

## Women in Management of Micro-enterprises: Problems and Prospect

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### INTRODUCTION

The development strategy for reducing poverty need to recognize that the majority of poor are women. Women constitute nearly two third of the population below poverty line in our country. Of the various dimensions of livelihood options and their implications for women, the present investigative study analyses the problem faced by women in earning their livelihoods through establishing and managing small and tiny enterprises being promoted under different self –employment and income generating Programme.

Small and cottage industries with low capital investment significantly contribute to the development and growth of rural economy. Further such tiny enterprises have promising potential for creating self employment avenues for multitude of rural population having low and moderate skill and providing scope for productive utilization of available natural and local resources. Unlike large scale industries, tiny enterprises do have insignificant polluting effect on environment. With increasing emphasis on economic empowerment of women, the rate of entry of women of all social segment to business and industry has shown dramatic rise. These tiny industries meet a substantial part of the increased demand for consumer goods and simple producer or capital goods.

It facilitates mobilization of resources, capital as well as skill and aims at raising the standard of living of the people particularly women entrepreneurs. Some times, these small enterprises provide women friendly specific technologies and infrastructure that enhance work productivity and work environment. This paper is based on a study conducted in 3 districts of Orissa namely Phulbani, Sambalpur, and Cuttack.

*Objective:* To prepare a profile of cottage, Village, tiny and small enterprises in the sectors of industry, business and service promotion and established by women,

To identify the problems encountered by women beneficiaries in the process of planning

and implementation of the respective small and tiny enterprises at various stages, preparation of the project proposal, acquiring the technical guidance, registration and documentation, availing of credit, subsidy if any, procurement of raw materials and arranging allied infrastructure inputs such as land, power, water etc.

To identify problems associated with operation, management and marketing of products and finally to suggest remedial measures to overcome the problems. Pertinent primary and secondary data were collected from various sources and were analysed in the context of the above stated objectives. Important Government agencies as Directorate of Industries, Khadi and Village Industries Board, Small Industries Service Institutions, Mahila Vikas Samabaya Nigam and Rastriya Mahila Kosh were contacted for this purpose. A stratified multi-stage random sample survey was designed with a view to covering a sample number of beneficiaries who have either set up or in the process of implementing various small and tiny enterprises with various tools of data collection and analysis. As significant variation is experienced in different parts of Orissa with reference to economic and industrial development, resource endowment, population density, women literacy etc. Three representative sample districts namely Cuttack, Phulbani and Sambalpur were selected for the purpose of sample survey under various self-employment schemes in the said three districts.

It is found that out of 34280 small Scale Industrial Units set up in Orissa during 1990-91 to 2001-02 only 2341 have been set up by women entrepreneurs as detailed in Table 1.

### VARIOUS SELF-EMPLOYMENT AND INCOME GENERATING SCHEME OF ORISSA

Among various self-employment and income generating schemes implemented in Orissa, IRDP, SEEU, PMRY, SSI, K&VI and DWCRA have made significant contribution towards economic empowerment and self-employment of women.

**Table 1: Comparative status of SSI units set up by women vis-à-vis total SSI units during 1990-91 to 2001-2002**

S. No.	Districts	Total no. of SSI units set up	Out of which units set up by women	% of SSI unit set up by women to total percentage of Orissa
1.	Cuttack	2321	219	9.4%
2.	Sambalpur	801	61	7.6%
3.	Phulbani	527	41	7.8%
4.	All Orissa	34280	2341	6.8%

Nearly 96.2% of the SSI units set up in Orissa have been promoted by entrepreneurs belonging to general class, while the relative shares of SC and ST entrepreneurs in setting up small scale industries stand at only 2.2% and 1.6% respectively. The relative share of SSI units promoted by women entrepreneurs as compared to the total number of SSI units set up in the state is miserably low at 6.8%. 2341 number of SSI units were set up women entrepreneurs in the period 1990-91 to 2001-02 as against the total number of 34, 280 SSI units set up in the state.

As regards khadi and village industries, during 2001-02, the production and employment by Khadi and Village Industries were of the order of Rs. 49.10 crores and 18007 persons. Besides, part-time employment to 1,62 357 persons were provided.

The Prime Ministers Rojgar Yojana (PMRY) scheme contributes to promotion of micro enterprises in industries services, and business sectors.

Integrated Rural Development Programme (IRDP) aims at assisting the selected families of target group in rural areas to cross the poverty line by under taking self-employment ventures.

The Rashtriya Mahila Kosha (RMK) mainly fulfills the credit need of poor women particularly those engaged in the unorganized sector not being adequately addressed by the formal financial institutions. RMK aims at promoting small enterprises among poor women through provision of credit as an instrument to socio-economic change and development through the provision package of financial and social development service for the development of women.

### PROFILE OF THE BENEFICIARIES

The women beneficiaries covered under

various schemes were drawn from various socio-economic segments. Of the 350 sample beneficiaries covered in the three districts, 18.9%, 10.3%, 23.4%, 5.7% and 41.7% belong to SEEUY, PMRY, K & VI, SSI, IRDP schemes respectively.

Nearly 60% of the sample beneficiaries covered belong to general castes, while remaining 40% of the beneficiaries belong to SC & ST communities. More than two third of the beneficiaries are within the age group 18 – 35 years. The major chunk of them are in the age group of 26 – 35 years. This is a welcome sign as it indicates that the various schemes have touched the chronologically unemployment/under employed group.

Majority (92.6%) of the sample beneficiaries covered under various schemes are married. It seems that the economic needs of the families of the sample beneficiaries after their marriage have increased leading them to opt for some kind of small tiny enterprise as a means to improve their social and economic status.

Most of the beneficiaries are covered under IRDP and K&VI schemes are mainly either illiterate or educated up to primary level. The beneficiaries who have assisted under SEEUY and PMRY schemes are relatively higher educated. Out of 350 beneficiaries surveyed in three districts i.e. Cuttack, Sambalpur, Phulbani, 62.4%, 80.3%, 87.5% are respectively found to have some skills either in type of venture choosen or some of the related activities. It is found that majority (40.3%) of the beneficiaries surveyed in three districts reported their annual family income in the range of 12600 – 24000. The beneficiaries whose annual family income ranges from 24000 - 40000 constitute nearly 21.7% of the total beneficiaries surveyed.

### Factors Which Influenced the Beneficiaries to Undertake Their Enterprises

For majority (78.6%) of the beneficiaries contacted in the three districts, the need for raising their present level of family income has led them to establish and operate certain small business enterprises. Nearly 37% of the beneficiaries attached greater importance to their desire to become economically independent, through pursuing their respective schemes.

Asked about the person who influenced them in their families most, 66.3% of the beneficiaries reported being self-driven and self motivated. Nearly 28.6% of the beneficiaries under various schemes have been influenced most and motivated by their husbands.

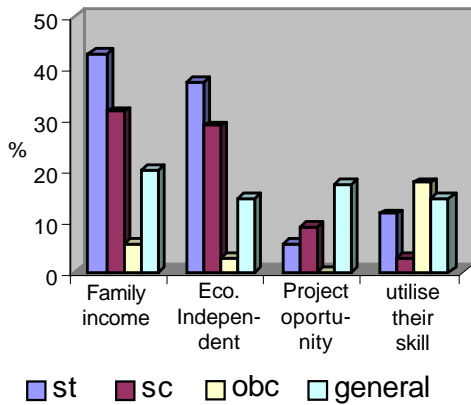


Fig. 1. Distribution of beneficiaries by influencing factor

Analyzing the factors which influenced the beneficiaries in deciding their respective activities, we find that nearly 57.7% of the beneficiaries reported having relevant experience in similar type of activities. Further, nearly 13.1% of the beneficiaries decided to undertake their present schemes those are directly linked to their family business. Nearly 11% of the beneficiaries felt that there is a high level of demand for their products and services.

**Problems Faced by the Beneficiaries**

*Problems Faced by Beneficiaries at Institutional Level:* As a whole nearly 72.1% beneficiaries reported having been received encouragement from the Banks in the process of their interaction with them for appraisal of their schemes and

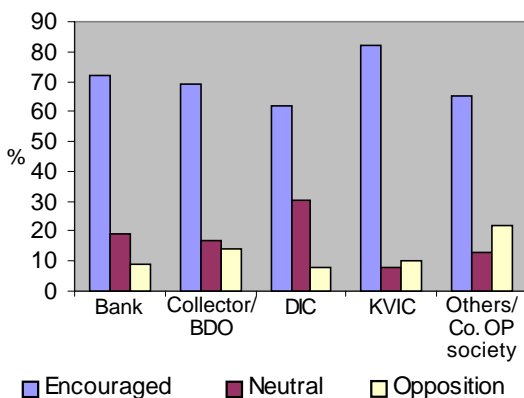


Fig. 2. Distribution of beneficiaries by type of reaction received from various Govt. institutions

sanction of their loan. However nearly 19% of the beneficiaries are found not satisfied with the response and dealings of the Banks. About 61.8% of the beneficiaries reported that they have received encouragement and positive response from DIC in process of their interaction with DIC for registration, processing their application and in subsequent stages of execution of their schemes. The reporting of neutral responses from DIC have been made by nearly 30.1% of the beneficiaries while about 8.1 % of the beneficiaries reported dissatisfaction on the response they received from DICs. Relatively higher proportion (82.0%) of beneficiaries received encouraging response in the case of K&VI and Co-operative Society implementing their schemes.

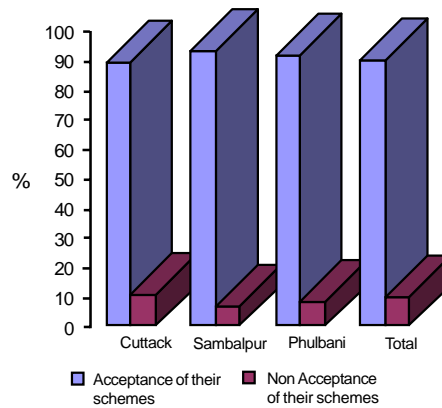


Fig. 3. Acceptance of their schemes at first instance

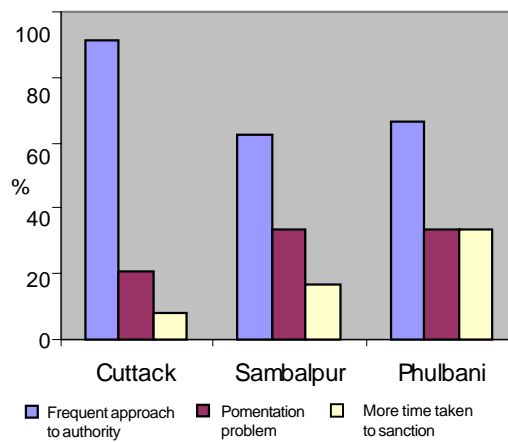


Fig. 4(a). Type of difficulties faced in getting their loan sanctioned

*Problems Faced in the Process of Registration and Acceptance of the Schemes:* The problems faced by the surveyed beneficiaries in the initial period of registration and submission of application and their schemes to the concerned authority have been examined. It is reported that nearly 90.3% of the beneficiaries could be able to register their schemes at the first instance without any problem. However 9.73% of the beneficiaries could not be able to make their scheme accepted and faced instances due to certain technical and documentation problems. Further, nearly 6.3% of beneficiaries reported having faced the problems in getting application and scheme approved by the authority. Most of the beneficiaries who faced such problems, reported that there was excessive delay in processing of their application. Further these beneficiaries had to make several approaches to the authority in connection with the processing of their application. The problems in this regard were more reported in case of beneficiaries assisted under SSI, SEEUY & PMRY schemes.

*Problems in Sanction of Loan:* About 14.6 % of the beneficiaries surveyed reported have faced some problems in the process of sanction of their loans. It is found that relatively higher proportion 40% of beneficiary who have set up small scale industries under SSI scheme of the Government, reported having faced problems in sanction of their loans. In case of IRDP scheme only 8.9% of beneficiaries surveyed reported having faced problem in sanction of their loan. In case of SEEUY

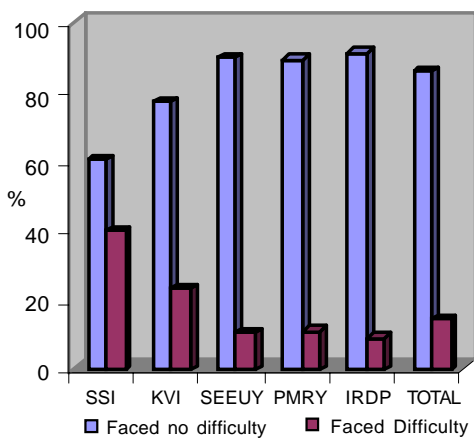


Fig. 4(b). Difficulty faced in getting their loan sanctioned

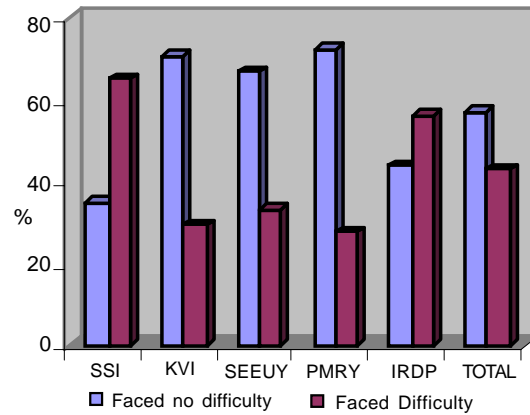
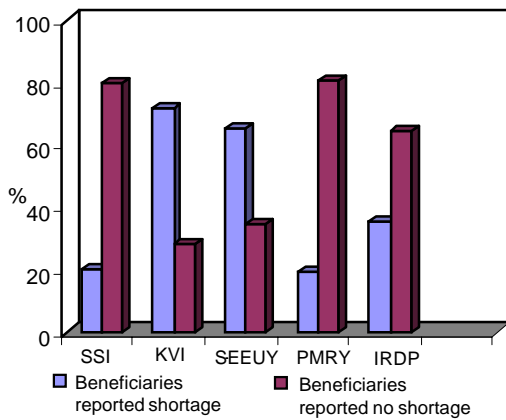


Fig. 5. Difficulty faced in getting their loan disbursed

& PMRY, nearly 10.6% & 11.1% of the beneficiaries faced problems in sanction of their loans. Among the beneficiaries who faced problems in sanction of their loans, nearly 76.4% of them reported that they had to approach the bank officials several times for sanction of their loans. Further, about 13.7% of beneficiaries who faced some difficulty in sanction of their loan indicated that the processing of their scheme and applications was delayed.

*Problems in Disbursements of Loans:* Nearly 44.1% of the beneficiaries assisted under various schemes reported having faced some or other problems in disbursement of their loans. The number of beneficiaries having faced problem in process of disbursement of their loan are relatively more in SSI, IRDP & SEEUY scheme. Nearly 33.3% and 27.8% of the beneficiaries assisted under SEEUY and PMRY schemes reported having faced difficulty in the process of disbursement of their loan. In case of SSI scheme about 65% of beneficiaries assisted faced difficulty. About the beneficiary who faced problem of disbursement of their loan, nearly 67.5% of them reported that they had to approach the bank officials several times for disbursement of their loan. Further 30.5 % of the beneficiary who faced difficulty in disbursement of their loan indicted processing of their document for disbursement of loan was delayed.

*Inadequacies of Loan Sanction:* Nearly 47.1% of the beneficiaries reported having experienced shortage to varying extent of the loan amount received by them to meet their project expenditure. Relatively more number of beneficiaries reported



**Fig. 6. Shortage of loan amount to meet project expenditure under various schemes.**

the problem of shortage of funds in case of Khadi & Village industries and SEEUY schemes. Nearly 35.6 % of the beneficiaries assisted under IRDP schemes reported having faced shortage of funds, while 65.2 % of the beneficiaries assisted under SEEUY scheme reported this problem.

Among the beneficiaries who experienced shortage of loan, nearly 89.7% of them could be able to make up the shortage by arranging some funds from other sources (for example. relatives, friends etc). However nearly 10.3 % of such beneficiaries found it difficult to make up the shortage experienced.

**Problems in Procuring Raw Materials/Commodities, Services:** The type of problems reported by the beneficiaries in connection with procurement of raw materials and commodities mostly pertain to shortage and inadequacy of material needed, excessive pricess, high cost of transportation etc. The percentage of beneficiaries facing problems with regard to shortage of these materials is found to be 35.1% of the total number of beneficiaries facing problems in procurement of raw materials. The problem of procurement of raw material has been reported relatively higher in case of beneficiaries pursuing SSI & SEEUY schemes. The problem of delay in procuring raw materials and commodities has been reported by few beneficiaries. A minor (2%) of the beneficiaries reported having experience delay of 8-30 days of procuring raw materials after placing their order.

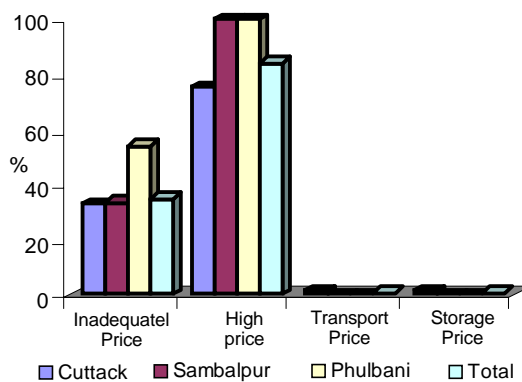
**Problems in Marketing**

*Distribution of Beneficiaries Their Selling*

**Process:** The marketing operations of small enterprises are mostly localized and involved direct sales and transaction with final consumer. The role and involvement of middle men is highly marginal in the process of marketing of products and services of small enterprises. Nearly 96.6% of the enterprises directly sell their products & services to the consumers. Nearly 22.9 % of the beneficiaries reported selling their products and services also to the retail shops and traders. About 3.77% of the enterprises run by the sample beneficiaries also sell their products and services to different institutional customers.

Nearly 24.6% of the beneficiaries reported selling their products and services to middlemen on commission basis. In 25.7 % of the cases of beneficiaries, both the practice of direct sale and sale to the middle men have been reported. The practice of sale through middlemen has been mostly reported by beneficiaries assisted under SSI & SEEUY schemes with higher investment and higher scale of operation. It was reported that excessive commission charged by the middlemen directly affected the profit margin of enterprises.

**Distribution of Beneficiaries by Credit Sale:** Nearly 25.7% of the beneficiaries reported practicing more credit sale and minimum through cash payment basis. However, majority (nearly 38.8%) of the beneficiaries reported practicing more sales through cash receipt along with sales credit to limited extent. The beneficiaries who are practicing credit sale reported that they have been forced to adopt credit sales system since other enterprises in their area also practiced credit sale transaction.



**Fig. 7. Distribution of beneficiaries in procuring raw materials.**

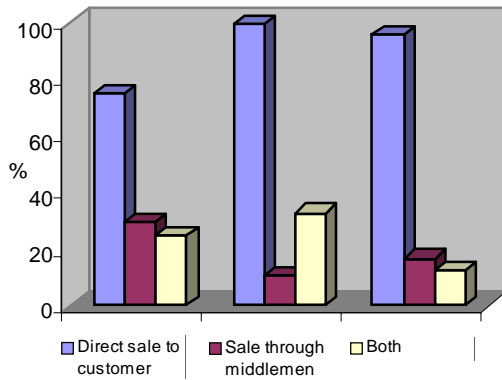


Fig. 8(a). According to their selling process

*Distribution of Beneficiaries by Average Period of Credit Sale:* In majority (39.5%) of cases of enterprises, the credit period is about 8-15 days after which the payment is made by the customers. Even 26.2% of the beneficiaries reported even the

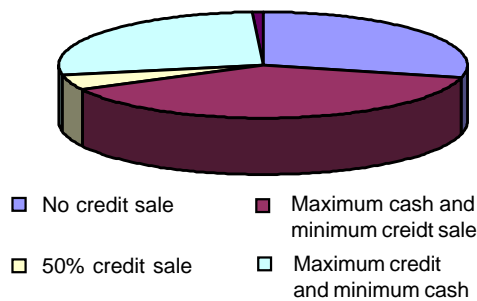


Fig. 8(b). Distribution of beneficiaries by credit sale.

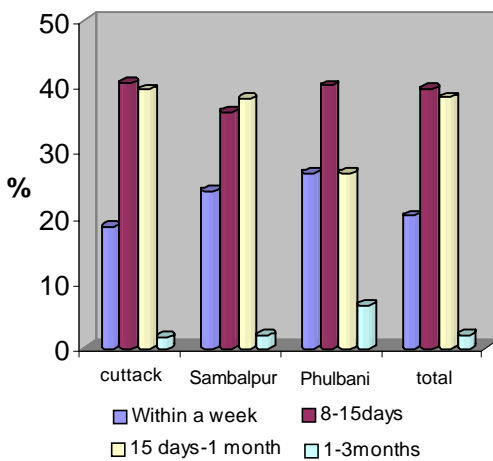


Fig. 8(c). Beneficiaries by period of credit sale

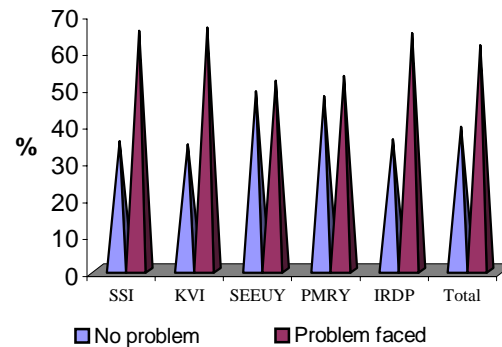


Fig. 8(d). Distribution of beneficiaries by facing problems in marketing under various income generating schemes.

credit period extending from 15 days. *Distribution of Beneficiaries by Facing Various Problems in Marketing Under Various Income Generating Schemes:* The marketing problems experienced by the beneficiaries mostly relates to low volume of sales, competition, seasonal fluctuation, pressure of credit sales, difficulty in locating a suitable market place etc. Among all the problems encountered in operating small enterprises, marketing problems are generally the most critical, since the size of the market and potentiality are relatively smaller. About 61.1 % of the total sample beneficiaries covered in 3 sample districts reported to have faced some problem or another in marketing their product and services. In case of beneficiaries assisted under IRDP scheme nearly, 61.1% of them reported facing the problems of marketing. Nearly 51.5% & 52.8% of the beneficiaries assisted under SEEUY & PMRY schemes reported facing problems in marketing their products and services.

**SUGGESTION AND RECOMMENDATION**

Considering the nature and magnitude of problems experienced by the surveyed beneficiaries assisted under various programmes and considering the opinion of the beneficiaries and of the concerned development agencies, following suggestions and recommendations have been made.

It is recommended that more and more NGOs may plan to fill up the gaps in the process of women empowerment through enterprise development.

They can contribute to provide technical know

how, marketing support and warehousing facilities. Further they may be involved in the process of entrepreneurship development among women.

The Governmental agencies need to increase and expand their support and service in a proactive and liberal manner as in the rural areas, it is the Government which has got the widest as well as most penetrating infrastructure net work with most educated and well paid man power.

The current emphasis on the eligibility criteria and quantitative achievement of target should be combined with considerations of viability with reference to the location and entrepreneurial competence of the beneficiaries.

Market potential and survey of consumption patterns will help in minimizing most of the post operative problems of the women entrepreneurs and preferential treatment may be arranged for purchase of products of such enterprises.

A more vigorous drive may be undertaken to enlist more socially backward and SC and ST women to take to such micro-enterprises by the development catalyst in Govt. and Non-Govt. Sector.

Most of the poor women are less educated and have not crossed the boundary of general education and literacy. It is therefore essential that a simultaneous programme of TRYSEM should be at work to ensure a higher rate of success of women in management of micro-enterprises.

#### ABBREVIATION

SSI	–	Small Scale Industries Schemes
SEEUY	–	Self –Employment for Educated Unemployed youth
IRDP	–	Integrated Rural Development Programme
K&VI	–	Khadi and village industries
DIC	–	District Industries Centre
SC&ST CORP	–	Schedule caste & Schedule tribe Corporation
BDO	–	Block Development Officer

**KEY WORDS** Gender; capital; technology; consumer goods; NGO

**ABSTRACT** Women constitute two third of the population below poverty line in our Country. Small and cottage industries with low capital investment significantly contribute to the development and growth of rural economy. These tiny industries meet a substantial part of the increased demand for consumer goods and

simple producer or capital goods. These small enterprises provide women friendly specific technologies and infrastructure that enhance work productivity and work environment. This paper is based on a study conducted in 3 districts of Orissa namely Phulbani, Sambalpur, and Cuttack following a stratified multistage random sample survey. It is found that out of 34280 small Scale Industrial Units set up in Orissa during 1990-91 to 2001-02 only 2341 have been set up by women entrepreneurs. It is suggested that

- NGOS can contribute to provide technical know how, marketing support and process of entrepreneurship development among women.
- The Governmental agencies need to increase and expand their support and service in a proactive and liberal manner as in the rural areas.
- vigorous drive to enlist more socially backward and SC and ST women to take to such micro-enterprises by the development catalyst in Govt. and Non-Govt. Sector.
- Simultaneous programme of TRYSEM should be at work to ensure a higher rate of success of women in management of micro- enterprises.

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