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## PROBLEMS OF MICRO ENTERPRISES WITH SPECIAL REFERENCE TO KUDUMBASREE

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### Abstract

Micro enterprises play a inevitable role in the development of an economy and effective strategy for poverty alleviation with the potential for far reaching impact in transforming the lives of poor people. The micro enterprises face many problems while computing with other large enterprises. The study focus on the problems faced by micro enterprises with special reference to Kudumbasree Unit. It is an effective MFI to support economic development. So the poor people can become more empowered especially women by joining this programme. It enables the very poor households to meet their most basic needs and protect against risks. The main aim of the study is to know various problems faced by the micro units and also to find out the major source of capital of micro enterprises and to investigating the employment opportunities render by the micro enterprises through Kudumbasree unit.

**Key Words:** Micro Finance, Micro Enterprise, Kudumbasree

### 1. INTRODUCTION

Micro enterprises are playing an indispensable role in the development of industrial aspect of our country. A micro enterprise is the smallest business in a nation which operate with most capital and low number of employees. Usually, it functions within a small geographical as to render goods or services for their community. The human factor is very important in industry as a worker plays an important role in producing the goods. So, the satisfaction of labours a very important attribute and frequently measured by enterprise labour factor is a critical element in every organization. This study aims to take out the problems and opportunities of micro enterprises and kudumbasree unit operating in Kerala

## KUDUMBASHREE- A MICROFINANCE PROGRAMME IN KERALA

The kudumbashree is a comprehensive poverty alleviation programme in Kerala focuses primarily on microfinance and micro enterprises. These is a women oriented Self Help Group programme. In 1998 State Government with the support of Central Government and NABARD set up an establishment called State Poverty Eradication Mission or Kudumbashree. The Prime Minister Shri A.B Vajpayee inaugurates the programme .The Kudumbashree Programme was extended through three stages (2000 June, 2001 September, 2002 March), on the basis of this Kudumbashree CDS was launched in all grama panchayath. In 2010 Kudumbashree was launched in Edamalakudi Tribal Panchayath. As on 2012, Kudumbashree has covered 3,653,655 families through 211,578 NHGs, 18,183 ADSs and 1,061 CDSs in Kerala. Kudumbashree provided 4,956.11 cores as internal loan and the balance of thrift savings is 1,666 cores. The Kudumbashree used 1,399 cores as linkage loan..

## 2.REVIEW OF LITERATURE

**Gholam Ali, (1999)**, in his study entitled, “Help makes small scale industries viable” Disclosed that big and small industries have their portion in the development of a nation and the prosperity of its multitude. A balance must be struck in the development of these industries. The thrust on the development of SSI through consecutive Five year plans and Government Policies had helped this sector.

**Gurumoorthy (2000)** reveals that empowering women contributes to social development. Economic progress in any country whether developed or underdeveloped could be achieved through social development. The self-help group disburses micro-credit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. Credit needs of the rural women are fulfilled totally through the self-help groups. SHGs enhance equality of status of women as participants, decision makers and beneficiaries in the democratic economic, social and cultural spheres of life. SHGs also encourage women to take active part in socio-economic progress of our nation.

**Kenneth Kalyani, Seena P.C (2012)** reveals that economic development is the base for other development. Collective effort has been recognized as tenets of women empowerment. Through women empowerment leads to sustainable social development. Economic development of women leads to better living status in the family, educational, nutritional, and the health needs of the children were well satisfied. Economic independence through Kudumbashree improved the social participation of its members and the Kudumbashree NHG movement is supporting for social empowerment of poor women flock.

**Sanjay Kanti Das (2012)** in his study indicated that SHG-Bank Linkage of micro finance programme has a profound influence on the economic status, decision making power, knowledge and self worthiness of women participants of SHG linkage programme in Assam.

**Jaya S. Anand (2002)**, in her discussion paper titled “Self-Help Groups in Empowering Women: Case Study of Selected SHGs and NHGs”, gives a review of progress of Self Help Groups. She has attempted to examine the performance of selected SHGs and NHGs and to assess its impact, especially the impact of

micro credit programme on empowering women. It has been clearly established that delivering credit alone may not produce the desired impact. The supporting services and structures through which credit is delivered, ranging from group formation and training to awareness-raising and a wide range of other supporting measures are critical to make the impact of group activity strong and sustainable.

**Malga Weker,(1997)**, in his study entitled, “Problems of small Industry in Andhra Pradesh” has found the need of infrastructure as a general trouble. The industrial estate alone cannot get over the vocational disadvantages. The infrastructure facilities are either very anemic or non existent in rural areas. In urban field with necessary industrial climate and infrastructure readiness, the growth of industries is relatively faster. The scarcity of indigenous raw materials has been a serious bottleneck. Scarce raw materials supplied through quotas are not adequate to meet the demands of the units. There is a delay in the spending of the loans due to the existence of procedural delays and instances of tangible securities

### 3.OBJECTIVES OF THE STUDY

1. To identify problems and constraints of kudumbashree units.
2. To know various problems faced by the micro enterprises.
3. To study the impact of microfinance on women empowerment through kudumbashreeunit.
4. To study the purpose of obtaining microfinance by members in kudumbashree units.
5. To give suggestions for the empowerment of women through kudumbashreeunits.
6. To analysis the employment opportunities given by the micro enterprises

#### Micro Enterprises:

A micro enterprise is the smallest business in a nation which operate with the least capital and number of employees Usually operate within a small geographical sphere to render goods or services for their community.

According to MSME Development Act 2006,

- In the case of manufacturing enterprise

A micro enterprise is one in which the grooming in plant and machinery Does not exceed 25 lakhs.

- In the case of Service enterprise

A micro enterprise is one in which the investing in plant and Machinery Does not exceed 10 lakhs.

## Problems of Micro enterprises

The micro enterprises face a number of problems. Some of the more important difficulty faced by micro enterprises as follows

- Lack of managerial experience
- Inadequate finance
- Lack of proper machinery and equipment
- Lack of technical know-how
- Run traditional lines on
- Irregular supply of raw materials
- Problem of marketing
- Personnel problems
- Lack of clear cut policy of Govt.
- Bogus unit
- Under Utilization Of Capacity
- Other problems

In addition to the problems listed above, the micro enterprises face a number of other problems like in prompt, non-availability of cheap power, burden of local taxes etc. Promotional Measures For the development of micro enterprises GOVT. provide a lot of Promotional Measures.

## 4. RESEARCH METHODOLOGY

The study is based on particular data which has been collected 100 respondents. Convenient sampling method is used for data collection. For this study both primary and secondary data are used. Secondary data are collected from journals and publications, relevant website etc. Primary data were collected through direct discussion and interview for collection of information from micro entrepreneurs, questionnaire and interview schedule were used.

## 5. ANALYSIS AND INTERPRETATIONS

### PROBLEMS IN KUDUMBASHREE UNITS

In this section analyzed to know about problems in kudumbashree units. Weighted average is used to rank the problems. The table shows the problems in kudumbashree with corresponding rank based on members responses.

Problems in kudumbashree units									
Sl.no	Variables	Always(5)	Frequently (4)	Occasionally (3)	Rarely (2)	Never (1)	Score	Weighted average	Rank
1	Lack of capital	9	14	32	23	22	265	2.65	I
2	Non availability of loan	-	-	-	13	87	113	1.13	VII
3	Lack of basic book keeping and accounting skill	-	-	-	28	72	128	1.28	VI
4	Limited awareness	-	-	-	11	89	133	1.33	V
5	Time allocation of members	-	-	-	9	91	109	1.09	IX
6	Caste/ethnic barriers	-	-	-	13	87	113	1.33	V
7	Poor management	-	-	-	7	93	107	1.07	VII I
8	Highly competition	-	-	-	13	87	113	1.13	VII
9	Insufficient government support/poor relation with local government	-	-	9	32	59	150	1.50	II
10	Conflict between members of the unit	-	-	3	42	55	148	1.48	III
11	Miscellaneous problems	-	-	2	34	64	138	1.38	IV

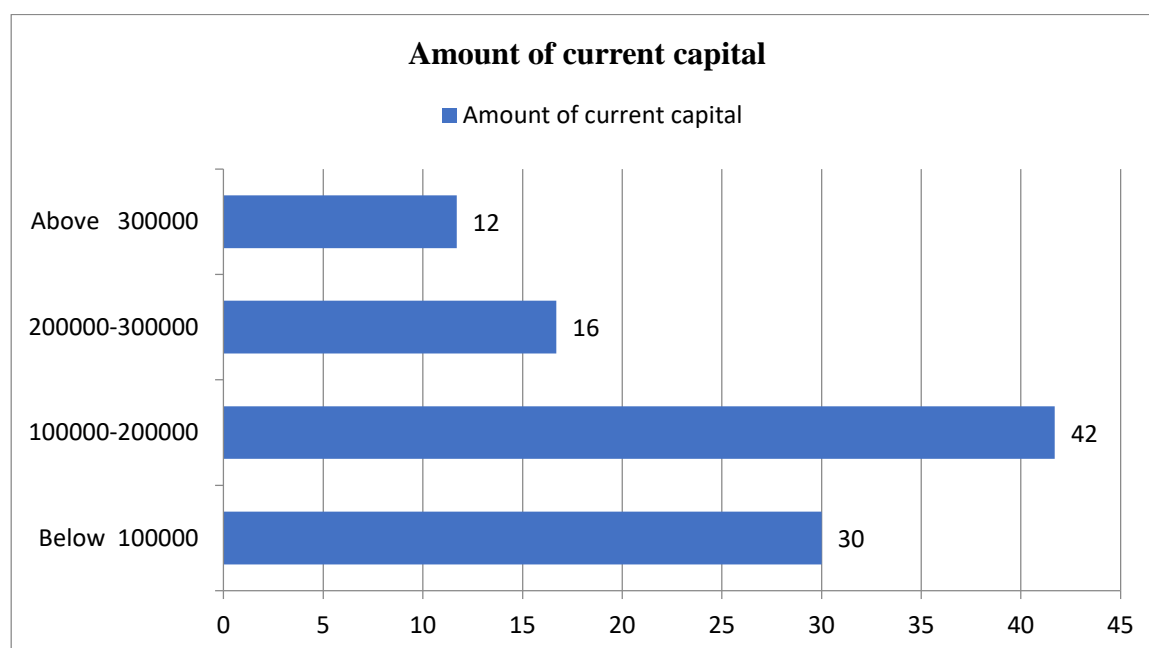
Source: Primary data

As per the above table majority of the units faces the problem of lack of capital (rank I). The least problem in the units is time allocation of members.

### Categorization on the basis of amount of capital

Capital	Responses	Percentage
Below 100000	30	30
100000-200000	42	42
200000-300000	16	16
Above 300000	12	12
<b>Total</b>	<b>100</b>	<b>100</b>

Source : primary data



Among the total 100 respondents, 30% are having below 100000 capital, 42% are having 100000-200000, 16% having 200000-300000, 12% having above 300000 capital.

### Categorization on the basis of major problems faced by Micro enterprises over the period of operation.

Problems	Sum	Mean	Rank
Competition	260	4.33	2
Technology	266	4.43	1
Marketing	247	4.11	4
Lack of demand	247	4.11	4
Location	250	4.16	3
Wrong perception about quality	236	3.93	5

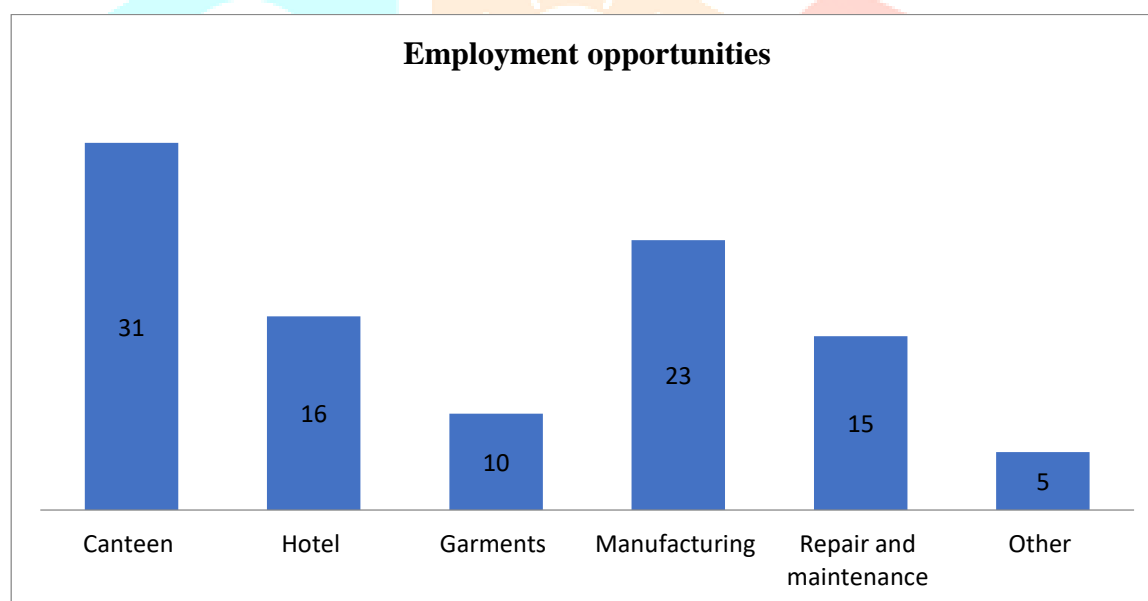
Source : Primary data

From the above table it is clear that the technology is the major problem faced by Miro enterprises over the period of operation. So it is in 1<sup>st</sup> rank(4.43), competition in 2<sup>nd</sup> rank(4.33), location in 3<sup>rd</sup> rank(4.16),marketing and lack of demand in 4<sup>th</sup> rank(4.11) and wrong perception about quality in 5<sup>th</sup> rank(3.93).

### Classification on the basis of employment opportunities

Opportunities	Responses	Percentage
Canteen	31	31
Hotel	16	16
Garments	10	10
Manufacturing	23	23
Repair and maintenance	15	15
<b>Other</b>	<b>5</b>	<b>5</b>

Source : primary data



From the above table it's clear that canteen is the section with most employment opportunities (31%) and manufacturing with 23%, hotel with 16%, repair and maintenance with 15%, garments with 10% and others with 5% respectively.

## 6. FINDINGS

- Majority of the respondents are coming under the age group of 30-40 (43.3%).
- Most of the entrepreneurs are started their enterprise with 1lakh or 2lakh (42) capital.
- It is the found that main source of capital for majority of the enterprise is owned fund (36.7).
- During the study most of the respondents opinions that there is difficulty for getting efficient workers (60%) yes.
- While measuring the major problems faced by micro enterprise over the period of operation identified that technology and competition are the major problems.
- From the study identified that on the basis of employment opportunity 31% of employment opportunities are provided by canteen.
- Mainstream of members are obtained microfinance for the purpose of children's education and welfare.
- Educated members have mostly taken microfinance for the purpose of children's education and welfare.
- The study founded that lack of capital is the main problem in most of the unit.
- The study founded that 65% of unit have more than 100000 accumulated savings in a year.

## 7. CONCLUSSION

Microfinance has emerged as a very important sector in India. Microfinance interventions are well recognized world over as an effective tool for poverty alleviation and improving socio-economic status of poor people. Most effective and efficient MFI is the kudumbashree programme initiated by the Kerala government. Microfinance through kudumbashree considered as the tool for rural development by empowering poor women and improving living status of the poor. The area where the poor people living lot needs the more kudumbashree units for their development and well-being. This study intended to know about the problems of microfinance through existing kudumbashree units in Kerala and their performance and problems in their units. Microfinance acts as a catalyst in the lives of the poor and kudumbashree became the lifeline to many of the poor women. In the present study, an attempt has been made to analyze the problems of KDS units in The microfinance helps the members to come out of the indebtedness from outside loan, increase the living status through increased income and increased savings, and empowered by engaged in income generating activities. Micro enterprise under kudumbashree helps in developing and entrepreneurial culture in society and increasing better living capacity of the poor.

In the study area the members manly adopt microfinance for the purpose of children's education and medical expenditure. The government must play eventually role for the promotion of kudumbashree units. Lack of sufficient capital is the main problem in KDS units.



## 8. SUGGESTIONS

- A sincere effort should be made by kudumbashree mission and local government to extend expertise in identification of income generating activities suitable to the local conditions and allocate more resources to such activities.
- The kudumbashree mission must consider micro enterprise as the most important instrument for creating employment and income to the poor women.
- There is a need for promotion of modern microenterprise like clinical laboratory, computer center, etc.
- More awareness campaigns can be conducted for micro credit, micro thrift, microinsurance and other product on a wide base.
- Innovative steps can be promoted by the kudumbashree with the help of government to reach the unreached poor.
- Government, RBI, NABARD can come out with more effective subsidy schemes for borrowing groups.
- The product of kudumbashree units needed to be competitive in the market.
- The government can provide market for kudumbashree's product.
- The government departments and public sectors undertaking should be made to considerably purchase their requirements from enterprise owned by women.
- More research activities are needed to be carried out to assess the impact of microfinance through kudumbashree to enable the policy makers and programme implementers to formulate a universal approach to empower the women.
- The study shows shortage of raw material is the main problem in most of the concerns.
- The financial institution should accept a liberal credit policy toward micro enterprises. Entrepreneurial development programs must be conducted among the backward sector, because their development is very essential for our country.
- The micro enterprises should be providing the better infrastructural facilities.

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