

PROMOTING MICRO-ENTERPRISE THROUGH SHG: A CASE STUDY OF MAVIM

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ABSTRACT

Among various micro-finance models, SHG model is identified as one of the most successful models for providing access to credit for the poor. This case study presents one such model and discusses its design and implementation of intervention. Further, it also took a sample of 50 participants from the organisation and evaluated the effect of intervention on promotion of micro-enterprise. The results showed that this approach has been successful in establishment of micro-enterprise but due to limitation on loan amount from bank, it failed in helping micro-entrepreneurs in expansion of their business.

Introduction

Mahila Arthik Vikas Mahamandal (MAVIM) is the nodal agency for the promotion of SHGs as a strategy for poverty alleviation in Maharashtra. MAVIM is the State Women's Development Corporation of Maharashtra, established on 24 February, 1975 on the occasion of international women's year as a for-profit company under Companies Act 1956. MAVIM is basically a Government undertaking. It promotes SHGs in villages through its 1350 field workers known as Sahayoginis. Mission of the organisation is "To bring about gender justice and equality for women, investing in human capital and the capacity building of

women, thus making them economically and socially empowered and enabling them to access sustainable livelihoods." Its objective is to bring about women's empowerment by mobilising women and building organisations of women, enhancing their capacities by training, increasing their self-confidence and strengthening entrepreneurship among women and making credit and markets accessible to women. It also seeks to improve women's access to education, and increase their participation in decision making and governance. MAVIM is presently working in 232 blocks of 33 districts in Maharashtra. Objectives of the study are:

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- To gain understanding of the organisational intervention for Micro-enterprise Development (MED)
- To analyse the effect of organisational intervention on Micro-enterprise Development (MED)

Methodology

Data for this study were mainly collected from head office of the organisation and its district offices in Satara, Ahmednagar and Pune. In-depth interviews through semi-structured questionnaires with 20 people from the organisation holding various positions at planning and implementation level were conducted to understand the approach of the organisation. In addition to organisation level data, enterprise level data were also collected from 50 participants of the organisation through structured questionnaire from Ahmednagar district. Two types of questionnaires were used for interviewing micro-entrepreneurs: i. Successful micro-entrepreneurs and ii. Failed micro-entrepreneurs.

For strengthening of organisations in micro-finance, study of their design and approach becomes essential. Further sections of this paper deal with the MED design and its implementation. It also analyses the effect of MED intervention on micro-enterprise based on data from 50 participants from the organisation.

MED Design, Approach And Strategy

Before entering any village, a socio-economic survey of every household in the village is conducted. Villages with a large number of SCs/ STs /weaker section and poor are selected for the interventions. Looking at the loopholes of the government process of determining BPL, the organisation started an innovative approach to include the real poor of the village in their interventions. For this

purpose, the organisation adopted its own concept of BPL and is named as 'PRA BPL'. For determining PRA-BPL households, the organisation conducts Participatory Rural Appraisal (PRA) in the village using wealth ranking of the village households.

As part of its major intervention, the organisation forms SHGs through its *Sahyogini*. A *Sahyogini* is a village level development worker and acts as a link between the organisation and the community. *Sahyoginis* are considered as pillars of the organisation and are selected through a strict procedure. Each *Sahyogini* is expected to look after 40 SHGs in 8-10 villages in a radius of about 15-20 km. A *Sahyogini* cannot be a member of SHGs. Better performing *Sahyoginis* are also promoted as trainers in the organisation. Largely, the process of group formation is initiated in two ways; either *Sahyoginis* contact villagers for group formation or villagers contact a *Sahyogini* for initiating the group formation. *Sahyoginis* also liaison with positive village role models like Anganwadi *Sevikas*, teachers, and institute representatives for the process of group formation.

Group formation and strengthening is a step-wise process. Once the group is formed, the first step is to stabilise its functioning. After a group starts proper functioning, attention is given to internal lending and regular repayment of loans. After gaining some experiences of internal lending, the group is linked to a bank for taking loans. While taking decision about internal lending activity, accessing bank loans and taking other decisions, a participatory process is followed in the group. A proper minute book is maintained by the group and all the decisions are recorded in the minute book.

Initially, the role of the *Sahyogini* is to strengthen the SHGs and prepare them to take up various micro-enterprise activities. To keep

a check on the quality of SHGs, frequent grading of the group is done by the organisation. For grading the SHGs, the organisation follows NABARD guidelines. Proper accounts and book keeping is an important factor in smooth functioning of the SHGs. For maintaining quality of accounts and book keeping, regular internal auditing of SHGs is conducted by the *Sahyoginis* and is later verified by district officers.

The organisation conducts several training sessions for SHG members as well as *Sahyoginis* to strengthen the SHGs. First stage

of training includes conceptual training. The objective of conceptual training is to make SHG members aware of the role of savings and SHGs. Later part of training includes gender sensitisation and functional literacy. In addition to trainings, the organisation conducts various exposure visits for the SHG and provides a platform for interaction between SHG members interested in entrepreneurship and established entrepreneurs.

The organisation has collaborated with six resource organisations for providing skill training (Table 1).

Table 1: Details of Resource Organisations Providing Training for MAVIM

S.No.	Organisation	Districts
1.	MITCON	Amrawati, Akola, Yavatmal, Wasim, Buladana and Bhandara
2.	MCED	Kolhapur, Ratnagiri, Sindhudurg, Raigad, Nanded and Pune
3.	Flight India	Gadchiroli, Gondia, Chandrapur, Wardha and Nagpur
4.	BAIF	Thane, Nasik, Satara, Sholapur and Nandurbar
5.	DILASA	Aurangabad, Beed, Hingoli, Parbhani, Jalna and Latur
6.	Sampada Trust	Dhule, Ahmednagar, Jalgaon, Osmanabad and Sangli

For promoting micro-enterprises, the organisation follows a well-defined procedure. The *Sahyogini* along with SHG members identifies various micro-enterprises based on the opportunity available in the village, the interest of the members and the resources available with the member. Depending on the activity, sometimes individual counselling or family level discussions are held to sort out their issues and challenges. After identification of activity, various requirements like, financial and technology, are identified. The SHG is linked to a bank for meeting its financial requirements. The organisation tries to

address the other needs as far as possible but, the major focus of organisation remains on meeting the financial requirements through bank linkage. If needed, one week EDP is given to the members.

At village level, the organisation forms a Village Development Council (VDC). This VDC is represented by members from each SHG in the village. President and vice-president of the SHGs are members of VDC. All SHGs in the village monitor the performance of the VDC. The VDC is responsible for taking up various social issues in the village. This VDC acts as strong

and important forum for discussion of various social issues but is not involved in the credit flow. Through VDC, women have ensured their participation in the Gram Sabha and Gram Panchayat. *Sahyoginis* and SHG members sit with Gram Panchayat and prepare an annual action plan for the villages. Further, these SHGs are organised into cluster federations. However, talking about the role of federations, the General Manager of the organisation stated that "Presently the organisation has formed twenty five federations across Maharashtra but still we are not clear about the role of federation. It was conceptualised as a financial intermediary in the organisation. But, this is a risky concept as the women members of the organisation are financially illiterate. For tackling social issues, VDCs are acting as a strong forum and have played a role in ensuring participation of women in *Gram Panchayat and Gram Sabhas*."

In terms of the broad approach, the major focus of the organisation is on promoting economic empowerment of women in rural areas especially from disadvantaged sections like scheduled castes and scheduled tribes. For achieving this objective, the organisation adopts SHG as a tool. In the formation of SHG, the organisation follows a deepening approach and focus on the existing SHGs in the selected village, rather than going for sprinkle approach of forming SHGs wherever possible. The organisation adopts a bottom-up approach for its interventions. The organisation itself does not provide any financial support to the SHGs, rather, it links them with banks for financial support. MAVIM adopts a cluster based approach for its interventions of formation of SHGs and tries to concentrate around MRCP village. Though the organisation adopts financial system approach, it also tries to provide

other services like information, training and market linkage as far as possible to the micro-entrepreneurs. Stated mission and objectives of the organisation depict its focus on overall development of women.

The organisation adopts the strategy of supporting income generating activities by coordinating with various financial organisations and government departments. Choice of income generation activity is done by the SHG member herself. Organisation never imposes any activity on its members. It tries to support a new activity or expand the established activity. It helps women in realising their potential as well as special attention is paid to capacity building of the members. Efforts are made to take up diversified activities in one village. Members are discouraged to take up similar activities in the same village. This is done to ensure enough marketing opportunities within the village itself. Overall, the project strategies adopted by the organisation follow a three-step process and involve mainly:

- Formation of women SHG at the grassroots
- Providing necessary support and facilitation required for their socio-economic empowerment
- Initiating social transformation by enabling women to challenge the prevailing caste, class and gender inequalities

Implementation Of MED Intervention

One of the important steps in project implementation is target setting as well as monitoring the set target. Target setting in the organisation is done in two ways and is a three step process. At first, the *Sahyoginis* are expected to do scope mapping and submit to the district. Scope mapping is done to answer following questions:

- How many SHG members are there in the village?
- How many families have not joined SHG?
- How many more SHGs can be formed?
- How many clusters can be formed?
- Which activity can be started in the village?
- PRA is conducted to decide the status of people?

The district officer finalises the annual plan based on the scope mapping done by the *Sahyoginis*. This annual plan is submitted to the head office and given to the *Sahyoginis* as an annual target. Sometimes, depending on the project requirement and capacity of the district, head office also sets targets for the district offices. These targets are then distributed to the *Sahyoginis* according to their capacity.

For helping the organisation in its project implementation, the organisation forms an advisory committee at State level, programme level and district level. These advisory committees are represented by a diverse set of people including DCO of the organisation, bank and NABARD officials, and help in doing programme reviews. Frequent reviews on monthly, quarterly, six monthly basis are conducted in the organisation. The organisation conducts quarterly meetings at regional levels as well as two meetings annually at the State level. These meetings play an important role in sharing and brainstorming with the organisational staff.

The smallest implementation unit of MAVIM is its district unit. The district unit is given lot of flexibility in terms of implementation of its programmes and allowed to experiment in the field. The

district unit mainly coordinates with the community through *Sahyogini*. *Sahyogini* is selected from the close proximity of the village and are very close to the community. It helps organisation in taking up their interventions in the village very easily. Initial one and half year is focused on capacity building of SHGs. During this phase, various training programmes on concepts of SHG, accounts writing, leadership, gender sensitivity, functional literacy and entrepreneurial awareness are given. Later, various other skill based trainings are given in collaboration with private organisations. SHG members are also expected to participate in various social and political activities like Gram Sabha, and environmental issues because these activities are seen as an important component of women empowerment.

Monitoring and evaluation is an important part of project implementation. Monitoring is done at various levels and stages in the organisation. As far as possible, efforts are made to keep the monitoring process participatory. Various levels of monitoring in the organisation are: Project level, Functional level, Programme level and Institutional level. In a study on MAVIM, it was reported that one of the strengths of the organisation lies in its systematic monitoring. The principle of monitoring in the organisation is constructive and facilitative (Poonacha, 2008). Assistant Monitoring Officers (AMOs) along with *Sahyoginis* finalise the monthly work plans of *Sahyoginis*. AMOs also make random and unplanned visits to verify whether *Sahyoginis* are regularly visiting the field. Often, these AMOs are also accompanied by Assistant District Coordinating Officer (ADCO) and District Coordinating Officer (DCO) during their field visits. All *Sahyoginis* are expected to visit the district office at least once in a month for two days to settle their accounts

and hand over the progress report of the SHGs. It helps in promoting cooperation and sharing of ideas between the *Sahyoginis* as well as with organisation staff.

Till now the organisation did not have a firm withdrawal strategy, and it realised that for increasing the impact of its interventions, the organisation needs to have a firm withdrawal strategy. In recent years, the organisation thought of consolidating its approach. It started forming Community Managed Resource Centres (CMRCs). The CMRC board is represented by members

from each village. VDC and SHG members select the representatives of CMRC. There is a plan to withdraw from the project area within five years after making CMRCs functional. During the formation of these CMRCs, learnings from the cooperative movement were incorporated.

Performance Of Intervention

Outreach and Scale: The organisation is working in all 34 districts of Maharashtra. Statistics of the outreach and scale of MAVIM across the State are presented in Table 2.

Table 2: Outreach and Scale of MAVIM (January, 2009)

General	Details
Total Villages covered	13,036
Total SHGs formed	53,596
Total SHG members	6,52,137
SHGs per village	4
Members per SHG	12
Members	
Total BPL members	3,23,957
Percentage of BPL members to total members	49.67
Total PRA BPL members	2,22,294
Percentage of PRA BPL members to total members	34.08
Total SC members	2,66,343
Percentage of SC members to total members	41
Total ST members	1,15,986
Percentage of ST members to total members	18
Total underprivileged members (SC+ ST)	59
Total No. of women with IGAs	2,26,497
Percentage of women members in IGA	46

The statistics provided from the organisation showed that by the end of January 2009, the organisation reached more than 6.5 lakh members in 13000 villages. The data also showed that about 50 per cent of their members belong to BPL. About 59 per cent of the clients are from SC and ST category. In terms of micro-enterprise, the data were not available with the

organisation. Under various SHG based programmes, more than ₹ 150 crore was disbursed from bank to members for taking up various income generating activities. However, about 46 per cent of the members started various income generating activities. Further, financial performance of the MAVIM SHGs is presented in Table 3.

Table 3: Financial Performance of the SHG of MAVIM

Financial Performance of SHGs	Details
Per head saving (₹)	1436
Per head internal loan (₹)	3800
Saving: internal loan ratio	1:2.2
Total saving of SHGs (million ₹)	96.36
Total internal lending of SHGs (million ₹)	161.15
Total No. of women taken internal loan (Lakhs)	4.96
Percentage of women taken internal loan	76

The organisation has also linked 3, 19,095 women members to the bank who received an average of ₹ 5528 as loan from banks. This indicates that financially the SHGs of the organisation are doing well. Further, district-wise break-up of organisational outreach and scale was collected for the purpose of selection of district for second phase of the study. The organisational data revealed that Amrawati had highest number of women in IGAs followed by Gadchiroli.

Financial Viability: The organisation acts as an intermediary between banks and the SHGs. It does not provide any financial support to the SHG members on its own. For increasing the sustainability of its programme, the organisation has come up

with the concept of CMRCs. These CMRCs will be owned and managed by the community and will reduce the financial burden of organisation. The organisation works on various projects funded by different national and international funding organisations. Presently, International Fund for Agriculture and Development (IFAD) is one of the major funding agencies for the organisation. Initially, the organisation was working on support from Maharashtra government. But, after restructuring of the organisation, it manages its funds independently. Other than share capital from the Government, the organisation gets funds in the form of grants under different schemes. The details of grants received from different schemes are presented in Table 4.

Table 4: Grants Received Under Different Government Schemes

Scheme	Total (Lakh ₹)
SCP	2025.0
Swayamsiddha	544.1
RSY	410.1
Krushisaptak	146.0
SGSY	169.4
TSP	298.8
Total:	3593.6

MAVIM is a fairly large organisation with presence across all districts of Maharashtra. Presently, the organisation has a large number of SHGs in its fold. Hence, the organisation wants to strengthen its existing and dormant SHGs rather than form more SHGs. The organisation largely follows the SHG bank linkage approach for provision of financial services to its members. In addition to bank linkage, the organisation also provides market linkages and training support to its members in the cases it is required. The organisation ties up with other organisations for training services.

Insights From Field Survey

For understanding micro-enterprise level performance, data were collected from 50 participants who have taken assistance from the organisation for starting business ventures. First of all, based on the outreach of the various programmes, Ahmednagar district was selected for data collection. Fifty participants, who have taken assistance from organisation at least one year back for business purposes were selected from two blocks of this district i.e. Rahuri and Karjat. Data were collected from eight villages

across these two blocks. Two different questionnaires were administered to the participants: i) Those who have taken assistance and have started micro-enterprise and ii) Those who have not been able to start the activity.

Socio-economic Profile of Participants: Data on various socio-economic indicators like age, sex, religion, education, economic status and landholdings were collected from the participants to understand the background of the respondents.

Highest number of participants i.e. 48 per cent was noted in the age group of 31-40 years closely followed by the 21-30 years of age group (30 per cent). It indicates that most of the micro-entrepreneurs in the organisation are relatively young and are below 40 years of age (78 per cent). Only 18 per cent of the micro-entrepreneurs fall in the category of 40-50 years of age. In terms of sex of the participants, 100 per cent were females. The organisation exclusively targets only female members. It was noted that a large percentage of participants, that is 88 belonged to Hindu community. Only 8 per cent of the participants were Muslims and 6 per cent belonged to other communities.

In terms of educational qualification, large percentage (64 per cent) of participants fall in the education category of 8th-10th std level followed by the category of 6th-7th std. level (14 per cent). Only 4 per cent of the micro-entrepreneurs were graduates. Only 24 per cent of respondents had BPL status. However, one of the criteria of the organisation to select participants for its intervention is that they should be poor but because of irregularities in government systems, actual poor do not get the status of BPL. So, the organisation uses PRA to determine the person's well-being before supporting her through their interventions. In terms of landholdings, it was noted that 82 per cent of the members belonged to landless category. It indicates that the organisation is working largely with landless to promote livelihood especially in the form of micro-enterprise. Only 18 per cent of the members belong to the land owner category. Among land owners, 12 per cent were from very small farmer category.

Overall analysis of the socio-economic profile revealed that a typical member of the organisation is Hindu, belongs to 31-40 years of age, less educated and does not belong to below poverty line group although belongs to a landless group.

Livelihood Source: Attempts were made to understand the various livelihood sources of the members, annual income of the members from different sources, nature of micro-enterprises started and contribution of those enterprises in their livelihood.

As per the results, business was the largest source of livelihood (72 per cent) of the respondents followed by services (10 per cent). Start-up rate of micro-enterprise among the total participants was very high. Among 50 respondents selected, 98 per cent could start micro-enterprises. Two per cent of them started but failed in pursuing further. One of the major objectives of promoting micro-enterprise is to increase income. Data on the income generated out of the micro-enterprises indicate that most of the trainees i.e. 48 per cent fell in the income bracket of ₹ 20001-50000 followed by the category of ₹ 50001- 100000 (34 per cent).

The survey identified about 19 different types of activities. Details of these activities and their nature are presented in Table 5. Tailoring was the most common (14.57 per cent) taken up activity followed by dairy, grocery shop and *papad making* (10.42 per cent each).

Table 5: Various Activities Taken up by the Micro-entrepreneurs

S.No.	Particulars	No. of participants	Percentage
1.	ME as a livelihood source		
a.	Major source of livelihood	33	68.75
	Sole source of income	15	31.25
b.	Supporting income	15	31.25
	Total	48	100

(Contd...)

Table 5: (Contd...)

S.No.	Particulars	No. of participants	Percentage
2.	Activity		
a.	Tailoring	7	14.57
b.	Dairy	5	10.42
c.	Grocery Shop	5	10.42
d.	Papad making	5	10.42
e.	Poultry	3	6.25
f.	Stationery shop	3	6.25
g.	Flour mill	3	6.25
h.	Sanitary napkin making	2	4.17
i.	Parlour	2	4.17
j.	Gift and ladies shop	2	4.17
k.	Utensil shop	2	4.17
l.	Fishery	1	2.08
m.	Embroidery	1	2.08
n.	Agarbatti Making	1	2.08
o.	Sewai Making	1	2.08
p.	Bangle shop	1	2.08
q.	Black magic doll making	1	2.08
r.	Nursery school	1	2.08
s.	Leather bag selling	1	2.08
t.	Chicken centre	1	2.08
u.	Total	48	100.00
3.	Nature of activity		
a.	Trading	14	29.17
b.	Service	15	31.25
c.	Manufacturing	10	20.83
d.	Agriculture allied	9	18.75
	Total	48	100.00

Further, the activities were classified under type of business. For this purpose, normal economic classification of manufacturing, trading and services was used. Maximum number of micro-entrepreneurs are engaged in trading and service activity (29.17 per cent). About 20.83 per cent of micro-entrepreneurs were engaged in trading activities and 18.75 per cent were engaged in agriculture allied enterprises. The results also indicated that micro-enterprise was the major source of income for 68.75 per cent of micro-entrepreneurs, out of whom it was the sole source of income for 31.25 per cent of micro-

entrepreneurs. About 31.25 per cent of micro-entrepreneurs started micro-enterprise as a supporting activity for their livelihood. This indicates that the organisation is able to promote micro-enterprises largely with those who do not have any other major income source.

Organisational Assistance and Start-up of Micro-enterprise: The results indicated that the source of information about the organisation was organisational assistance for all the respondents. No fee was charged for the provision of services by organisation.

Table 6: Type of Assistance Received by Respondents

S.No.	Nature of assistance	No. of Respondents	Percentage
1	Finance only	34	68
2	Finance+ Training	12	24
3	Finance + Market Linkage	1	2
4	Finance+ Training+ Market linkage	1	2
5	Finance+ Training +Market Linkage + Raw Material	2	4
	Total	50	100.00

The organisation was expected to largely provide financial services. Efforts were made to understand the type of assistance provided to the micro-entrepreneurs by the organisations. Sixty eight per cent of the respondents received

only finance as organisational assistance. However, finance was one of the components for every respondent. Thirty two per cent of the respondents received more than finance as organisational assistance. About 24 per cent received finance with training.

Box 1: Provision of Holistic Services for Micro-enterprise

Vaishali Pramod Yerpanekar is a 31-year old female graduate living in Karjat village of Karjat block in Ahmednagar. She took training on sanitary napkin making from Coimbatore in 2008 through the support of organisation. The organisation also provided support for forward and backward linkages. She started a small unit of sanitary napkin making in her village with a small loan of ₹ 5000. Presently, she is able to earn a net profit of ₹ 2000 per month. Constantly, she is in search of market for raw material at lower cost as well as market for selling her produce. Initially, she started producing by hand only, but later she purchased a machine to expedite the process. Talking about the support received from the organisation, she stated that "The organisation helped us in determining the potential market before starting the activity. The organisation has given all sort of support in establishing the business i.e. finance, training, exposure visit, market linkage etc. The organisation is also helping us in sourcing raw material for the business". She is quite hopeful about the success of her business and she envisions becoming a known brand in India.

Generally, participants are selected through SHG meeting. Looking at the need of the members, SHG members collectively take decision on the issues related to the selection of the participants and the amount to be provided as loans. List of the participants is sent to district offices through *Sahyoginis* for final approval. The study tried to get the satisfaction level of micro-entrepreneurs about assistance received from the organisation. The results indicated that only 62.50 per cent of the participants were satisfied with the assistance they

received from the organisation and 37.50 per cent of participants indicated their dissatisfaction about the organisational assistance. Those who showed dissatisfaction from the organisational assistance were asked to suggest improvements they expect in the assistance. The results indicated their preferences for only three components i.e. finance (72.22 per cent), training (22.22 per cent) and market (11.11 per cent). Finance was the most preferred option as expected organisational assistance.

Table 7: Some Details of Micro-enterprises

S.No.	Particulars	No. of participants	Percentage
1.	Establishment/ expansion of ME		
a.	Expansion	18	37.5
b.	Establishing	30	62.5
c.	Total	48	100.00
2.	Establishment year		
a.	Prior to 1990	2	4.25
b.	Between 1990-2000	5	10.64
c.	2000-2004	5	10.64
d.	2005-2008	36	74.47
	Total	48	100.00
3.	Nature of ME		
a.	Established own	41	85.42
b.	Traditional	1	2.08
c.	Family inherited	6	12.51
	Total	48	100.00
4.	Motivation source		
a.	Self	36	75
b.	Organisation staff	5	10.42
c.	Friends	1	2.08
d.	Saw another ME	2	4.17
e.	Other	4	8.33
	Total	48	100.00
5.	Reason for starting own venture		
a.	Get employment	31	64.58
b.	Increase income	11	22.92
c.	To do something different	4	8.33
d.	To gain self-respect in the society	0	0.00
e.	Others	2	4.17
	Total	48	100.00

One of the objectives of field study was to see how far organisational assistance is able to help micro-entrepreneurs. Various aspects of enterprise start-up like establishment or expansion of enterprise, age profile of the enterprises and source of motivation for starting the venture were asked to understand the effect of intervention. The results indicate that the organisational intervention has been able to help 62.50 per cent of micro-entrepreneurs in establishing new businesses. About 37.50 per cent of micro-entrepreneurs were able to expand their business with the help of organisational assistance. This shows that organisation intervention has been quite helpful for the participants in establishing or expanding their enterprise.

Micro-entrepreneurs were asked to state the year of the start-up of the micro-enterprise activities. The results indicate that most of the micro-enterprises (74.47 per cent) have been established after 2004. It can be noted that the organisation launched a new programme named as '*Tejaswini*' in the year 2005. *Tejaswini* is a livelihood focused programme. As micro-enterprise was traditional in nature, it was not mentioned in the year of starting the business. About the nature of the activities taken up by the micro-entrepreneurs, the results indicate that a larger percentage of micro-enterprises supported by the organisation were first generation entrepreneurs started by the micro-entrepreneurs themselves (85.42 per cent). Only 12.50 per cent of micro-enterprises were found to be family inherited and 2.08 per cent were traditional in nature. This indicates that organisation assistance is quite helpful in promoting micro-entrepreneurship among those who were really in need of it.

Regarding the source of motivation and reason for starting their business, the results indicated that, self-motivation was

one of the most important contributing factors towards making them micro-entrepreneur (75 per cent). However, organisational staff (10.42 per cent) also contributed largely towards making them micro-entrepreneurs. About 8.33 per cent of the micro-entrepreneurs mentioned that they got motivation to start their enterprise from SHG. This study also explored the basic motivation behind starting of the ventures. The results indicated that most of the micro-entrepreneurs (64.58 per cent) started enterprise with the objective of getting employment followed by the reason of increasing income (22.92 per cent). Only 8.33 per cent of micro-entrepreneurs mentioned that they wanted to do something different in the society.

The research tried to explore whether the participants of the organisation were satisfied with the adequacy of organisational assistance or not. The results indicated that a large chunk of micro-entrepreneurs (53.19 per cent) found intervention insufficient for starting their business and have to manage resources like, finance, skill, market from various other sources. Whereas, about 46.81 per cent of micro-entrepreneurs found organisational assistance sufficient and they did not go to other sources. Those who found organisational assistance inadequate indicated that finance is the most required resource. About 60 per cent of the micro-entrepreneurs had to manage finance from various sources. Only 40 per cent of micro-entrepreneurs managed to get training from sources other than organisation. Sixteen per cent of these micro-entrepreneurs need to manage more than one resource i.e. finance as well as training to start their micro-enterprise from various sources. Further, it was also explored that in mobilisation of resources which sources were the most important for the micro-entrepreneurs. The results indicated that more than 40 per cent

of micro-entrepreneurs tried to manage the resources on their own. 44 per cent of the micro-entrepreneurs approached other organisations for support. 12 per cent of micro-entrepreneurs got support from friends and only 4 per cent managed resources from material suppliers. None of the micro-entrepreneurs approached moneylenders for support.

Number of Persons Employed: In terms of number of persons employed in these micro-enterprises, the results of the survey indicated that 75 per cent of the enterprises are operated by the micro-entrepreneurs themselves. In other words, these are very small units and fall in the category of Own Account Enterprises (OAEs). About 12.5 per cent of the micro-enterprises were run by only two persons. Only 12.50 per cent of micro-enterprises had more than two persons. Interestingly, only 6.25 per cent of these micro-enterprises had hired employees. 93.75 per cent were run by family members only.

Borrowings: This study tried to explore the purpose of the borrowings by the micro-entrepreneurs, and the outstanding loan amount. All 100 per cent of respondents have got financial assistance from the organisation. Only 70.83 per cent of the micro-entrepreneurs had borrowings with outstanding loan amount. Interestingly, all

respondents utilised the borrowed money for business purposes.

Financial Performance: Data on various indicators of financial performance were taken to understand the profitability of the enterprises like initial capital investment, present capital investment, fixed as well as variable investment in the enterprise (Table 8). The initial capital investment made in the enterprises was also examined. This is not only an indicator of the scale of business at the time of commencement but also its financial strength. Overall, the study revealed that total initial investment made by the 43 micro-entrepreneurs amounted to ₹ 5,31,100. Five of the micro-entrepreneurs were not able to recall the initial investment. Average investment amount came to ₹12,351. However, initially the highest investment was ₹ 80,000 and lowest investment was ₹ 100. All 100 per cent of the sample size was made up of enterprises whose initial capital outlay was less than ₹ 2,50,000. Of these, only 39.54 per cent entrepreneurs invested less than ₹ 5,000 in their enterprises. Though about 74.42 per cent of enterprises had initial investment more than ₹ 10,000, only 2.33 per cent of the enterprises had investment above ₹ 50,000. This indicates that these enterprises fall in the category of micro-enterprise.

Table 8: Initial and Present Investment in the enterprise

Investment (₹)	Initial Stage		Present Level	
	No. of enterprises (Beginning)	Percentage	No. of enterprises (Present)	Percentage
0 - 1000	1	2.33	0	0.00
1001-5000	16	37.21	3	6.25
5001-10000	15	34.88	5	10.42
10001-50000	10	23.26	22	45.83
Above 50000	1	2.33	18	37.50
Total*				
Total	43	100.00	48	100.00

* Five micro-entrepreneurs were not able to recall their initial investments. However, their present investment is considered for the analysis.

Scrutiny of the present capital investment of enterprises was undertaken to assess the extent to which these businesses have been able to grow their net worth from the time of inception. Over a period of time, it is expected that there would be a movement of units towards higher capital investment brackets owing to business growth. The comparison between the distribution of initial and present capital investment shows that there has been very significant improvement among the selected enterprises. Total present investment amounts to ₹ 28,69,100 among 48 micro-entrepreneurs. The initial investment was less than ₹ 1000 for 2.33 per cent enterprises in the beginning. There are fewer units with such a low capital base now than there were at the time of their initial setting up. Micro-entrepreneurs in the category of ₹ 10000-50000 are about 45.83 per cent presently as compared to 23.26 per cent in

the beginning. Approximately, about 2.33 per cent of the enterprises had investment more than 50000 rupees in the beginning; however, this percentage comes to 37.50 now. 14.58 per cent of micro-entrepreneurs were not having any variable investment. They work for providing services on the cost of the clients. This also reduces the risk of the micro-entrepreneurs.

An analysis of increase in investment per year revealed that the micro-enterprises are low income oriented as about 60 per cent of the enterprise generated an annual income of less than ₹ 20000. Only 18.75 per cent were moderate income generating micro-enterprise with an annual income between ₹ 20,000 - 50,000. About 21 per cent were generating high income of more than ₹ 50,000.

The fact that there was an overall growth in the turnover of enterprises is also

borne out by a comparison of their present turnover with initial turnover. The results showed that, 83.72 per cent of the enterprises exhibited a positive growth and 9.30 per cent enterprise showed zero growth. Only 6.98 per cent of the enterprises showed negative growth. It indicates that most of the enterprises have grown their investment positively. There have been improvements in the level of investment of the micro-enterprises but it requires further progress to increase the worth of enterprises.

Marketing of Products: Attempt was made to understand the marketing ability of the micro-entrepreneurs and for this purpose questions were asked on the micro-entrepreneur's reach of the market, marketability of their products and suggestions for improvements of marketing. The results indicated that all the micro-entrepreneurs marketed their products within the nearby town and city itself. On one hand, it indicates that no micro-entrepreneurs were able to reach market beyond town and city; on the other hand, it indicates that the micro-entrepreneurs are able to find the market locally. Despite being considered one of the major problems, only 12.50 per cent micro-entrepreneurs found problems in marketing of their products. Those who found market as the problem were asked to give their suggestions on how the marketability of the products can be improved. 50 per cent of the micro-entrepreneurs found their inferior products as a major problem in marketing and suggested improving quality as the most important factor for marketability of the product. However, 33.33 per cent micro-entrepreneurs felt that marketability can be improved by developing more linkages, and 16.67 per cent felt that for better market they should exploit the available local market.

Thus, micro-entrepreneurs could not reach beyond nearby town and cities for

marketing of their products. Having low scale in their business, most of them were able to sell their products and did not find problem in selling their products. Those who found market problematic wanted to improve their products and quality for improving marketability.

Factors Affecting The Performance Of Intervention

Organisation Level : One of the important factors affecting the performance of MAVIM is its human resources. The organisation has very committed staff and they are selected through a transparent selection procedure. Strong leadership at higher level in the organisation helped promoting a culture of working in the organisation and keeping organisational staff motivated. By seeing their leaders working hard, the staff also felt motivated to work for the cause of development. Some of the organisational staff felt that strong follow-up and monitoring of programme is an important factor contributing to the success of the interventions. Another important factor affecting the performance of intervention was a large variation in the communication skill, learning ability, and professional competencies of the *Sahyoginis*.

In terms of external factors one of the major problems faced was lack of technical knowhow among women members and availability of technology in remote villages. Several interventions by government for transfer of technology in the villages failed. High competition among NGOs for fund from donors is also an important factor affecting the performance of the interventions. Limited funds from bank under SHG bank linkage programme also affects the expansion of business of micro-entrepreneurs and affects the performance of the interventions.

One of the major strengths of the organisation is their *Sahyoginis*. These *Sahyoginis* are closely associated with community and play an important role in implementation of organisational interventions. Another major strength of the organisation lies in its structure, strong training practices and tight monitoring of the programme. The organisation has been able to retain its staff and expertise in this field. The organisation has achieved quite a good success in the field. By promoting SHGs the organisation has been able to develop the capacity of the people. Now the requirement is to get into entrepreneurship development and livelihood. Unlike other NGOs, MAVIM has the advantage of having strong representation from government. This helps organisation in taking the benefits of various government programmes and schemes. It has all the autonomy and power to act immediately. This suggests that the organisation has dual advantage of cutting through the bureaucratic tangles along with reaching out the community effectively.

One of the major weaknesses of the organisation is dissatisfaction among *Sahyoginis*. As per the interviews conducted with *Sahyoginis*, it was revealed that *Sahyoginis* are dissatisfied with the organisation as they have lot of work pressure but are paid very little for their efforts. Further, the organisation needs to work on its Management Information System (MIS) especially at field level. Talking about the problem of data and information management system, one of the senior staff stated that "At village level, all the information is with *Sahyoginis* and if a *Sahyogini* leaves the job all the data and information goes along with her." The

organisation needs to work on its MIS.

The biggest challenge before the organisation is to ensure the quality of its SHGs. For this purpose, the organisation is focusing on close monitoring. One of the major challenges before organisation is to avoid political interference. Having strong representation from government, sometimes some of the politicians try to take advantage of SHGs as their vote banks. Tackling the remuneration issue of *Sahyoginis* is another major challenge before the organisation.

Micro-enterprise Level: Regardless of whether they have been successful or not, all respondents were asked to identify the problems or constraints that they typically face as entrepreneurs. Successful micro-entrepreneurs were also asked to indicate the factor of success. The results indicated that finance was the most important factor considered by 54.17 per cent of the respondents followed by skill (20.83 per cent). Other factors responsible for success of micro-entrepreneurs were SHG and organisation support (12.50 per cent) and information (8.34 per cent). Other factors like technology, family support and infrastructure were not considered as success of factors by any of the micro-entrepreneurs.

Availability of assured market played an important role in the success of the enterprise. In most of the cases the entrepreneurs did not get any support from organisation for marketing of their product. Entrepreneurs who were able to establish strong forward or backward linkage on their own succeeded in establishing a successful enterprise (Table 9).

Table 9: Factors of Success and Problems in Establishing Micro-enterprise

S.No.	Factors of success	Problems
1.	Finance (54.17)	Finance (35.42)
2.	Skill (20.83)	No Problems (33.33)
3.	Market (2.08)	Market (12.5)
4.	(SHG and organisation support) Others (8.34)	Others (12.5) - Raw material (4.17) - Interior location (2.08) - Sale mostly on credit (2.08)
5.	Information (8.34)	Infrastructure (2.08)
6.	Technology (0)	Family support (2.08)
7.	Family support (0)	Skill (6.25)
8.	Infrastructure (2.08)	
Total	48	48

*Note: Figures in parentheses indicate percentages.

In terms of problems also, finance was considered one of the major factors (35.42 per cent) hindering the establishment and growth of micro-enterprise followed by market (12.50 per cent). 33.33 per cent of the micro-entrepreneurs mentioned that they do not face any problem in running their

enterprises. Interestingly, 20 per cent of the respondents quoted finance as the factor of success as well as mentioned finance as the major constraint. They felt that limited amount provided by the organisation was one of the constraints in expanding their business.

Box 2: Lack of Market as One of the Constraints

Vijaya Shantaram Jathar is a physically challenged female of 30 years of age. She is landless and a non-BPL card holder. She is educated up to 10th, but it was difficult for her to do a job outside her home. With the organisational support, she runs a grocery shop in the front portion of her house and earns ₹ 3000 per month. She started this micro-enterprise with self-motivation and with the objective of getting employment. With the earning of this grocery shop, she is able to support a family of three i.e. herself as well as her old parents. For establishing her shop she took support from the organisation. She considers lack of market as one of the major problems for expanding her business. She wants to open a bigger shop in the main market rather than running a small one in her village.

The sample had very few failed enterprises. In interviews with SHG members, they revealed that the enterprise started by SHG members does not fail because of the support from other members of the group. Only two members out of 50 respondents failed in running the enterprise. One person

has taken training on book binding but could not start it because of lack of funds as the book binding machine was very costly. Other member was running micro-enterprise of *Laddoo* making, but failed because of lack of market in the village and nearby villages.

Box 3: Lack of Capital as a Constraint

Shobha Ramchandra Salve is a 35-year old female from Karjat block of Ahmednagar district of Maharashtra. She is landless and has a non-BPL status. Initially she took training through organisation on book binding in the year 2007. Later, she realised that the book binding machine was costing her around ₹ 2 lakh, a large amount to be managed through bank loans. Being a landless, self-employment was the only option left to her for a sustainable livelihood. With the help of organisation she took training on sanitary napkin making. She got support for raw material from the organisation and presently she runs a small unit of sanitary making with other two members of the SHG.

Conclusion

MAVIM is working for the last 35 years for empowerment of women. In these years, it tried several models and evolved over a period of time based on the learning from the field. The organisation itself does not provide financial support to the SHG members, rather, it links SHG members with bank for financial assistance. It acts as an intermediary between bank and SHG members. In some cases, the organisation tried to provide holistic support to the micro-entrepreneurs through collaboration with other organisations. But, the percentage of these micro-entrepreneurs getting holistic support is very less.

It was felt that organisation intervention is quite helpful for their participants in establishing new enterprise on their own with self-motivation with the objective of getting employment. About 37.50 per cent of the micro-entrepreneurs showed their dissatisfaction towards the assistance received from the organisation. Most of them, who showed their dissatisfaction felt that the finance provided by the bank was not sufficient for starting their own venture and want improvements in amount of finance.

In terms of factors affecting the performance of intervention at organisation level, human resource and strong monitoring were considered as important internal factors affecting the performance. Political support and high competition in market place for financial resources were important external factors affecting the performance of the intervention. At micro-enterprises level, finance was considered as the most important factor for success as well as major problems restricting the growth of micro-enterprise. It was felt that limited flow of funds provided by the bank was one of the binding constraints in expanding their business.

To meet its mission and objectives, the biggest challenge before the organisation at present, is to ensure the quality of its SHGs and avoiding political interference. The organisation needs to take an urgent note on the remuneration issue of *Sahyoginis* and work on it. There is a huge potential for promoting micro-enterprises as it has a huge SHG base. SHG members are keen for establishing and expanding their business. The organisation needs to focus on collaborating with other organisations for promoting micro-enterprises.

Reference

1. Poonacha, V (2008), "Destabilising Structures of Inequality Through the Self-help Group Movement," Research Centre for Women Studies, SNDT University, Mumbai.