

MANAGEMENT OF MICRO-ENTERPRISES
(A study on *Indira Kranthi Patham* in Srikakulam District – Andhra Pradesh)

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ABSTRACT:

The Government of India had ushered in the new millennium by declaring the year 2001 as 'Women's Empowerment Year' to focus on a vision 'where women are equal partners like men'. The most common explanation of 'women's empowerment' is the ability to exercise full control over one's actions. The last decades have witnessed some basic changes in the status and role of women in our society. There has been shift in policy approaches from the concept of 'welfare' in the seventies to 'development' in the eighties and now to 'empowerment' in the nineties. This process has been further accelerated with some sections of women becoming increasingly self-conscious of their discrimination in several areas of family and public life. They are also in a position to mobilize themselves on issues that can affect their overall position.

Key Words: Indira Kranthi Patham, Micro-enterprise, Micro-finance, Women empowerment, entrepreneurship, Self Help Group.

Micro-finance:

Micro-finance (MF) is directly influences the quality of life and is therefore considered to be a powerful tool for bringing about socio-economic transformations in the society especially in the rural areas, the MF movement can be traced to Bangladesh and later years in Brazil. *Muhammad Yunus* a college professor with *Chittacong* University in Bangladesh began the concept of micro-credit (MC) for a small group of 42 people lending them US\$ 27 only in the

year 1976. Later the concept of Grameen bank spread all over the world. Today Grameen bank serves 43,000 villages across Bangladesh and gives loans to 2.8 million borrowers, 96 per cent of whom are women. They have disbursed more than US\$ 4 billion to borrowers in a cumulative way of which US\$ 3.6 billion has been paid back. The Bank lends US\$ 34 million every month as new loans. The recovery rate on such loans is 98 per cent.

This was the second annual event of what is now becoming a large annual gathering to celebrate successes, discuss perspectives and research, and build networks around the MF sector in India. Reconnecting after a few years, I was pleased to see the entire buzz about MF and the number and diversity of stakeholders who collaborated on the conference. The number and diversity of delegates, the level of participation from senior policy makers and bankers and the quality of debates and media attention confirms that MF is no longer at the periphery of the financial sector in India. This short note is a personal reflection on what has changed, what may take a long time to change and what India and the rest of the world may learn from each other.

Micro-enterprises - the concept:

A ME is a very small business unit run by an owner of modest means, usually with few or no other employees. Common activities include dairy, poultry, sheep rearing, tailoring, fish fending, and sale of forest products, bullock trading, pig rearing, child care, catering, cosmetology, or cleaning services. The ME excludes one person small businesses owned by professionals such as doctors, lawyers, or computer programmers, and it also excludes hobbyists-such as those selling hand-made arts and crafts at weekend shows-who are not really trying to make money.

Some valuable lessons can be drawn from the experience of successful MF operation. First of all, the poor repay their loans and are willing to pay for higher interest rates than commercial banks provided that access to credit is provided. The solidarity group pressure and sequential lending provide strong repayment motivation and produce extremely low default rates. Secondly, the poor save and hence MF should provide both savings and loan facilities. These two findings imply that banking on the poor can be a profitable business. However, attaining financial viability and sustainability is the major institutional challenge. Deposit mobilization is the major means for MF institutions to expand outreach by leveraging equity. In order to be sustainable, MF lending should be grounded on market principles because large scale lending cannot be accomplished through subsidies.

An Evaluation of *Indira Kranthi Patham*:

The *Indira Kranthi Patham* (IKP) (A women development programme named late prime minister of India *Smt. Indira Gandhi*) came in to force during the year 2005 as a new concept with much broader scope and objectives to meet the overall financial and needs of the rural poor. The activities of DWCR (Development of Women and Children in Rural Area) and *Velugu* were integrated under programme called IKP. The IKP is an integrated concept for socio-economic

development of rural women. The IKP is not a contingency plan of action but a long range strategy aimed for sustainable development based on financial self reliance and self supporting basis.

The vision of the IKP in short is “to provide the required micro financial services for the poor people could be met through their self-managed and financially sustainable Micro Finance Institutions (MFIs) to make them to live a better way of life”. For this cause, IKP-DRDA (District Rural Development Agency) project will act as a catalyst by providing innovative and quality services and serving as a guiding model. The required financial services viz., savings, credit and insurance will be met through their self-managed and financially sustainable MFIs.

SHGs for employment of the poor:

SHGs consist of members who are poor, having low savings capacity and generally depending on money lenders or private sources for meeting their consumption and emergent needs. A typical SHG will comprise like-minded individuals who volunteer to save small amounts of money in a common pool, out of which, need based loans are given to members for meeting their emergent credit requirements based on the priorities decided by the group. The group members take collective decisions on all matters including those relating to terms of credit viz., purpose, size, interest rate and repayment period. They exercise close supervision on utilization of loans and exert peer and moral pressure on members to continue savings and repay loans promptly on time. In other words, SHG can be referred to as a group of poor persons who own, manage and control a micro bank of their own.

Profile of the Srikakulam District:

Srikakulam District, which is located in the north-eastern part of Andhra Pradesh, is one of the back ward districts of the state, despite its natural resources and other potential which are yet to be exploited. It is bound on the North by Orissa State, on the West and South by *Vizianagaram* District and on the East by Bay of Bengal. The total area of the district is 5837sq.kms. Administratively, the district is divided into three Revenue Divisions viz., *Srikakulam*, *Palakonda* and *Tekkali* with 38 constituent *mandals* comprising of 1870 villages of which 1767 are inhabited. There are 11 semi-urban units in the District, of which 4 are Municipalities and 7 are notified major *panchayats* (elected governing village councils) and 1053 are minor gram *panchayats*.

Scope of the study:

There are a few studies made particularly in Andhra Pradesh by the government agencies that have evaluated the impact of these women development programmes. However, these studies fall to bring out the chronic inadequacies in the implementation of the programmes. Therefore, it is necessary to evaluate thoroughly the women development programmes such as IKP in the state of Andhra Pradesh, which has voter Self Half Groups. This article attempts to study the

importance of SHG's in *Srikakulam* in the state on selective basis with a view to thoroughly evaluating the role of IKP in socio-cultural & economic development of women at the grass-root level.

Research Gap:

Only a few studies have been undertaken during the past years on SHGs and women development and their standard of living. Each study has its own limitations. One common lacuna was that many studies were case studies covering women problems in general. Secondly the authors of various studies did not provide uniform data. Some relied on State government figures and some on Central Government figures. They were not based on primary data.

Present study is devoid of such limitations and examined the following:

1. The living conditions, life-style and socio-economic characteristics of rural women.
2. The problems and causes for poverty and indebtedness among rural women and scope for alleviating them.
3. The role of *Indira Kranthi Patham* and District Administration in relation to women development by way forming SHGs.
4. The problems of rural women.

Objectives of the Study:

As pointed out earlier the SHG was designed to raise the living standard of poor people with more focus on poor women. This study tries to find out to what extent this programme has succeeded in realizing the following objectives. More specifically the study has the following objectives:

1. To evaluate the role of IKP scheme in the development of SHGs.
2. To study the impact of SHG on generation of additional income, additional employment, on mobilization of savings and investment on the creation of assets and their repayment performance in the member household.
3. To study the socio-economic profile of the rural women entrepreneurs.
4. To study the profile and nature of MEs.
5. To evaluate the performance evaluation of business enterprises carried by rural woman entrepreneurs.
6. To study the operational problems and remedial measures for successful conduct of MEs.
7. To suggest measures for development of MEs for the socio economic development of women under IKP programme.

Methodology:

Srikakulam District was selected for the purpose of the present study. The operational methodology adopted for this study was as follows. The study covers the district of *Srikakulam* in Andhra Pradesh state. However micro aspects of SHG member's economic condition and

standard of living have been included in the study. For this purpose this study was conducted at three levels applying survey research methods. The first was *mandal* level where mainly historical research method was adopted. At the second level is *panchayat* level. Each *panchayat* was selected for in depth study. At the third level SHGs were selected for the study. The impact of government development programmes on SHGs and rural women development were also examined.

For selection of SHG in *Mandals*, three criteria have been adopted. They are as follows.

1. Proximity of the SHG with all facilities including literacy.
2. SHG members having the formal education and low infrastructural facilities.
3. SHG members who are ignorant to avail Government facilities.

A list of SHGs in all 38 *mandals* of the District was collected from the official records of District Rural Development Agency (DRDA), *Srikakulam*. While selecting the DWCRA groups the followed criteria have been followed:

1. The group must be in existence for more than three years.
2. The group must have undertaken income-generating activities.
3. The group must have bank linkage.

Sample Selection:

Lack of time tampered studying all the SHGs in the selected *Mandals*. Therefore it was decided to study 75 SHGs per *Mandal* of the district. Totally 750 SHGs (10X 75) were selected in random from the total SHGs of 31,423 in this district. Multi-stage stratified sampling method is used for data collection.

Data Collection:

The study is based on survey research method. The analysis of overall status of the SHG's and its development status in the district is based on the secondary sources of the information like the published reports and documents of DRDA-*Srikakulam Collectrate of Srikakulam* and office of the Chief Planning officer-*Srikakulam*, Directorate of Economics and Statistical, Hyderabad, V.S.*Krishna* memorial library Andhra University, Visakhapatnam and other concerned governmental and non-governmental agencies.

Since the focus of the research is on to study the impact of MF and MEs on socio-economic upliftment of rural women, the researcher was faced with a hard choice from among the following three methods for obtaining data.

1. Total dependence of *Mandal* records and other sources of data.
2. Interviews with all officials concerned and to aggregating their responses on a particular variable.
3. Interviews with selected respondents of a village.

The interview method opted for in-depth study. The first two methods are used to enhance the quality of the data, the SHG of the selected *Mandals* were interviewed through a specially designed schedule to obtain primary data about their socio-economic profile and their experience with MF and micro-enterprises. To avoid stereotype, unreliable responses and to get valid information, the researcher held as many informal and extended interviews at possible with elderly members and resourceful respondents. Discussions were also held with the level of members, the officials of cooperatives, Commercial Banks and DRDA of *Srikakulam* District to generate data. Their opinions regarding developmental activities in the SHGs are also considered. The experience revealed the friendly talk, outdoor trips, some of these best means of collection of original information. All information thus collected was counter checked with reliable persons and other available records.

Management of Micro- entrepreneurs:

An attempt has been made to present in this study the results of the analysis made on the empirical data collected from the sample SHG – micro entrepreneurs who availed MF covered under IKP programme. The caste wise representation of the sample reveals the fact that 97 per cent of the respondents belong to socially weaker section and only three per cent respondents come under forward communities. This phenomena is mainly due to the fact that weaker sections of the society in order to improve their economic status desire to start micro-enterprises by availing the MF simultaneously with their regular occupation. The emergence of women on the economic scene as entrepreneurs is a significant development in the emancipation of women and securing them a place in the society, which they have all along deserved. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Women are increasingly becoming conscious of their existence, their rights and their work situations.

The data relating to social status in terms of caste of the respondents is presented in table 1. It is observed from the table that out of 750 respondents, 554 respondents belongs to backward class while 74 per cent of the total, while 173 respondents are Scheduled Castes and Schedule Tribe (23%). The remaining 23 respondents belong to forward castes. The demographic features of the respondents relating age distribution is also presented in the table 1. The age of the respondents varied between 18years and 42 years. The average age of the sample respondents is worked out to be around 36 years. As many as 58.40 per cent of the respondents are found in the age group of 31-40 years, followed by 31.60 per cent who are in the age group of 20-30 years. The table also shows that there are a little over nine per cent of the respondents whose age is above 40 years.

Thus it can be concluded that majority of the woman entrepreneurs under study are middle-aged ladies. However, going by the total picture, age does not seem to be a bar as far as one's entry into entrepreneurial career is concerned. While studying socio-economic profile of woman entrepreneurs, it was considered necessary to evaluate the extent of formal education because the

formal education has always been considered as an important factor for an individual in building her operational career.

Table.1: Age-wise Distributions of Sample Respondents

Age Group	Number of Respondents	Percentage of Total sample
20-30	237	31.60
31-40	438	58.40
41-50	69	9.20
50 Above	6	0.80
Total	750	100.00

Literacy Levels:

While education is a boon to an individual in a contemporary society, lack of education is a bane to a person. An educated person commands respect while an illiterate person cannot. For a woman entrepreneur education facilitates to keep abreast of the latest happenings in and around the country. An educated person need not depend on others, while an illiterate person has to depend on others either in approaching government officers or in approaching banks. The formal education is always looked upon, as a means to improve one's socio-economic position in the society. Against this background, an attempt is made in the study to find out the extent of education of the sample respondents.

As can be seen from table 2, out of the sample 750 woman respondents as many as 47.73 per cent have no formal education and they are illiterates, but they know only how to sign. Nearly one-fourth of the respondents have formal education between first standard and fifth standard, while a little over one-fourth of the respondents have formal education between sixth standard and 10th standard. On the whole it can be concluded that majority of the woman respondents in the sample are illiterates, and those who have formal education are studied primary and secondary education only. However their low-level of education did not act as a barrier to their entrepreneurial career.

Because of poverty coupled with gender discrimination, which is widely prevalent in the olden days especially in rural areas, girl students were not allowed to pursue high school and college education. Now the situation has changed drastically; and even the parents in rural areas are sending their girl children to high school and colleges even though they are located far away from their residential places. It is a fact that entrepreneurship is not a special preserve for the educated, but in the case of women already burdened with many social pressures, education is a powerful tool in breaking down the barriers to successful entrepreneurship. As more women are educated, pressures for change convert or open are exerted on accepted social norms militating against women. Our data also indicates that a good educational background and success in an enterprise are positively related. Good academic background enables the women to deal with the problems in business particularly the initial teething problems in an effective manner. Besides in

a country where opportunities are few and the society is male dominated, education plays a vital role in shaping aspirations, ambitions and a sense of achievement among women.

Table.2: Level of Education of sample members

Level of Education	Number of Respondents	Percentage of Total sample
No formal Education (only sign)	358	47.73
Below to Fifth	184	24.53
Sixth to Tenth	202	26.94
Intermediate	6	0.80
Total	750	100.00

Level of income:

The data on household income level of sample respondents are given in table.2. It is evident from the table that 59.01 per cent of sample respondent households belong to the lowest income group 5,000-10,000 and rest found in the next group 10,001-20,000.

Table.2: Household Income Level of Sample Respondents

Income Group	Number of Respondents	Percentage of Total sample
5,000-10,000	443	59.01
10,001-20,000	307	40.90
Total	750	100.00

Table.3 reveals that the level of savings in different age SHG with three groups was falling in 1-3 years, another two groups falling in 3-5 years and remaining groups falling in 5 years above. It could be observed from the table that as the age of the group increases, the amount of savings also increases, and per members savings also increases from Rs. 1158.30 in the junior group (1-3 years) to Rs. 3571.43 in the senior group (5 years above). This increasing trend in savings as revealed in the table indicates the strong thrift habit or willingness of the sample beneficiary for saving after joining the SHG. Whenever comparison is made between levels of savings in different age SHGs by using the population mean savings formula.

$$\text{Population means savings} = \frac{\text{Total savings / No.of groups}}{\text{Group size}}$$

Hypothesis is more the age of the SHG having more the savings.

Table.3: Saving in different age SHG

Age of SHG (Years)	No. of respondents	Total Savings (Rs)	Per member savings (Rs)
1 – 3	200	2,31,660	1,158.30
3 – 5	275	7,20,993	2,621.79
5 years above	275	9,82,143	3,571.43
Total	750	19,34,736	--

Source: Compiled from *Mandal Development Office Records, Collectorate, Srikakulam.*

Table.4 shows that the availing of loan from the group savings in all the SHGs. This indicates that the group savings are utilized for lending to their members of the group themselves. The quantum of loan is also smaller than the bank loan is meant for consumption purpose only. It is also evident in the table that not all the members of all the age groups have availed groups loans, however majority of them (53.33 per cent) availed the loan facilities from the savings of the group.

Table.5 shows that the bank loan availed by the members of sample SHG representing all age groups with three groups coming under 1-3 years, another two group under 3-5 years and the rest in 5 years above. It could be observed that when the age of the group increases the total amount of bank loan availed also increases. Per member bank loan also increases form Rs. 4665 in the youngest group (1-3 years) to Rs. 6914 in the oldest group (5 years above). This increasing trend indicates the senior members had borrowed more than once after repaying the past loans.

Table.4: Group Loan in Sample SHGs

Group according to age (years)	No. of Respondents	No. of Members availed	Amount of group loan (Rs)	Per member group loan (Rs)
1 – 3	200	100	6,60,000	6,600
3 – 5	275	150	6,75,000	4,500
5 years above	275	150	7,68,000	5,120

Source: Compiled from records, Collectorate, Srikakulam.

Table.5: Bank Loan in Sample SHGs.

Group according to age (years)	No. of members	No. of Members availed	Amount of group loan (Rs)	Per member group loan (Rs)
1 – 3	200	200	93,30,000	46,650
3 – 5	275	275	1,02,38,250	37,230
5 years above	275	275	1,90,13,500	69,140

Source: Compiled from records, Collectorate, Srikakulam.

The data on functioning of SHGs both in the Mandal and sample 70 SHGs taken up for study reveals a positive impact of SHG approach on women development as follows:

1. There is a growth in the level of savings of the poor women.
2. A thrift habit has been very much uncalculated in the minds of poor women and
3. Joining in the SHG, poor women are enabled to access for loan for consumption purposes immediately as well as bank loan for income generation activity.

In the second part of the study the profile of the sample respondents reveals that majority of them belong to backward castes and are falling in the age group 20-30. Nearly half of them are illiterate and majority of them comes under 5000-10000 income group.

The impact of bank loan for dairy animal distributed through SHGs:

To assess the impact of dairy loan on the standard of living of sample group *mandal* a comparative analysis has been made with reference to the level of income, consumption, employment assets, savings and repayment position of the sample population before and after analysis.

Impact on Income:

Generally personal income is the sum of all income actually received by all individuals of the household during a particular year. For the purpose of analyzing the impact on income, the dairy income alone taken into account. Table. 6 reveals that the income generated by the dairy assistance.

Table.10 shows that the income generated by the dairy assistance. The sale of milk constitutes main source of income (65.75%). The milk yield is arrived at by multiplying the average milk yield per buffalos per day, with the current prices and again multiplied by the total number of days in which the animal is milking. The other sources of income surveyed the sale of manure and sale of calves comes second with (20.54% and 5.5% respectively) and value of own consumption (8.21%) respectively. Even in the income from the sale of milk, there is considerable variation between different groups. For instance, income from sale of milk for FC and BC is lesser than the SC & ST.

Table.6: Income generated by the dairy assistance

Castes	Average Income from sale of milk per month	Income from sale of calves	Value of milk (own use) per month	Value of manure per month	Total (Rs)
FC	2250 (65.22%)	700 (20.29%)	300 (8.70%)	200 (5.79%)	3450 (100%)
BC	2400 (65.75%)	750 (20.54%)	300 (8.21%)	200 (5.5%)	3650 (100%)
SC &ST	2450 (66.66%)	775 (21.23%)	250 (6.8%)	200 (5.44%)	3675 (100%)

Source: Survey Data.

Gross expenditure for the dairy activity:

Expenditure on feeds and fodder has been calculated by obtaining the beneficiaries daily expenses on these items and multiplied by the total number of days in the year without considering whether the animal is milking or not. It may be noted from the table.7, the average annual expenditure maintained the dairy animal by forward castes is Rs. 1650, and for the backward castes Rs.1590 and for the Scheduled Castes and Schedule Tribe it is Rs.1475. the difference in socio-economic conditions of the respondents is the main course for the difference in their expenditure. Among the items of expenditure, feeds and fodder takes a lion's share constituting 67.89 per cent of total expenditure towards the maintenance of dairy. The next item namely the labour and milking charges constitutes 15.16 per cent. It is followed by veterinary cost 4.41 per cent. The item "Insurance" constitutes 8.07 per cent of total expenditure. Lastly others cost 4.47 per cent of the total expenditure is worked for each group (average). The difference between the gross dairy incomes minus gross dairy cost as the surplus on net income, which worked in table.7.

Table.7: Gross Expenditure for Dairy Activity (Per animal)

Sources of Expenditure	Forward Castes		Back ward castes		Scheduled Castes		Average percentage (1+2+3)/3
	Expenditure	% of total expenditure(1)	Expenditure	% of total expenditure (2)	Expenditure	% total expenditure(3)	
Feeds & Fodder	1100	66.67	1100	69.2	1000	67.8	67.89
Labour & Milking charges	300	18.18	220	13.8	200	13.5	15.16
Veterinary Charges	60	3.64	60	3.8	85	5.8	4.41
Insurance	127	7.70	127	7.9	127	8.6	8.07
Others	63	3.81	83	5.3	63	4.3	4.47
Total	1650	100.00	1590	100.00	1475	100.00	100.00

Source: Survey Data.

The total income or surplus generated from the dairy activity is given in the last column in the table.8 (Income Flow). The surplus is Rs.1090 for forward castes and Rs.1230 for backward castes and the rest Rs. 1450 in Scheduled castes. Comparatively, in the case of OC, the survey may be very low due to high cost of maintaining the animals. The cost of maintaining the animals is Rs.1650, for forward castes, Rs.1590 for backward castes and the rest Rs1475 for schedule castes and schedule tribe. The cost benefit from dairy loan is Rs. 2740 for other castes and Rs.2820 for BC and Rs.2925 for Scheduled castes and Schedule Tribe. The average benefit is Rs.2821.5 and the average cost is Rs.1571.50 for all the respondents. Therefore the average surplus is Rs.1256.5 for all categories.

Table.8: Income Flow (Per milk animal) (In rupees)

Category	Benefit	Cost	Surplus
FC	2740	1650	1090
BC	2820	1590	1230
SC & ST	2925	1475	1450
Total	8465	4715	3770
Average	2821.5	1571.5	1256.5

Source: Survey Data.

Cost-Benefit Ratio:

A Cost-Benefit analysis can help us to calculate and estimate the rate of return every rupee spent. When the return is more than the cost, we infer that there is a surplus flow of returns.

$$\text{Cost – Benefit Ratio} = \frac{\text{Net Income}}{\text{Total Cost}}$$

The cost-benefit ratio for the groups is presented in Table.13. The cost benefit ratio is shown in the last column in table.9. It implies that for every rupee spent on dairy activity, there is a net income of Rs.0.69 for other castes, Rs.0.77 for the backward castes and scheduled castes and schedule tribe for Rs. 0.98 respectively. From the table, it is understand that the cost – benefit ratio is very favorable to scheduled castes compared than other castes. However, under SHG programme the women prefer dairy loans under IKP and they will be much benefited, as there is substantial benefit in this scheme as empirically shown above. This would also help the women to enhance their standard of living.

Table.9: The Cost-Benefit Ratio

Castes	Net Income (month)	Total Cost (in rupees)	Cost-Benefit Ratio
FC	1090	1650	0.66
BC	1230	1590	0.77
SC & ST	1450	1475	0.98

Source: Survey Data.

Investment – Gross Income Ratio:

Table.10 presents the incremental gross income and investment gross income ratio for different castes namely other castes and scheduled castes. We have computed the incremental gross income and investment gross income ratio over an investment of Rs. 2500 on a single milk animal of an average quality and the capital output ratio. The capital output ratio is favorable to both the groups due to low cost of maintenance of milk animal.

Table.10: Investment Gross Income Ratio

Castes	Average initial income level	Investment one milk animal	Incremental gross income	Incremental gross income ratio
FC	2750	2500	1090	2.29
BC	2500	2500	1230	2.03
SC & ST	2250	2500	1450	1.62

Source: Survey data.

Average and marginal propensity to consume of the respondents under the dairy assistance:

Average propensity to consume refers to the total amount of consumption expenditure out of the given total income at a particular period. Marginal propensity to consume is the incremental change in consumption as a result of a given incremental income. It refers to the additional consumption out of a given additional income. In short, the average propensity to consume is the ratio on consumption of income, the marginal propensity consume is the ratio of charge in consumption to change in income.

$$\text{Average propensity to consume} = \frac{\text{Past Consumption}}{\text{Past Income}} = \frac{C1}{Y1} \times 100$$

$$\text{Marginal propensity to consume} = \frac{\text{One Consumption}}{\text{Additional Income}} = \frac{\Delta C}{\Delta Y} = \frac{C2 - C1}{Y2 - Y1}$$

The normal relationship between income and consumption is that when income rises, consumption also rises but to an extent smaller than rise in income. Past consumption, average present consumption, income (increment in income level), consumption (increment in expenditure level), APC (Average Propensity to Consume), and MPC (Marginal Propensity to Consume) of the sample members of the SHGs. When there is an increment of income of sample borrower due to dairy activity, the expenditure of the sample also increases. The APC for the sample respondents are 94.91 per cent, 97.00 per cent and 93.3 for FC, BC and SC&ST respectively. The Marginal propensities to consume of sample beneficiaries are 0.89, 0.90, and 0.80 respectively.

Table.11: The APC and MPC of the respondents under dairy assistance.

Caste	Past Income Y1	Past Consumption C1	Present income Y2	Present Consumption C2	ΔY Income Y2 - Y1	ΔC Income C2- C1	APC C1 ----- X 100 C2	MP C ----- ΔY
FC	2750	2610	3300	3100	550	490	94.91	0.89
BC	2500	2430	2900	2790	400	360	97.20	0.90
SC &ST	2250	2100	2500	2300	250	200	93.33	0.80

Impact on Employment:

The most meaningful way the bulk of the poor women can be provided greater income to enable them to raise above poverty is greater opportunity of employment. Once large-scale opportunity for greater earning through wage employment is created for the poor women, this will create greater purchasing power for them and large market for the commodities produced in rural areas. The dairy assistance under IKP through SHG creates additional employment to the women beneficiaries, besides creating additional income. The dairy enterprise could be a better means of providing fruitful employment to the rural people who are living below the poverty line. The increased employment of the women beneficiaries is estimated and measures in terms of man-days before the dairy loan and after the dairy assistance.

The following table 12 presents information regarding employment generation due to implementation of dairy assistance under IKP through SHGs. From the table.12 it is understood that a total of 200 man-days in a year has been created for Other Castes and 240 man-days for Backward Castes. It was only 230 man-days for Scheduled Castes & Schedule Tribe, before the implementation of dairy assistance. There has been additional increment of 70 man-days for Forward Castes, 60 man-days for Backward Castes and 95 man-days for Scheduled Castes & Schedule Tribe after the dairy assistance in the sample *mandals*. The average man-days in a year for all castes 223.3 men-days in a year and now it is 298.3 man-days for these women respondents after the implementation of dairy assistance. There have been additional man-days of 75.0 for all in a year. There has been a reduction in dependency in the women beneficiary households as a direct result of dairy assistance availed through SHG.

Table.12: Employment generation before and after dairy assistance

Castes	Man-days before Dairy loan	Man-days After loan	Increment of man-days
FC	200	270	70
BC	240	300	60
SC & ST	230	325	95
Average	223.3	298.3	75

Impact on repayment of loan:

The success of dairy assistance depends not only on the generation of additional income and additional employment for the benefits of respondents but it depends on the prompt repayment of the loan by the respondents. Prompt repayment of the loan is all the more important because the extension of the benefit of the programme to other respondents depends on this vital aspect. So an attempt is made during the survey to find out the extent of repayment of loan by the respondents. All the 750 respondents under dairy loan are the members of the cooperative milk societies and therefore there is no difficulty in marketing the milk and paying the loan amount to the banks on behalf of the respondents. The following table.13 gives the Recovery Performance of Sample women respondents. Table.13 shows that the recovery performance for group loans was 100 per cent. The high percentage is because, the members feel that their money is lent among themselves and so it should be repaid promptly. Another reason for good recovery is also due to the fact that the prompt repayments of group loan make them eligible to avail bank loan for any income generating activity preferred by them.

Table.13: Repayment Performance of Sample Women respondents (Amount in rupees)

Caste	Group Loans			Bank Loans through SHG		
	Amount	Repay-ment	Percent of recovery	Amount	Repay-ment	Percent of recovery
FC	5300	5300	100	50000	45000	90.00%
BC	5300	5300	100	52000	40000	76.92%
SC & ST	5600	5600	100	50000	44200	88.40%

Opinion / attributes:

Following are the opinions elucidated from the sample respondents:

1. The sample respondents expressed that joining into SHG has a substantial impact on their socio-economic profile.
2. They felt that availability of loans at any point of time and their effective utilization helped them to increase their income and savings.
3. The sample women respondents belonging SC & ST opined that their husbands give respect to them as they enjoy the social status.

4. Respondents belonging to socially suppressed communities (Schedule Caste, Schedule Tribe & Backward classes) are of the opinion that economic empowerment helped them in social upliftment.
5. Participation in periodic group meetings helped them to increase their awareness on various social programmes besides solving the credit related programmes.
6. Although majority of the women respondents agreed that the officials from DRDA and Banks helping them significantly, a few of them expressed the need for greater coordination and cooperation among all the stakeholders.
7. Almost all the respondents expressed the need for increasing the subsidy in percentage terms in IKP funding.
8. Nearly three fourths of the respondents expressed that there should be greater thrust on practical training in the areas of poultry, dairy and other income generating activities before sanctioning the loans.
9. Majority of the respondents is of the opinion that every literate group member should be trained in maintaining the various records and registers which help them to know detailed information about various financial activities such as loans repayment, outstanding balance etc.
10. About 20 per cent of respondents suggested that the government officials from DRDA, IKP should attend the SHG meetings at least once in three months to explain various features of development programmes offered by them.
11. Many respondents opined that the collection of milk should be done by Government functionaries for ensuring for continued marketing with assured income and fair price.

Conclusion:

Before the formation of SHGs the situation was that the whole family was dependent upon the male member. But after the advent of the SHGs the women are able to manage their family better even without their spouse. Women of the SHG can be said to have been empowered since they have become owners of a ME from the status of agriculture labourers. Their income has increased after taking up economic activities in MEs. Improvement in their attitude and behaviour through the socialization process and participation in decision making affairs of the family as the other members of the family consults or hears to the views of the female.

The study proved that women have tremendous energies to start and conduct their own ME given the right opportunities. They have developed a sense of unity, abundant self confidence and self esteem through SHG movement. Not only economic poverty but also social and gender issues can be tackled effectively. The success of the SHGs in terms of high repayment is mostly related to the exploitation of prevailing social ties and social cohesion found among women members. The status of women both within the household and outside has improved. Setting up of a small manufacturing unit with state administration may prove to be easy but sustaining the unit and turning the initiative into a profitable venture is very difficult. Big MNCs are flooding the local market with their products. There is no level playing field. Any economic activity by the SHGs

has to be supported by the Government and it cannot be a temporary relationship. This will only lead to a bigger blow to the SHGs later. The IKP scheme has all the usual ingredients like target, subsidy, bureaucratic and political involvement in the credit, insistence on entrepreneurial income generating activity and most importantly, lack of understanding of the nuances of rural financial requirements. What is ignored is that these areas lack profitable investment opportunities. These opportunities need to be created first before thrusting upon anyone investment credit.

Suggestions:

Every activity has some hurdles for implementation, even in the development of MEs, there is some hurdles and following few suggestions are made which felt to contribute to the development of the MEs and the spreading of MF activities more rapidly and effectively. The working conditions of all the ME started by SHG members are either poor or inadequate.

- ❖ Since some of the members are illiterate, the officials from DRDA, IKP and Commercial Banks periodically visit the location of MEs and train them on book keeping and maintenance of accounts and conducting awareness programmes on latest schemes and developments.
- ❖ Private MFIs are charging very high rate of interest i.e 24 per cent which affects the financial sustainability of the micro units (MUs). Hence necessary steps are to be taken to assure the MUs to avail the sufficient finance at a marginal rate for a certain period (gestation period).
- ❖ The implementer should monitor not only the disbursement of money, but also the end-use of money for productive income generating activities/ MEs.
- ❖ Policy makers need to recognize the potential of micro financial services to support investment and growth in key economic sectors and hence to contribute significantly to national economic growth.
- ❖ Considering the consumption expenses of the respondents which are quite large in relation to their income, provision may be made for giving consumption loans under IKP scheme.
- ❖ Due to variation in the price of different quality animal, the loan amount should be as per member's actual requirement. The recommendations of the group members should also taken in to account which fixing the cost of the dairy unit.
- ❖ In addition to the institutional sustainability, the group should also become financially viable. Financial sustainability of the group is achieved when the group is able to meet its operational costs from its income.
- ❖ In order to encourage more women towards setting up of MEs the subsidy amount should be increased and at the same time the subsidy should be linked to the promptness of the repayment.
- ❖ The State government should give necessary instructions to the developmental agencies to co-operate with the financial institutions in conducting recovery drives.

- ❖ Banks and IKP functionaries at the field level need to synergize their efforts that will strengthen the programme and the branch officials should make effective use of tools like of community based recovery mechanism for sustaining the recovery performance.
- ❖ A portion of the income generated out of the IKP financed activity should be used for the further development of the business/economic activity.
- ❖ There are number of groups with more than six years of experience. The government departments and banks should encourage them and sensitize to increase their quantum of thrift / savings.
- ❖ The IKP scheme may concentrate more on women self-employment income generation activity to empower the women.
- ❖ Present repayment structure is not suitable for promotion of MEs. Though the loan recovery period is fixed for 36 installments but in reality the loan is recovered in 18 to 24 monthly installments.
- ❖ It is necessary to reduce the influence of the private money lenders by taking measures such as further branch expansion, motivating the staff to be more receptive and responsible and by giving promotional and financial incentives linked with their loan recovery performance.
- ❖ There is a need to tighten the supervision and monitoring mechanisms and provide greater autonomy in the operation of credit institutions to improve their lending policies and procedures.
- ❖ Establishment of marketing information centre at district level for enhancing the opportunity of marketing outside of locality.
- ❖ Up gradation of quality of low cost products with enhanced capacity of artisans to face global threat.
- ❖ Government should provide infrastructure for training of SHG members in ME as also marketing infrastructure for marketing of the products.
- ❖ Multiple Enterprises development programmes are to be organized so that awareness for setting up of MEs could be attained.

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