WOMEN EMPOWERMENT THROUGH MICRO-ENTERPRISES: AN EMPIRICAL ANALYSIS OF KUDUMBASHREE UNITS IN KERALA

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Abstract *Micro-enterprises foster the economic status of women as an effective mean to eradicate poverty. The income generating activities under individual and group initiatives to meet the livelihoods of the poor women are massively promoted under the schemes of Kudumbashree programmes in the state of Kerala. The study critically analyses the impact of micro-enterprises units run by the Kudumbashree programme in poverty eradication process and to compare the economic status of entrepreneurs before and after their membership in the enterprise. The study was conducted with the help of structured interview schedule administered to the 100 sample Kudumbashree micro-enterprise units in the state of Kerala. The analysis shows that the income level of the members of the units have a gradual progress after they become a member of the units.*

Keywords: *Kudumbashree, Micro-Enterprises, Women Empowerment, Self-Help Groups*

INTRODUCTION

Poverty alleviation has been an important and explicit objective of the comprehensive development strategy that had been structured over the years by India's policymakers. It is felt that the problem of poverty can be solved through concerted efforts of the Government. Sustainable livelihood opportunities can be provided to the deprived and the destitute by means of lending asset and creating facilities. Women households are the most suffered victims of deprivation and destitution. Therefore, any programme for poverty alleviation must aim at improving the living environment of the women folks. The micro-enterprises and self-help groups are better means through which their living conditions can be improved. Entrepreneurship through Self-Help Groups (SHG) enables the rural poor to earn their own livelihood besides participating in the process of development. A typical rural women's self-help group is a good example of capacity building for prospective entrepreneurs (Figure 1). Its aims to include enabling members with no educational or industrial or entrepreneurial background to become self-dependent and self-reliant by developing and enhancing the decision-making capacity of members and instilling in them the strength and confidence for solving their problems. They provide poor people a forum where they can learn about collectively mobilising and managing money and matters.

Inspired by the innovations in participatory development in the early and mid 1990s, the Government of Kerala initiated *Kudumbashree*(KDMS) in 1998 to alleviate poverty by empowering women through collective action. Under KDMS programme, micro-enterprise development is being started with low capital, low risk and low profit at the initial stage. It expects that these enterprises will switch on to low to medium capital and then to low to medium risk. In an advanced stage, some of these enterprises can reach medium capital and medium profit with appropriate technology and market. Food processing, dairy products, IT, and Bio-technology are the thrust sectors of micro enterprise units. There are several enterprises related to ethnic delicacies, tender coconuts and products, agriculture nurseries, soap making units, remedial education centres, paper bag making, integrated coconut processing (*Kerashree*), tissue culture, *yathrashree* (chain hotels), courier services and direct marketing. KDMS conducted a series of training programmes and also developed specific module for training potential micro entrepreneurs. In this context, the present study becomes more useful and relevant

Figure 1: Pyramidal Model of Women Empowerment
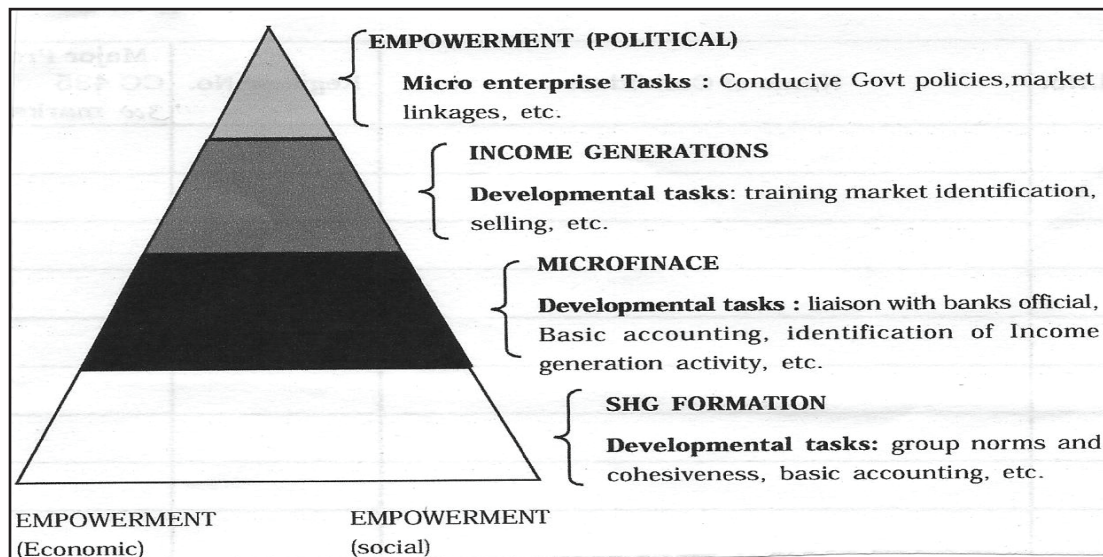
Source: Effectiveness of Women Self Help Groups in Micro Enterprise Development in Rajasthan and Tamil Nadu, (2004), Study conducted by SwadeshiJagaran Foundation, Published by National Commission for Women, New Delhi, p 64.

REVIEW OF LITERATURE

Dhakal (2006) points out that micro-enterprises play a vital role in poverty reduction in both urban and rural areas and reinforce urban- rural linkages for social and economical development in Nepal. The linkages are essential not only for local resources but also in acting as agents for the flow of goods and services between rural and urban areas. Their roles are important since they facilitate self-employment generation through labour intensive traditional enterprise and craftsmanship, employment to poor and women, optimum use of local resources, meeting basic needs of the poor, self-satisfaction on the job, new entrepreneurship venture and equitable distribution of income among the poor. Most of the approaches explaining entrepreneurship and enterprise development start from economist's point of view (Bruni *etal.,* 2004) because entrepreneurs bring changes to economic development (Ab Aziz *etal.,* 2005). The discipline of economy explains the entrepreneurship as a capacity of innovation (Ogber, 2009; Collin and More, 1964; Cole 1959). Economists are different from capitalists who supply capital and manipulate other parties involved (Cautillon in Hisrich and peter; 1998). For this reason, entrepreneurship refers to the rural women who are running enterprise using their own ideas and develop their products. For the enterprise to succeed, the entrepreneurs should be continuously innovative. This is supported by Knight's Theory of Risk (Knight, 1921), Schumpeterian theories (Schumpeter, 1939) and Cole's theory of enterprise creation (as cited in Bruni, 2004). For the success of the enterprise, innovativeness in entrepreneurs has to play a vital role. If they

die, enterprise also dies and closes down (Dillinger, 1995). Most of the economic approaches mainly focus on macro issues of rural enterprise development; for example, the role of micro-business in rural economic growth, of which very few has been addressed but is of immense importance to empower the entrepreneur (rural women) in order to sustain the growth as well as scaling up enterprise. Gibbs (1972) called this entrepreneurship model as social development model, which explains that each process would go through to bring changes through business activities. Kantoor (2002) suggested developing a more holistic evaluation of micro enterprise success sensitive to the effects of power relations, an assessment of traditional economic outcomes must combine with measuring representing evidence of empowerment. In particular, the standard measures of economic outcomes should be assessed along with measures of women control over enterprise resources, particularly the income generated and involvement in decision making in typical spheres relevant to women in women culture of interest. These dimensions will illustrate how well women's involvement in self-employment has translated into both economic success and control over their lives. The above literature review exposes the lacunae in the process of women empowerment and attempts to define the problem relevant to the present context.

OBJECTIVES OF THE STUDY

The study critically analyses the influence of micro-enterprises run by the *Kudumbashree* units in poverty eradication process and to compare the economic status

of entrepreneurs before and after their membership in the enterprise. The specific objectives of the study are:

1. To know the socio-economic background of members of the micro-enterprise units;

2. To compare the economic status of members of the units before and after their membership in the enterprise;

3. To analyse the financial and non-financial sustainability indicators of the units such as membership strength, years of experience, marketing practices, amount of borrowings, turnover, and net profit; and establishing the relationship between the important parameters.

HYPOTHESES USED IN THE STUDY

1. There is no significance difference on the average monthly income of members before and after joining in the units (H_0).

2. There is no significance difference on the average monthly savings of members before and after joining in the units (H_0).

3. There is no significance relationship between annual turnover, profit & amount of loan of the enterprise units (H_0).

DATA BASE AND METHODOLOGY

In the context of impressive growth of micro-enterprises in Alappuzha district of Kerala, it is high time to understand to what extent these promoted micro-enterprises are assisting the women micro-entrepreneurs for the sustainable income generation. Keeping all above in mind, the present study proposed to find the answers for the following questions;

1. Social economic background of the women micro entrepreneurs

2. Are the women economically, socially independent?

3. Are the income levels of the women increased?

4. How are these micro enterprises effectively managed by the SHGs?

For the purpose of the study the primary data collected from the micro-enterprise units run by the *kudumbashree* units were taken into consideration. The primary data collected through a structured interview schedule developed for this purpose and tested its validity through pilot survey of 20 sample units of micro-enterprise. In addition to this, secondary data were obtained from publication of *Kudumbashree,* NABARD, Govt. of Kerala, books, journals, dissertations, and other research publications related with the subject.

Universe and Selection of Sample Units

Micro-enterprise units run by *Kudumbashree*(KDMS) in Alappuzha District of Kerala having minimum three years of experience were considered for the study. For the selection of sample units from the district, a three stage random sampling method has been adopted. Firstly, the whole district was divided on the basis of block *panchayaths*; and the block *panchayaths* having high concentration of micro-enterprise units were selected. Secondly, from the selected block *panchayth*, local *gramapanch ayaths* having highest concentration of micro-enterprise units were selected. Finally, out of 148 micro-enterprise units in the selected *panchayaths,* required sample size of 100 micro-enterprise units have been selected proportionately by using simple random method.

Period of the Study

The data base used for the study covers a period of five financial years from 2007-08 to 2011-12.

Tools used for the Analysis

Various mathematical and statistical tools such as percentages, average, correlation, and chi-square test were employed for the analysis.

RESULTS AND DISCUSSION

Socio-Economic Background of Members of the Units

It has been observed (Table 1) that most (55%) of the members of the units were under the age groups of 35-40 years, and only 27 percent of the members of the units were under the age group 40 years and above. It is also observed that majority (98.09%) of the members of the unit were married; and 90.59 % of the members of the units were accounted by the Government under the category of families of below poverty line. Therefore, it is deduced from the analysis that most of the respondent engaged in micro enterprises are more matured in the decision making process in the areas related to the micro enterprise and important bread winner in the family.

The study reveals that majority (83.72 %) of the members of the units had educational qualification of 10th class/SSLC, and remaining percentage of members constituted by the qualification of 12th /pre-degree (13.99%), and graduation (2.29%). But, it is clear that majority (89.82%) of the members

Table 1: Socio-Economic Profile of Members of the Sample Units

Sl. No	Variables	No of Members	Percentage	Cumulative Percentage
A	Age Group			
1	25—30	30	3.82	3.82
2	30—35	115	14.63	18.45
3	35—40	429	54.58	73.03
4	40 and above	212	26.97	100
	TOTAL	786	100	
B	Marital Status			
1	Married	771	98.09	98.09
2	Unmarried	10	1.27	99.36
3	Widowed / Divorced	5	0.64	100
	TOTAL	786	100	
C	Educational Status			
1	Up to SSLC/Matriculate	658	83.72	83.72
2	Pre-degree/Higher secondary	110	13.99	97.71
3	Graduate	18	2.29	100
4	Post graduate	0	0	100
	TOTAL	786	100	
D	Social Class			
1	Forward class	4	0.50	0.50
2	SC/ST	16	2.04	2.54
3	OBC	766	97.46	100
	TOTAL	786	100	
E	Economic Status			
1	Above poverty line	74	9.41	9.41
2	Below poverty line	712	90.59	100
	TOTAL	786	100	
F	Training Status			
1	Trained/skilled	706	89.82	89.82
2	Not trained/unskilled	80	10.18	100
	TOTAL	786	100	

Source: Survey data

of the group have got trained in the area of micro-enterprise activities. While analysing social status of members of the units in terms of representation of underprivileged classes of people, the study shows that majority (97.46 %) of the members of the units were represented by the Backward Class of Community. But,the representation of SC/ST members in the units were nominal in numbers(2.04%).

Financial and Non-Financial Sustainability Indicators of the Units

The study (Table 2) indicates that majority of the sample units having the membership strength up to five members; and 63 percent of the units having experience/age of up to 3 years, and remaining percentage of units accounted for more than 3 years of experience. It is observed that 46 percent of the sample units had an average amount of investment of Rs. 1, 00,000-1,50,000, and 28 percent of the units had an average amount of investment of above Rs. 1,50,000. The study shows that 38 percent of the units had taken the loans below Rs.50,000; and 26 percent of the units had borrowings between Rs.1,00000-150,000. The number of the units having borrowings above Rs150000 was 29 out of the 100 sample units selected for the study.

The analysis of financial performance of the units shows that around 31 percent of the units accounted by an average

Table 2: Financial and Non-Financial Sustainability Indicators of Sample Units

Sl. No	Variables	No of Sample Units	Percentage	Cumulative Percentage
A	Strength of the Members			
1	1 - 5	64	64	64
2	6 - 10	26	26	90
3	11 - 15	10	10	100
	TOTAL	100	100	
B	Years of Experience			
1	1 - 3	63	63	63
2	4 - 6	21	21	84
3	7 & Above	16	16	100
	TOTAL	100	100	
C	Amount of Investment			
1	Below Rs. 50,000	15	15	15
2	Rs. 50,000 - 1,00,000	11	11	26
3	Rs. 1,00,000 -1,50,000	46	46	72
4	Rs. 1,50,000 & Above	28	28	100
	TOTAL	100	100	
D	Amount of Loan			
1	Below Rs. 50,000	38	38	38
2	Rs. 50,000 -1,00,000	07	7	45
3	Rs. 1,00,000 -1,50,000	26	26	71
4	Rs. 1,50,000 & Above	29	29	100
	TOTAL	100	100	
E	Annual Turnover			
1	Below Rs. 50000	15	15	15
2	Rs. 50000 - 100000	31	31	46
3	Rs. 100000 - 150000	30	30	76
4	Rs. 150000 & Above	24	24	100
	TOTAL	100	100	
F	Annual Net Profit			
1	Below Rs. 10,000	81	81	81
2	Rs. 10,000 - 20000	11	11	92
3	Rs, 20000 & Above	8	8	100
	TOTAL	100	100	
G	Adoption of Brand			
1	Branded products	34	34	34
2	Unbranded products	66	66	100
	TOTAL	100	100	
I	Channels of Distribution			
1	Through members	42	42	42
2	Sales representatives	10	10	52
3	Agents	14	14	66
4	LSG/*GramaPanchyat*	22	22	88
5	Own outlets	12	12	100
	TOTAL	100	100	

Source: Survey data

annual turnover below Rs. 50000, and 30 percent of the units having an average annual turnover between Rs. 100000 – 150000. The number of units having annual turnover above Rs 150000 was 24 out of the 100 sample units selected for the study. But, the analysis of profitability of the units reveals that majority (81%) of the units having an average annual net profit below Rs.10000, and only 11 percent of the units accounted by an average annual net profit between Rs.10000 - 20000.

The study on the marketing practices followed by the units shows that majority (66%) of the units were selling their products without using any brand. While analysing the channel of distribution reveals that 42 percent of the units were selling their products through the members, 22 percent of the units selling their products through the help of *GramaPanchayath,* 14 percent through agents, and 12 percent through establishing own outlets.

Economic Status of the Members Before and after Joining in The Units

The study (Table 3) shows that majority (86.89 %) of the members of the group hadmonthly income below Rs 1000 before joining the units, But, monthly income of majority of the members of the units were increased to above Rs

1000 after joining the group. The statistical test shows a significance difference among the monthly income of members of the units before and after they joining in the group. It is observed that the calculated value of χ^2 (860.15) is more than the tabulated value, it falls in the critical region, the null hypothesis is to be rejected (df = 3; $p < 0.01$).

The analysis of monthly savings of the members of the units depicts that majority (88%) of members of the unit hadan average monthly savings of below Rs.250 before joining the units, and 84.98 percent of the members of the group having same level savings even after they became a member of the units. The statistical test shows no significant difference in the average monthly savings of the members before and after joining in the units. The calculated value of χ^2 (4.022) is less than the tabulated value, and therefore the null hypothesis is to be accepted (df = 1, $p > 0.05$).

Relationship between Annual Turnover, Profit, and Loans of the Units

The correlation between average amount of annual turnover and average amount of loans of the unit shows a low positive correlation (r=0.021, t=0.207); and the statistical test shows no significant relation between the variables (P>0.05). But, in the case of the relationship between average amount of

Table 3: Average Amount of Monthly Income and Savings of the Members of the Sample Units before and after Joining the Units

Average Monthly Income (Rs)	Number of members (before)	Number of members (after)	Chi-square Value
Up to Rs 1000	683 (86.89)	126 (16.03)	
Rs. 1000-2000	82 (10.43)	140 (17.81)	
Rs. 2000-3000	14 (1.78)	190 (24.17)	860.15* P < 0.01
Rs. 3000 and above	7 (0.89)	330 (34.61)	
TOTAL	786 (100)	786 (100)	
Average Monthly Savings (Rs)			
Up to Rs 250	695 (88.43)	668 (84.98)	
Rs. 250-500	91 (11.57)	118 (15.01)	4.022 P > 0 .05
TOTAL	786 (100)	786 (100)	

Source: Survey data
Figures in parenthesis shows percentage of respective totals
*Significant at 5% level

Table 4: Correlation between Annual Turnover, Profit, and Loans of the Sample Units

S. No	Variables	r	t	Level of significance
1	Average amount of annual turnover and average amount of Loans	0.021	0.207	Not significant at 5% level (P>0.05)
2	Average amount of loans and average amount of annual net profit	0.167	1.67	Significant 5 % level (P<0.05)
3	Average amount of annual turnover and average amount of annual net profit	0.177	1.78	Significant at 5% level (P<0.05)

Source: Survey data

loan and average amount of net profit of the units shows a low positive correlation (r=0.167, t=0.1.67); and there exists a significant relationship between the variables (P<0 .05). However, the relationship between average amount of annual turnover and amount of net profit of the unit shows a low positive correlation (r = 0.177, t =1.778); and there exists no significant relationship between the variables (P<0.05).

CONCLUSION

The study provides an overall picture of socio- economic background of the members of the women micro-enterprise units and role of micro-enterprises in income generation of the members. It indicates that most of the members engaged in micro-enterprises are more matured in the decision making process in the areas related to the micro-enterprise and important bread earnerin the family. But, the representation of SC/ST members in the composition of membership was very nominal. The performance of the units in the area of member's skill up-gradation was appreciable. But, in the area of marketing, most of the units did not have any brand to market their products, and they have only limited geographical area for marketing of their products.The analysis shows that the income level of the members of the units have a gradual progress after they become a member of the units. The study shows a significant relationship between average amount of loan and net profit; average amount of annual turn over and net profit.

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