

MICRO CREDIT, WOMEN SELF HELP GROUPS AND ENTREPRENEURSHIP : PROSPECTS AND PROBLEMS

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Abstract :

Micro financing has given an impetus to the growth of Women Self Help Groups (WSHGs) and WSHGs have given a fillip to women entrepreneurship, especially in developing countries like India. It is seen as a solution for solving women's difficulties in obtaining finance, as the savings of the group itself acts as collateral. The main focus of the paper is to study whether micro financing has really resulted in growth of women entrepreneurship? The study is conducted in the state of Goa. The required data was collected through in-depth personal interviews with the members WSHGs. The sample respondents consisted of members of the WSHGs from all over Goa. Sample size was 100 (hundred) WSHGs, at least 8 (eight) from each of the 12 Talukas. The study reflected that micro financing and formation of WSHGs has helped in exploring the chances of springboards for women to be independent entrepreneurs. However the transformation is never an easy one. There are various challenges faced by women members in both cases, whether venturing in group entrepreneurship or being individual entrepreneurs.

Key words : women, entrepreneurship, micro finance, Goa

INTRODUCTION

Across the world, women account for 90 percent of the borrowers or clients of micro credit. The most accepted strategy for disbursement of micro credit is through women at group level. This is mainly because it is easy to form and sustain women's groups with credit as the binding activity, and it is supposed that women are better at repayment and have higher creditability than men. Women groups based on credit also receive social sanctions easily. Thus micro credit today has transcended its limited boundaries as credit not only accessible to the poor, but is viewed as a comprehensive strategy for poverty alleviation and promotion of women entrepreneurship. Micro financing and emphasis on Women Self Help Groups (WSHGs) is

viewed as a great booster for the rise of women entrepreneurship in developing country. It is seen as a solution for solving women's difficulties for obtaining finance as the savings of the group itself acts as collateral. Women Self help groups are increasingly assuming the role of harbingers of credit distribution to rural poor women in a sustained manner. Women Self help groups can be defined as small, economically homogeneous groups of women, voluntarily formed mainly with the idea of overcoming their financial difficulties by inculcating the habits of regular savings and contribution to a common fund in turn to be lent to its members for a particular cause, period and interest rate, and to foster collective income generating activities for social and economic uplifting of their families.



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LITERATURE REVIEW

Studies undertaken so far to study the impact of micro finance and women entrepreneurship through WHGs reflects mixed results. A study conducted way back in 1999 in two different project areas of Chitradurga district of Karnataka and Periyar district of Tamil Nadu concluded that the informal groups of rural poor with active intervention of NGOs, adequately supported by training and financial subsistence, ensured and also significantly improved women's participation both from economic and social aspects.

A study conducted in Belgaum and Haveri districts of North Karnataka during 2004-2005 with a total sample size was 240 observed that there was a good impact on economic aspects of the members and their was improvements in material possession, financial position and total family income. There was a good improvement in the employment generation because of improvement in the different income generation activities.

A Study from Ludhiana district from Punjab and Kancheepuram from Tamil Nadu made the following observations. Success of any enterprise is determined by factors such as entrepreneurial and management skills of the entrepreneur. Many entrepreneurs were not interested in group activity. Making of the groups into entrepreneurial groups appeared to be inviting problems for their interpersonal relations. Lack of group efforts in attending on critical inputs such as raw material, technology and training are some of the missing links to make enterprise viable. The Bankers released the funds with the help of the individual documentation so as to make individual members responsible for their liability of repayment. However DRDA released the subsidy in the name of group considering the

numbers of members of each group. Through the group approach to SGSY envisages subsidy of 50 percent to the total unit cost, it released at the rate of Rs 10,000 per member. In Sriperumbadur one group has been formed and started a super bazaar as part of Poomalai complex near bus stand. This group of 12 women has been formed to start provisional store. Later this store has been converted into modern super bazaar in Poomalai complex.

Falendra, in a case study on micro enterprises under SGSY in Jammu & Kashmir, observed that the skill development of the Swarozgaries was not attempted, and that the training funds remained unutilized or misappropriated.

The success or failure of the SHGs largely depends on the proper utilization of the loan taken for income generating activities and keeping the funds rotating. A SHG may die its natural death if the members default repayment of the loan installment and may run their activities most profitably if they repay loan in time and may even obtain more credit for expansion purpose. A study on WSHGs in Andhra Pradesh concluded that regular defaulting by some members and irregularities in loan repayment were the major factors responsible for dissolution of those SHGs. The repayment of loan taken by the group members is a collective responsibility of the group as a whole. If there are strong cohesive forces the group succeeds on all fronts, if not it's a failure. Datta and Raman in their study of SHGs under Rastriya Seva Samithi (RASS) in Andhra Pradesh concluded that the success of SHGs in terms of high repayment was mostly related to social cohesion found among the members.

Despite so many SHGs mushrooming and so much credit being disbursed, not all SHGs are a success story. This may be chiefly due to

reasons either related to the group members or non availability of the right credit at the right time and in right quantum. A study on SHGs in Tamil Nadu observed that the assistance under the SGSY scheme reached the intended beneficiaries, however the groups by and large have failed to turn up into micro enterprises as they are risk-averse. The study suggested that imparting skills and disbursement of credit alone would not lead to promotion of entrepreneurship among the members of the groups. Efforts were to be initiated to cultivate risk bearing ability among the members of the groups.

A study on SHGs in Pondicherry concludes that among the problems encountered by the SHG respondents, the first rank, (mean score 63%) was given to the problem 'loan not received on time' as a result of which production activities suffered.

Manimekalai and Rajeswari (2000) in their study on SHGs in Tiruchirapalli district of Tamil Nadu found that the dominant problem faced by the SHG members was shortage of capital, because the members received loans only under SHG through its banks. Further the units engaged in service business performed better and helped to repay the loan on time, whereas the production units not only failed to generate its own capital but also affected loan repayment.

THE PROBLEM

The main focus of the paper is to study whether micro financing has really resulted in growth of women entrepreneurship? Does sheer formation of WSHGs guarantees women easy access to finances? Also does availability of finances ensure success of the entrepreneurship? Of course finance is necessary condition for starting up and sustenance of any business activity, but is it the sole criterion?

DATA COLLECTION

The required data for the study was collected in two phases. In the first phase the data was collected through in-depth personal interviews with the members WSHGs. This comprised of the data dealing with the Personal attributes of women members, functioning of the group, fund management by the group, characteristics of the group, factors influencing the group, activities of the group, WSHGs and bank linkage, etc.

The second phase comprised of data collection using observation technique, by attending the various activities of the group such as monthly meetings of the group, income generating activities i.e. work they do, exhibitions, kiosks run by the members etc. The sample respondents consisted of members of the WSHGs from all over Goa. Sample size was 100 (hundred) WSHGs, at least 8 (eight) from each of the 12 Talukas. On an average each WSHG comprises of 10 members. From each group one fifth of the members i.e. 2 women members were interviewed thereby making the total number of respondents to around 200. In this paper the emphasis is led more on qualitative analysis of data collected.

DATA ANALYSIS

The study reflected that micro financing and formation of WSHGs has helped in exploring the chances of springboards for women to be independent entrepreneurs. However the transformation is never an easy one. There are various challenges faced by women members in both cases, whether venturing in group entrepreneurship or being individual entrepreneurs. The study reflects that there are various factors that influence entrepreneurship among the members of WSHGs. The first is the availability of credit, both adequate and timely. It was observed that different criteria are

adopted by the bank while sanctioning loans to WSHGs. Membership of the WSHG also influences the group entrepreneurship. Lack of infrastructure facilities such as lack of adequate space, training, guidance and cooperation from government officials, availability of markets both for availability of raw materials, as well to sell the finish goods, and assistance from NGOs also influence the success of entrepreneurship initiated by WSHGs. The societal attitude towards women entrepreneurship, which normally is not very positive, also affects women entrepreneurship. Some of these challenges are discussed in details.

a) Unfavourable WSHGs and Bank Linkage:

It was observed that the banks followed their own criteria in disbursing loans to WSHGs. Whatever may be the reason on part of the bank, the fact remains that the capital does not reach the beneficiaries on time. Likewise the WSHG members have to face lot of hardships in getting the required loan assistance from banks. There are variations in disbursement of loans to the WSHGs, especially the BPL groups. It is observed that the amount of loan disbursed to SHGs is not constant. The criteria as well as the amount of loan sanctioned changed from group to group. There is no set criteria followed by banks while disbursing loan to SHGs and banks have their own criteria which differ from one bank to another. Similarly different conditions are posed by banks as requirements for disbursement for loan. A BPL WSHG in Chimbhel, Tiswadi Taluka, Goa, was denied loan for starting a 'Ready-made Garment sale business' on the ground that they did not have proper space to store the garments. In another case it was observed that the bank refused to sanction the loan, as one of the WSHG member's husband had taken an individual loan

and had defaulted. In Assonora, Bardez Taluka, Goa, the bank did not release the revolving fund of the BPL group in a particular village, as another SHG from that village had defaulted. The bank manager asked the group to get the other group to repay the loan if they wanted the bank to release the fund to them. This definitely reduces the entrepreneurial chances amongst women.

b) Nature of membership:

Much of the success of the group entrepreneurship depends on the type of members it consists of. Whether the members are core members v/s others, interested v/s non interested, committed v/s non committed, old v/s young, volunteered v/s nominated, literate v/s illiterate, short sighted v/s long term thinking, initial v/s later joined, possessing knowledge v/s lack of knowledge, members from family with political linkage v/s members with no political background, Skilled v/s non-skilled members, risk averse or otherwise influences the success of the entrepreneurship.

CASE 1

Mahamaya SHG formed in the year 2003 with ten members in Canacona is praiseworthy for the novel adjustment worked upon by its members. The members of this group cultivate on a common land and grow vegetables collectively. These vegetables they sell in the main market at Canacona. All the work is divided by the members on the rotational basis. They sow together. Watering is done on rotation. Also two members on rotation carry the vegetables to the market and sell the same. The profit is deposited in the SHG account. All the members were housewives but are now entrepreneurs and this is mainly due to cohesion in the group members.

CASE 2

Manjunath SHG from Gaondhongari, Canacona is a success story. The group was formed in 2004 with sixteen members. The leader of the group, Navidita Gaonkar, is also a member of the forest Committee. This contact helped the group in getting the contract from the forest department for cashew nuts cultivation on collective basis on rental basis. This has augmented the financial position of the members. With the increased income, the group has further diversified their activities. They now have purchased sound system like mike, loudspeaker, chairs, pandals etc and give them on contracts for occasions like birthdays, wedding ceremonies etc.

But there are cases where due to illiteracy, and also due to disinterest of some members of the group, the groups which had ventured in income generating activities had to shelf off their activities and dismantle their group.

CASE 3

The Sateri Kelbai SHG from Sattari Taluka is a case for serious pondering. Members of this group are mostly field labourers and lack even the basic education. They can neither read nor write. They were briefed by the Anganwadi Worker about the benefits of forming of the SHG. With the subsidy and the revolving fund they could go for some business, they thought. It was difficult for them to contribute Rs 100- per month towards saving. So they decided to save Rs. 50/- per person per month. Since the members were illiterate, they lacked confidence, knew nothing about Government schemes, didn't know whom to approach nor what to do, and even when they attended a training program could not understand anything. As such they were very much dependent on the Anganwadi Worker. They asked her about what business

they could start with, and the Anganwadi Worker went on giving excuses. When these women insisted, she told them that they could start a business of producing chinks but provided no inputs about the procedure, raw materials or about financial assistance. After continuous avoidance by the Anganwadi Worker, these women approached the TA (Technical Assistant), but she also send them back saying that they should continue to follow the suggestions given by the Anganwadi Worker. The Anganwadi Worker kept approaching these women and collected petty amounts from them on the grounds that she had to get some paperwork done and for transport as she had to go to some government offices to get their work done.

They had absolutely no knowledge of what was happening with their group. Had any member of the group been educated, they would have known why and how the Anganwadi Worker was cheating them. Thus illiteracy of these women has hampered the functioning of this group.

c) Lack of infrastructure facilities

Lack of infrastructure facilities also affects the functioning of the entrepreneurship. Lack of adequate space, training, guidance and cooperation from government officials, type of activity selected like whether it is manufacturing/non manufacturing, service oriented or trade related, availability of markets both for availability of raw materials, as well to sell the finish goods, assistance from NGOs, also influence the success of entrepreneurship initiated by WSHGs. Lack of role models, inadequate experience, lack of relevant networks and social positions, access to social capital, lack of resources like wealth, land, premises, competing demands on time, gender

discrimination by bankers, customers, suppliers also influence entrepreneurship.

CASE 4

Five women from Guiridolim, Salcete, South Goa, came together and decided to form a group way back in 2000. This was the time when the idea of SHG was just picking up in Goa. They decided that they could start a small business of mat-making. Though the initiative to form the group was taken up by the RDA, the women were not provided with any skills. They however knew the traditional know-how to produce cane mats. But they had no sufficient space and more importantly could not get the raw material required. They then decided to start a 'flour mill' however as per the Goa Mundkari Act, they had to get permission from the Bhatkar (landlord) to start such a saw mill which was refused. They now began to look out for newer options. Meantime they continued to make local goods which were much in demand like cake, bibinka, crosses etc. They sold their items at various exhibitions. They had to face lot of market hardships. A major opportunity came their way when the Government of Goa introduced the Mid-Day Meal Scheme in Schools in Goa. They were able to get a contract of supplying these meals to the government school in their locality. It was the determination of these women that helped them to sail through the adverse winds and keep the SHG going.

d) Poor Marketing Skills:

Besides the risk averse nature of most of the WSHGs, the poor marketing strategy also affects the entrepreneurship. WSHGs are just one of the players in the market. They have to compete with the existing players with regards to offering products or services. Markets are dynamic and changing.

Women Entrepreneurs have to Compete for space (area of operation), compete for the type of business, and for recognition. They have competition from branded products and competition from other players in the organized sector (e.g. shops). Newer SHG's forming in the same locality, newer SHG's starting similar activities, existing groups splitting and forming newer groups and doing similar activities also can be a competition for WSHG members. With free availability of products and services around, customer has a very high bargaining power. Therefore it is necessary that women entrepreneurs concentrate on 5Ps that is Product, price, promotion, place and public relations.

It was observed that though the products of the WSHGs were of good quality, they lacked variety, were not branded, and were poorly packaged (did not carry warranties, durability date etc). Most of the WSHGs were engaged in selling eatables, and few others were involved in decorative items, soft toys and readymade garments. The products also did not have consistency. The prices also were on the higher side. They failed to do sales promotion and also lacked public relations. This affected the sale of the goods of WSHGs. The market is buyers market and therefore WSHGs need to have proper marketing strategies to meet these challenges.

e) Societal Attitude:

The societal attitude towards women entrepreneurship, which normally is not very positive, also affects women entrepreneurship. Business is normally regarded as men's forte. In organized business houses at least the women belonging to the families of these houses have scope to venture in business. But in informal sectors for women to make a place for themselves is a very difficult ride. Especially so

when their activities are regarded as supplementary to their main role, that one of a housewife. The attitude of a banker, supplier, retailer, and also customer (most of them being men) is one of apathy or that one sympathy. Women need neither. She should be able to do business with fair opportunities and cooperation.

f) Miscellaneous factors:

There are also other factors which affect women entrepreneurship. One factor that influences the functioning of the group is its 'risk taking capacity'. The group can venture in new areas provided it is willing to incur the risk of loss if the micro-credit enterprise fails. But the WSHG members are not keen in taking up business in which involves risk is more. Cohesion of the group is also important. Lack of role models, experience, social capital, access to capital like wealth, land etc also influences women entrepreneurship.

Measures:

There is potential for WSHGs to be successful entrepreneurs provided they are given the necessary infrastructural support. Much bigger role is expected from the state machinery in this regards. A wholesome approach, and not a piecemeal one, is called for.

An access to financial services can and does make vital contributions to the economic productivity, but it does not 'automatically' convert WSHGs into entrepreneurs. It is contingent on context, commitment and capacity if this potential is to become a reality. The focus should be on most important aspects of asset-building, asset creation and asset-ownership for women. Women actually use and value financial resources. It was observed that the procedures of banking with emphasis on complicated qualifying requirements, margin etc. still leads to women shying away from banks. There are

various factors which influence the WSHGs and bank linkage; a) Locality- the location of the bank influences the decision as to which bank the WSHGs should operate. b) The leap services provided by the bank officials- the approach of the bank employees, their availability, willingness to help with paper work, etc also decides the bank chosen. c) The Word of Mouth also is important, as women in the village communicate to each other about the benefits of operating in a particular bank. d) the role of the inter-mediator (NGO) also is important. One such effort is Mahila Self Help Co-operative Society in Bardez Taluka of Goa, which has around 1000 members with around 80 WSHGs. Success of these relations is based on mutual trust and confidence between women and banks. It demands encouragement of banking activity both on thrift as well as credit. The linkage programme has to combine the flexibility, sensitivity and responsiveness of the informal credit system with the technical, administrative capacities and financial resources of the formal financial sector.

There is a need of collective strength of rural women, greater initiative by the NGOs and large financial resources of banks. Women have to be provided with formal training in financial transactions.

There should be further enhancement in the Micro credit financing like there should be promotion of market linkages, insurance coverage to crops, livestock, etc. Market depends on the customers for the produce, and the goods produced. While some goods may find market within the locality, others may have to move out to sell their products. In such cases the WSHGs could get the help from NGOs and government officials. They could be promoted by organizing exhibitions, providing them sales counter in various government offices, and other

outlets. Allotment of space for WSHGs in shopping complex constructed by the government, at bus stands and other strategic places can go a long way in promoting women entrepreneurship.

Tie up arrangement with the cooperatives, purchase of materials produced by the WSHGs by the government departments and academic institutions also could be of help.

Most importantly the mindset of the society has to change. Women are an important human resource and they should be encouraged to come out of the four walls of their house, from clutches of patriarchy, from the typical 9 to 5 job concept, and should be recognized as potential entrepreneurs. With proper training, role models, experience, and support from NGOs, State and society at large women can prove themselves as successful entrepreneurs.

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