

Performance of Micro Enterprises Run by Women Self Help Groups in Madurai, Ramnad and Dindigul Districts of Tamil Nadu - A Study

Selvaraj N*

Saraswathi Narayanan College, Madurai, Tamilnadu, India

Abstract

Women can find gainful employment through entrepreneurship they will not become a social burden and the parents may not compel them to get married early. Once they find their way to entrepreneurship and earn for themselves, they become active members of the Society having courage to correct the faults of their male counterparts. Women are increasingly being conscious of their existence, their rights and their work situation. The performance of enterprises depends on the degree to which the women are involved in managing their enterprises. If women involve themselves in various managerial decisions, it would have a positive impact on their enterprise. The Tamilnadu's Women Development Project conceptualized the Self Help Groups under the name of Mahalir Thittam. This scheme is a replication and phased up scaling of Tamilnadu Women Development Programme successes. Keeping in view of the objectives of the study, the research has identified with the help of the concerned persons (officers & leaders of SHGs) women those who are engaged in running Micro enterprises for selecting the sample.

Keywords: Micro enterprises; Performance; Investment; Capital; Return

Introduction

Micro-enterprises represent the earliest stage of business development - a stage where the owner-founder is typically also the manager of the firm. At this stage, the management decisions of the founder or entrepreneur, his/her intentions about the business, and his background and aspirations are intrinsically linked with the success of the business itself.

The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in Society. Women are increasingly being conscious of their existence, their rights and their work situation. And yet, the middle class strata women have accepted their role and are not ready to alter for fear of a social backlash. Today, women entrepreneurs represent a group of women who have broken away from the beaten track and are exploring new avenues of economic participation. Among the reasons for women to run organized enterprises are their skill and knowledge, their talents and abilities in business and a compelling desire of wanting to do something positive.

If women can find gainful employment through entrepreneurship they will not become a social burden and the parents may not compel them to get married early. Once they find their way to entrepreneurship and earn for themselves, they become active members of the Society having courage to correct the faults of their male counterparts [1].

With the increase in the number of educated women, there is considerable awareness among women to be self-reliant, thereby changing the role of women in the Society. Entrepreneurship offers an excellent scope for women to give expression to their urge for empowerment, to prove themselves as a potent economic factor contributing their best to the growth of economy by participating in decision making at all levels.

The major focus of this Tamilnadu Women Development Corporation has been to provide support to economically disadvantaged women. However, the Board of Directors viewed that for development of entrepreneurship among women and to encourage them to set up their own business ventures, exclusive adherence to

poverty criteria would be unsuitable. Therefore the Corporation will be funding entrepreneurial programmes, which will be open to all potential women entrepreneurs, preferably first generation.

The Tamilnadu's Women Development Project conceptualized the Self Help Groups under the name of Mahalir Thittam. This scheme is a replication and phased up scaling of Tamilnadu Women Development Programme successes. Initially, it was proposed to cover about 10 lakh poor women of the State over the project period. This scheme was announced by the year 1996-97 and started its full swing operation in 1997-98. This scheme is projected to women who belong to the class of poverty line. These women join in a cluster to promote their social and economic empowerment. Social empowerment is acquired by their equal status, participation and powers of decision making at the community and village levels.

The performance of enterprises depends on the degree to which the women are involved in managing their enterprises. If women involve themselves in various managerial decisions, it would have a positive impact on their enterprise. An attempt has been made in this paper to discuss enterprising, enterprise involvement and enterprise management among the women SHG in the study area. The relationship between the degree of enterprise management and the performance in enterprise is also analyzed to reveal the importance of the enterprise management among the women SHGs.

Statement of the Problem

A self-help group (SHG) is a voluntary association of people with

*Corresponding author: Selvaraj N, Assistant Professor of Commerce, Saraswathi Narayanan College, Madurai, Tamilnadu, India, Tel: 09843727975; E-mail: selvaraj_narayanan@yahoo.com

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common goal. The concept of 'Self Help Group' appears to be a good alternative strategy to involve people in the development process [2]. In these circumstances it is felt important and necessary to study the performance of empowerment acquired by women.

Hence, the present study is undertaken to analyse the entrepreneurship of women for Madurai, Ramnad and Dindigul districts of Tamil Nadu.

Period of Study

The field survey was conducted from September 2014 to March 2015 for the collection of primary data. The reference period of the survey was 2014-2015.

Objectives of the Study

The basic objectives of the study are to learn about the performance of the micro entrepreneurs (women).

Sampling design

For the purpose of primary data collection, three districts namely Madurai, Ramnad and Dindigul have been selected the main reason for selecting these districts is that the former are a developed district, the middle is backward one and the last is developing district. Keeping in view of the objectives of the study, the research has identified with the help of the concerned persons (officers & leaders of SHGs) women those who are engaged in running Micro enterprises for selecting the sample [3,4]. Out of the total of 450 sample women Micro entrepreneurs each 150 from the districts were randomly selected from SHGs functioning under NGOs and Mahilar Thittam Schemes in each block of three districts by using proportionate sample method.

Percentage analysis

The conventional percentage analysis has been carried out to fulfill the objectives of the study.

This paper discusses the nature of enterprise owned by women SHGs in the study area, sources of capital and return on investment.

Nature of enterprise

The women SHGs may run the enterprise according to their

capability relating to finance, management, marketing and risk – taking ability [5]. The nature of enterprise selected by them is influenced by the scope of business, profitability and other aspects. The nature and number of enterprises are presented in Table 1.

It is understood from the Table 1 that in the case of women SHGs in Madurai district, the dominant enterprises of women SHG relate to Catering, Edible items, Milch animals, handicrafts and Lamination which constitute 48 (32.00%), 36 (24.00%), 32 (21.33%), 21 (14.00%) and 13 (8.67%) respectively, whereas in the case of women SHG in Ramnad district, the dominant enterprises relate to palmleaf products, bricklin, fishnet making, dry fish and masala powder manufacturing which constitute 52 (34.67%), 35 (23.33%), 23 (15.33%), 22 (14.67%) and 18 (12.00%) to the total respectively. In the case of Dindigul district, the dominant enterprises are Sari textile (96), coir making (21), Tamrind preservation (12) Handicraft (14) and catering (7).

Years of experience in SHG

The year of experience of the unit shows the number of years the unit has been working since its establishment. It indicates the life period of the business unit completed. It may influence the profitability and also the perceptions of various problems encountered in running the enterprise. The years of experience in the present study, is classified as less than 2 years, 2 to 5 years and 5 years and above. The distribution of enterprises according to the years of experience is shown in Table 2.

It has been revealed from the Table 2 that in the case of women entrepreneurs in Madurai district, maximum of 83 (55.33%) of them have 2 to 5 years of experience followed by 49 (32.67%) of them have more than 5 years of experience and 18 (12.00%) of them have less than 2 years of experience, where as in the case of women entrepreneurs in Ramnad district, maximum of 91 (60.67%) of them have 2 to 5 years of experience followed by 47 (31.33%) of them have less than 2 years of experience. Similar trend was also found in Dindigul district. Out of 150, majority of them (56.67%) have 2 to 5 years of experience.

Investment in the enterprise

Investment is essential for purchasing capital goods and also for working capital needs. The capital invested at the time of starting the production is called initial capital. But the capital requirements

Sl. No.	Nature of Enterprises	Madurai		Ramnad		Dindigul	
		No. of Respondents	Percent age	No. of Respondents	Percent age	No. of Respondents	Percent age
1.	Milch Animals	32	21.33	--	--	--	--
2.	Handicrafts	21	14.00	--	--	--	--
3.	Lamination	13	8.67	--	--	--	--
4.	Catering	48	32.00	--	--	--	--
5.	Edible items	36	24.00	--	--	--	--
6.	Palm Leaf Products	--	--	52	34.67	--	--
7.	Bricklin	--	--	35	23.33	--	--
8.	Fishnet making	--	--	23	15.33	--	--
9.	Dry fish	--	--	22	14.67	--	--
10.	Masala Product manufacturing	--	--	18	12.00	--	--
11.	Sari Textile	--	--	--	--	96	64.00
12.	Coir Making	--	--	--	--	21	14.00
13.	Tamrind Preservation	--	--	--	--	12	8.00
14.	Handicrafts	--	--	--	--	14	9.33
15.	Catering	--	--	--	--	7	4.67
	Total	150	100.00	50	100.00	50	150.00

Source: Primary data.

Table 1: Nature of enterprises of women shgs.

Experience (in years)	Madurai		Ramnad		Dindigul	
	Number of entrepreneurs	Percentage	Number of entrepreneurs	Percentage	Number of entrepreneurs	Percentage
Less than 2 years	18	12.00	12	8.00	16	10.67
2 – 5 years	83	55.33	91	60.67	85	56.67
5 years and above	49	32.67	47	31.33	49	32.66
Total	150	100.00	150	100.00	150	100.00

Source: Primary Data.

Table 2: Years of experience and number of women entrepreneurs.

Investment (in Rupees)	Madurai		Ramnad		Dindigul	
	No. of enterprises	Percentage	Number of enterprises	Percentage	Number of enterprises	Percentage
Less than 10000	15	10.00	7	4.66	9	6.00
10000 to 20000	16	10.67	9	6.00	15	10.00
20000 to 30000	28	18.67	18	12.00	37	24.67
30000 to 40000	41	27.33	22	14.66	54	36.00
40000 to 50000	36	24.00	53	35.34	11	7.33
50000 and above	14	9.33	41	27.34	24	16.00
Total	150	100.00	150	100.00	150	100.00

Source: Primary Data.

Note: Mean Investment is Rs.4153.

Table 3: Investment pattern in the enterprises.

Source of Capital	Madurai			Ramnad			Dindigul		
	*No. of Enterprises	Percentage	Rank	*No. of Enterprises	Percentage	Rank	*No. of Enterprises	Percentage	Rank
Own /spouse/ parent	106	70.66	IV	131	87.33	III	123	82.00	V
Friends/ Relatives	140	93.33	III	115	76.67	IV	140	13.33	II
Private money lenders	56	37.33	V	38	25.33	V	136	90.67	IV
SHG	146	97.33	II	148	98.67	II	146	97.33	II
Commercial bank	150	100	I	150	100	I	150	100.00	I

Source: Primary Data.

*multi-Response

Table 4: Source of capital of the entrepreneurs.

grow day by day as the business activities start growing. Usually, demand for goods, cost of raw materials and the like would require additional investment to manage the enterprise. The investment made, as measured at the time of survey, is classified as less than Rs.10000, Rs.10000 to Rs.20000, Rs.20000 to Rs.30000, Rs.30000 to Rs.40000, Rs.40000 to Rs.50000, and Rs.50000 and above. The distribution of enterprises according to the amount of investment made is shown in Table 3.

It has been revealed from the Table 3 that in the case of women entrepreneurs in Madurai district, maximum of 41 (27.33) of them had investment of Rs.30000 to Rs.40000, followed by 36 (24.00) of them had investment of Rs.40000 to Rs.50000, 28 (18.67%) of them had investment of Rs.20000 to Rs.30000, 16 (10.67%) of them had investment of Rs.10000 to Rs.20000, 15 (10.00) of them had investment of less than Rs.10000 and 14 (9.33) of them had investment of more than Rs.50000 whereas in the case of women entrepreneurs in Ramnad district, maximum of 53 (35.34) of them had investment of Rs.40000 to Rs.50000, followed by 41 (27.34) of them had investment of above Rs.50000, 22 (14.66) of them had an investment of Rs.30000 to Rs.40000, 18 (12.00) of them had investment of Rs.20000 to Rs.30000, 9 (6.00) of them had investment of Rs.10000 to Rs.20000 and 7 (4.66) of them had investment of less than Rs.10000 [6]. In the case of Dindigul district, majority of the respondents (36.00%) had investment of Rs.30000 to 40000 followed by Rs.20000 to 30000 (27.00%).

Sources of capital

The sources of capital indicate from where the enterprises mobilized the capital. The source of capital determines the cost and profitability of the enterprise. In general the enterprise may mobilize their capital from one or more sources. So, in the present study, the entrepreneurs are allowed to make multi-responses in the sources of capital is classified as own/spouse/parents, friends and relatives, private money lenders, chit funds and commercial banks. In order to analyze the important sources of capital among the women entrepreneurs, the number of source are taken in to account, the percentage to the total for each source indicates the importance of the source details and they are presented in Table 4.

From the Table 4 it has been observed that in the case of women entrepreneurs in Madurai district, the important source of capital among the women entrepreneurs are Commercial banks, SHGs, friends and relatives, own/spouse/parent and private money lenders, since the percentage to the total are 100, 97.33, 93.33, 70.66 and 37.33 respectively, whereas in the case of women entrepreneurs in Ramnad, the important sources of capital among the women entrepreneurs are commercial banks, SHGs, own/spouse/parents friends and relatives and private money lenders, since the respective percentage to the total are 100, 98.67, 87.33, 76.67 and 25.33. Similar trend was found in Dindigul district also.

Monthly return from the enterprise

The performance of the enterprise is decided from the return received by the enterprises. The return indicates the total net income drawn from the enterprises by the women entrepreneurs. The net income is calculated per month by word of mouth among the entrepreneurs. They were allowed to mention the average monthly return from the enterprise at the time of survey. The average monthly return from the enterprise is classified as less than Rs.500, Rs.500 to Rs.1000, Rs.1000 to Rs.1500, Rs.1500 to Rs.2000 and Rs.2000 and above. The distribution of the enterprises according to the average monthly return is shown in Table 5.

It has been inferred from the Table 5 that in the case of women entrepreneurs in Madurai district, out of 150 respondents, 43 (28.67%) of them are earning an income of Rs.500 to Rs.1000, followed by 30 (20.00%) of them are earning an income of Less than Rs.500 and 29 (19.33%) of them are earning an income of Rs.1000 to Rs.1500 whereas in the case of women entrepreneurs in Ramnad maximum of 41 (27.33%) of them are earning an income of Rs.1000 to Rs.1500 followed by 30 (20.00%) of them are earning an income of Rs.500 to Rs.1000, 29 (19.33%) of them are earning an income of Rs.1500 to Rs.2000 [7,8]. In the case of Dindigul district, out of 150 respondents, maximum of 46 respondents of them an earning Rs.500 to 1000 followed by less than Rs.500 (31%) and Rs.1000 to Rs.1500 (29%).

Return on investment

The return on investment is the ratio, between the return and investment of enterprises. It is calculated by the annual return and annual investment during the period of the year. The return on investment is the real indicator of the profitability of units. In the present study, the return on investment is as told by the women entrepreneurs. The return on investment is only an average of various returns on investment in a unit during its performance. The average rate of return on investment in the study is classified as less than 5%, 5% to 8%, 8% to 11%, 11% to 14%, 14% to 17%, and 17% and above [9].

It has been inferred from the Table 6, in the case of Madurai district, maximum of 44 respondents have earned 8 to 11% of return on investment followed by 11 to 14% (36%), less than 5% (29%) and 5 to 8% (24), whereas in the case of women entrepreneurs in Ramnad, maximum of 43 (28.67) of them earned an average return on investment of 5% to 8%, followed by 32 (21.33) of them earned an average return on investment of 8% to 11%, 29 (19.33) of them earned an average return on investment of less than 5%, 17 (11.33) of them earned an average return on investment of 11% to 14% and 3 (2%) of them earned an average return on investment of above 17% [10]. In the case of women entrepreneurs in Dindigul district, 54 (36.00) of them earned an average return on investment of 8 to 11%, followed by 37 (24.67%) of them earned an average return on investment 11 to 14%, 21 (14.00%) of them earned an average return on investment 5% to 8% and 19 (12.67%) of them earned an average return on investment of less than 5%.

Summary of Findings

It is revealed from the analysis that in Madurai district a majority of women entrepreneurs (28.67%) are getting an average monthly return of Rs.500 to Rs.1000 on their investment followed by 20.00% earning an average monthly return of less than Rs.500. Only 19.33% of the entrepreneurs earn an average monthly return of Rs.1000 to 1500.

It is understood from the analysis that in Ramnad district the majority of women entrepreneurs (27.33) are getting in an average monthly return of Rs.1000 to Rs.1500 on their investment, followed by 20.00% earning an average monthly return of Rs.500 to Rs.1000. Only 19.33% of the entrepreneurs earn an average monthly return of Rs.1500 to Rs.2000.

In the case of Dindigul district, the majority of women entrepreneurs (30.67%) are getting an average monthly return of Rs.500 to Rs.1000 on their investment, followed by 20.67% earning an average monthly return of less than Rs.500. Only 19.33% of the entrepreneurs earn an

Monthly Return (in Rupees)	Madurai		Ramnad		Dindigul	
	No. of enterprises	Percentage	Number of enterprises	Percentage	Number of enterprises	Percentage
Less than 500	30	20.00	21	18.00	31	20.67
500 to 1000	43	28.67	30	20.00	46	30.67
1000 to 1500	29	19.33	41	27.33	29	19.33
1500 to 2000	26	17.33	29	19.33	23	15.33
2000 and above	22	14.67	23	15.34	21	14.00
Total	150	100.00	150	100.00	150	100.00

Source: Primary data.

Note: Mean investment is Rs.1243.

Table 5: Monthly return from the enterprises.

Return on Investment (in percentage)	Madurai		Ramnad		Dindigul	
	No. of enterprises	Percentage	Number of enterprises	Percentage	Number of enterprises	Percentage
Less than 5	29	19.33	29	19.33	19	12.67
5 to 8	24	16.00	43	28.67	21	14.00
8 to 11	44	29.33	32	21.33	54	36.00
11 to 14	36	24.00	17	11.33	37	24.67
14 to 17	10	6.67	26	17.00	11	7.33
17 and above	7	4.67	3	2.00	8	5.33
Total	150	100.00	150	100.00	150	100.00
Average Return Investment (%)	9.20		8.85		9.35	

Source: Primary Data.

Table 6: Average return on investment and the number of entrepreneurs.

average monthly return of Rs.1000 to Rs.1500.

Suggestions

The study highlights that some of the NGOs and banks in the selected districts have realized their crucial role in entrepreneurial development. However, the performance of many of the NGOs is far from satisfactory in this direction. So the Government should monitor them to check the registering of fake entrepreneurs and misuse of funds and incentives received from Government and foreign agencies and they may be encouraged in taking up the real women issues.

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