.9%) had presence in Regional area (different parts of Maharashtra) and 4(21.1%) had presence in National level (different states within India).

3.2.3 Services offered.

- 73.68% NGOs were engaged in advocacy, 47.37% in environmental awareness, 68.42% in child care, 73.68% in imparting education, 100% in Vocational training/Income generation programme, 47.37% in family support services, 15.79% in provision of housing and shelter, 5.26% in mental health community needs and theater group to spread awareness and 52.63% were involved in fulfilling special needs of beneficiaries.

3.2.4 Target audience

- 16(84.21%) NGOs were reaching out to children, 19(100%) of the NGOs reached out to women, 2(10.50%) reached out to men, 16(84.21%) reached out to the entire community and 17(89.58%) reached out to the youth.

3.2.5 Details of micro-enterprise development programme

- 94.7% NGOs provided vocational training to the women beneficiaries; One NGO was engaged in provision of Micro finance with the assistance of ICICI Bank.

3.2.5.1 Type of micro enterprise training imparted.

- Amongst the urban poor tailoring is a popular programme around 57.9% NGOs is engaged in providing the same, followed by Embroidery (26.32%), handicrafts (21.1%), Catering (15.8%) and Baking (10.5%).
- the other training programmes organized by the NGOs were Mehendi(21.1%), Beautician course(15.8%), computer (21.1%), Para-nursing course (15.8%), Balwadi teachers training(15.8%), fashion

designing(10.5%), rakhi manufacturing(10.5%) are also organized for the beneficiaries. 10.5% NGOs were also engaged in organizing capacity building programmes for those who wish to enter the sector and for other interested NGOs and CBOs.

3.1.5.2 Nature of training.

- 94.12% NGOs organized sessions on Need assessment / awareness / confidence building sessions & skill assessment.
- 100% NGOs organized sessions on Motivational lecture(s), skill training & Financial literacy.
- 82.35% organizations undertook session on Sourcing of raw material/manufacturing/
- Processing /packaging/marketing and sessions on empowerment, fear management, know your rights etc.,
- 47.05% NGOs organized exposure visit.
- 17.64% organized on the job training.
- 11.76% provided opportunities to interact with prospective buyers by encouraging them to participate in exhibitions & NGO melas by putting up stalls.
- 78.9% NGOs stated that they provide further guidance to beneficiaries as and when they approached them.

3.1.5.3 Provision of Business development services(BDS) by NGOs.

The following Indicators were used to assess the provision of Business Development services by NGOs involved in enterprise development in the city of Mumbai.

1. Market Access
2. Input supply
3. Training and technical assistance
4. Technology and product development
5. Infrastructure
6. Others

Table 2.1a Analysis of Business Development services provided by NGOs⁷.

NGO Assistance provided	AMM ↓	SMS	CASP	AP NA LA YA	BE CC	GV PCT	ACT	FSC	VT	YU VAK	Total
Market Access#											
Market linkages	YES	YES	YES	NO	NO	YES	YES	YES	YES	YES	8
Trade fairs and product exhibition	YES	NO	NO	NO	NO	NO	YES	NO	NO	YES	3
Market information	YES	YES	NO	YES	NO	YES	NO	YES	YES	YES	7
Subcontracting and outsourcing	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	1
Marketing trips and meetings	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
Market research	YES	YES	NO	YES	NO	NO	NO	NO	NO	NO	3
Outlets for sale of products	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	01
Packaging	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
Advertising	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	0
Input supply#											
Linking entrepreneurs to input suppliers	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	1
Information on input supply sources	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
Facilitating the establishment of bulk buying groups	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	1
Training and technical assistance#											
Exchange visits	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
counseling / advisory services	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
Financial advice	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
Technology and product development#											
Linking entrepreneurs and technology suppliers	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	1
Quality assurance programs	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	1
Equipment leasing and rentals	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	1
Design services	NO	NO	NO	NO	NO	NO	YES	NO	NO	NO	1
Infrastructure#											
Storage and warehousing	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
Transport and delivery	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
Others ^											
Lectures by successful entrepreneurs	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	01
Provision of finance	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	2
Provision of various assistance to women beneficiaries to encourage schooling of children, provision of crèche facilities etc.,	YES	YES	NO	YES	NO	NO	NO	NO	NO	NO	3
Visit of expert from recognized institutions	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO	1
Imparting skill development training	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	10
Creation of social enterprises to assist the sale of products manufactured by the beneficiaries	YES	YES	NO	NO	NO	NO	YES	NO	NO	NO	3

⁷NGOs which did not give access to women entrepreneurs within the time frame set for data collection.

Establishing forward and backward linkages for assisting micro-entrepreneurs	YES	YES	NO	2								
Export promotion of product	NO	NO	NO	NO	NO	NO	YES	NO	NO	NO	NO	1
Directing the beneficiaries to institutes of learning	NO	YES	YES	YES	YES	YES	NO	YES	YES	YES	YES	8
Networking with government officials to assist women beneficiaries for micro enterprise development.	NO	YES	NO	YES	YES	NO	NO	NO	NO	NO	YES	4
Networking with prospective customers and corporates	YES	YES	NO	NO	YES	NO	NO	NO	NO	NO	NO	3
Total number of services provided ⁸	24	22	03	05	04	04	06	04	04	04	07	83

Adapted partly from Small enterprise Education and Promotion Network, "SEEP Guide to Business Development Services and Resources".

Website www.seepnetwork.org?bdsguide.html

#Miehlbradt, Alexandra, "Guide to BDS Market Assessment for Program Design" International Labour Organisation, Website <http://www.ilo.org/seed>

^ based on primary data collected from fieldwork

From the above table we can make out that AMM is providing maximum 24 number of services, followed by SMS with 22 services. Thus based on the above parameters of BDS mentioned in the table above these two organizations out perform others in BDS.

Table 2.1b: Analysis of Business Development services provided by NGOs⁹

NGOs	CO RP	CH	YU VA	JCT	SF	RE AP	SHARE	US VA	SH ED	Total
Assistance provided										
Market Access#										
Market linkages	No	Yes	Yes	No	No	No	Yes	No	No	3
Trade fairs and product exhibition	Yes	Yes	No	No	No	Yes	Yes	No	No	4
Market information	No	Yes	Yes	No	No	Yes	Yes	Yes	No	5
Subcontracting and outsourcing	No	Yes	No	No	No	No	Yes	No	No	2
Marketing trips and meetings	No	Yes	No	No	No	No	Yes	No	No	2
Market research	No	Yes	No	No	No	No	Yes	No	No	2
Outlets for sale of products	No	Yes	No	No	No	No	No	No	No	1
Packaging	No	Yes	No	No	No	No	Yes	No	No	2
Advertising	No	Yes	No	No	No	No	Yes	No	No	2
Input supply#										
Linking entrepreneurs to input suppliers	No	Yes	No	No	No	Yes	Yes	No	No	3
Information on input supply sources	No	Yes	Yes	No	Yes	Yes	Yes	No	No	5
Facilitating the establishment of bulk buying groups	No	Yes	No	No	No	No	Yes	No	No	2
Training and technical assistance#										
Exchange visits	No	No	No	No	No	No	Yes	No	No	1

⁸In all 32 Business development services have been plotted in the above table.

⁹NGOs gave access to interview women entrepreneurs

counselling/advisory services	No	Yes	No	No	Yes	yes	Yes	No	No	4
Financial advice	No	Yes	No	No	No	Yes	Yes	No	No	3
Technology and product development#										
Linking entrepreneurs and technology suppliers	No	No	Yes	No	No	No	No	No	No	1
Quality assurance programs	No	Yes	No	1						
Equipment leasing and rentals	No	Yes	No	Yes	No	No	Yes	No	No	3
Design services	No	Yes	No	No	No	No	Yes	No	No	2
Infrastructure#										
Storage and warehousing	No	Yes	No	No	No	No	Yes	No	Yes	3
Transport and delivery	No	Yes	No	No	No	No	Yes	No	No	2
Others ^										
Lectures by successful entrepreneurs	No	No	No	No	No	No	No	No	No	0
Provision of finance	No	Yes	No	No	No	No	Yes	Yes	No	3
Provision of various assistance to women beneficiaries to encourage schooling of children, provision of crèche facilities etc.,	No	Yes	No	No	No	No	Yes	No	No	2
Visit of expert from recognized institutions	No	Yes	Yes	No	No	No	No	No	No	2
Imparting skill development training	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	8
Creation of social enterprises to assist the sale of products manufactured by the beneficiaries	No	Yes	No	No	No	No	Yes	No	No	2
Establishing forward and backward linkages for assisting micro-entrepreneurs	No	Yes	No	No	No	No	Yes	No	No	2
Export promotion of product	No	Yes	No	No	No	No	Yes	No	No	2
Directing the beneficiaries to institutes of learning	No	No	yes	Yes	No	No	No	No	Yes	3
Networking with government officials to assist women beneficiaries	No *	No	Yes	No	No	Yes	No	No	No	2
Networking with prospective customers and corporates	No	Yes	Yes	No	No	Yes	Yes	No	No	4
Total number of services provided(32)	02	27	09	03	03	09	25	02	03	83

Adapted partly from Small enterprise Education and Promotion Network, "SEEP Guide to Business Development Services and Resources".

Website www.seepnetwork.org/bdsguide.html

#Miehlbradt, Alexandra, "Guide to BDS Market Assessment for Program Design" International Labour Organisation, Website <http://www.ilo.org/seed>

^ based on fieldwork and secondary sources.

* had linked women entrepreneurs to the government officials in charge of implementation of SJSRY scheme, but later on withdrew contact for procedural delays to get the work done.

From the above table we can make out that the fair trade organizations namely CH (27) and SHARE (25) out perform all other NGOs in this category. Thus, based on table 2.1a & 2.1b we can make out that the following NGOs out perform in provision of BDS in terms of rank order based on provision of services:

Table 3: Comparative analysis of NGOs and their BDS.

Ranking	NGO	Total number of services provided	Coverage
1	CH	27	Local
2	SHARE	25	Local
3	AMM	24	National
4	SMS	22	Regional
5	YUVA REAP	09 9	Regional & local respectively

From the above analysis it can be inferred that out CH has lesser reach as compared to other NGOs under study, it has outperformed all other NGOs in provision of services to micro entrepreneurs by linking the micro-entrepreneurs in the Fair Trade mode. The above table also includes two social entrepreneurial organizations namely SMS and REAP recognized by the ASHOKA foundation and OPUS foundation respectively. Thus, we can infer that the NGOs in Mumbai are playing an important role in empowering women through the process of micro-enterprise development.

4. Brief description of select NGOs engaged in providing Business development services.

The following section illustrates the role of two institutions involved in enterprise development

Table 4: Profile of select NGOs engaged in BDS.

NGO	Role
Grass root Trading network in India(GTN)	The Government of India and SEWA are the promoters of GTN. Its mission is to strengthen, support, and expand market opportunities for Grassroots Producer Organizations (GPOs) with a particular focus on women. GTN caters to GPOs working in the fields of handicrafts, handlooms, agriculture or industrial accessories (low-technology, labour-intensive factory products). Through trade facilitation, market development and advocacy, GTN seeks to build livelihoods and expand the benefits of globalization to poor producers worldwide.
International resources for fairer Trade (IRFT) .	It is a membership based non-profit support organization established in 1995, as a part of Traidcraft (UK) initiative to expand its work in India. Its mission is to impact poverty and unemployment through fair trade. IRFT seeks to achieve this by encouraging sustainable development of the enterprises in which poor are involved through increased business growth and improved productive capacities. It has initiated SARTHEE -Developing Pro poor Business Counseling Services in India, with an aim to provide support to Business Development Services (BDS) providers to develop high quality, effective business counseling services for pro-poor Micro and Small Enterprises (MSEs).

3.1.5.4 Problems encountered by the NGOs in the process of Micro enterprise development.

During the course of MED the NGOs faced problems in the process of organizing Micro-enterprise training. 68.4% NGOs stated that the major constraints faced by the NGOs were lack of motivated beneficiaries and irregular attendance. 57.9% NGOs cited that there is lack of interest among the community members and this result in lack of support provided to those who wish to start micro-enterprises. 15.8% NGOs stated that they were unable to find loyal customers for the products on a regular basis. Following are some steps which the NGOs propose to take to overcome the problem:

- 68.42% planned to overcome the problem through collaborations.
- 52.63% NGOs intended to depute the staff for training.
- 57.89% NGOs stated that they proposed to generate funds to augment their training programmes and provide assistance to support micro enterprise development programmes.

5. Recommendations

1. The success of SHARE and CH reinforces that group entrepreneurship is a better model provided the NGOs are willing to take efforts to organize the women in groups under women co-operatives. Thus, researcher is of the opinion that Group entrepreneurship should be encouraged and supported by Voluntary organizations.
2. Group entrepreneurship should be encouraged by NGOs and similarly the women should be linked to the Fair trade movement and Suvarna Jayanti Shahari Rozgar Yojana (SJSRY scheme).
3. Government should take a review of the best practices of grassroots organizations and provide wide publicity to their efforts and provide them with necessary assistance without procedural delays.
4. NGOs should incorporate new activities in micro-enterprise training programme

and quality control and management as a part of micro-enterprise training.

Conclusion.

The currently burgeoning NGO sector is regarded as a private sector in the development business: engaged more in Management and control rather than mobilization and social transformation. In the light of it the NGO sector can play a commendable role by empowering the women beneficiaries by providing micro-enterprise training. Thus, entrepreneurship development training among urban poor beneficiaries could prove to be one of the most effective strategies for urban poverty alleviation through creation of self and wage employment opportunities by provision of appropriate Business development services.

References.

1. ADB 1997: Microenterprise Development: Not by credit alone accessed from www.adb.org/Documents/Books/Microenterprise/microenterprise.pdf
2. Mayoux, L. (1999) 'Questioning virtuous spirals: micro-finance and women's empowerment in Africa', Journal of International Development 11: 957-984.

Appendix

List of NGOs surveyed.

ACT	ACT-Kalpana.	JCT	Janvi Charitable Trust
AMM	Annapurna Mahila Mandal	REAP	Reach Education Action Programme.
APN	Apnalaya	SHARE	Save the handicapped's Rehabilitation Efforts
BECC	Bandra East community Centre	SMS	Stree Mukti Sanghatana
CASP	Community Aid & sponsorship programme.	SF	Sterlite foundation
CORP	Community Out reach programme	USVA	Urban Street Lok Seva Kendra
CH	Creative Handicrafts	VT	Vatsalya Trust
FSC	Family service Centre	YUVA	Youth for unity and voluntary Action
GVPCT	Gyan vikas Public Charitable Trust	YUVAK	Yuvak Prathishtan
		SHED	Support for Human and environmental development

