



**A STUDY ON FEASIBLE MICRO ENTERPRISES
IN MEPMA AREA OF TELANGANA STATE**



Conducted by



Sadhikaratha Foundation

Commissioned by

**Stree Nidhi Credit Cooperative Federation Ltd.
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**STREE NIDHI CREDIT
COOPERATIVE FEDERATION LTD.**
5th Floor, 502, HUDA Building
Hill Fort Road, Hyderabad-500 004
Telangana

SADHIKARATHA FOUNDATION
HIG 11 & 12, HUDA Colony
Taneshanagar, Manikonda
Hyderabad – 500 039
Telangana



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Hyderabad
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Dr. K. Raja Reddy
Principal Investigator & Team Leader

STUDY TEAM

S. No.	Name of the member	Designation
1	Mr. TCS Reddy	Technical Advisor
2	Dr. K. Raja Reddy	Principal Investigator & Team Leader
3	Mr. B. Venkatesulu	Study Coordinator & Supervisor
4	Ms. A. Padmasri Nivedita	Study Coordinator & Supervisor
5	Dr. K. Ramalinga Reddy	Research Associate
6	Dr. A. Poorna Chander Rao	Research Associate
7	Mr. S. Raghavendra	Research Associate
8	Mr. B. Hariprasad	Research Associate
9	Mrs. V. Kavita	Research Associate
10	Mr. V. Ramesh	Research Associate
11	Mr. V. Abhisek Kumar	Research Associate
12	Mr. G. Ravinder	Research Associate
13	Mr. S. Raghunatha Reddy	Research Associate
14	Mr. K. Naveen Kumar	Research Associate

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ABBREVIATIONS AND ACRONYMS

AP	: Andhra Pradesh
APITCO	: Andhra Pradesh Industrial & Technical Consultancy Organization
APMAS	: Mahila Abhivruddhi Society, Andhra Pradesh
APUSP	: Andhra Pradesh Urban Services for the Poor
BC	: Backward Class
BK	: Book keeping
CBO	: Community Based Organization
CBT	: Training & Capacity Building
CCL	: Cash Credit Limit
CEO	: Chief Executive Officer
CGTMSE	: Credit Guarantee Fund Trust of Micro and Small Enterprises
EC	: Economic Census
EST & P	: Employment through Skill Training and Placement
FD	: Fixed Deposit
FGD	: Focus Group Discussion
Gol	: Government of India
HH	: Household
HLP	: Household Livelihood Plan
ICB	: Institution and Capacity Building
IGA	: Income Generation Activities
KGM	: Kothagudem
KMM	: Khammam
MBN	: Mahabubnagar
MCP	: Micro Credit Plan
MEPMA	: Mission for Elimination of Poverty in Municipal Areas
Min	: Minorities
MS	: Mandal Samakhya
MYG	: Miryalaguda
NABARD	: National Bank for Agriculture and Rural Development
NGO	: Non-Governmental Organisation
NIMSME	: National Institute for Micro, Small and Medium Enterprises
O/S	: Outstanding
OC	: Open Category
OD	: Overdue
PMEGP	: Prime Minister's Employment Generation Program
PMMY	: Pradhan Mantri Mudra Yojana

PWC	: Palwancha
SC	: Scheduled Caste
SEP	: Self-Employment Programme
SHG	: Self Help Group
SHGBLP	: Self Help Group Bank Linkage Programme
SHPI	: Self Help Promoting Institutions
SIDBI	: Small Industries Development Bank of India
SLF	: Slum Level Federation
SM & ID	: Social Mobilization & Institution Development
SN	: Stree Nidhi
SPSS	: Statistical Package for Social Sciences
SRC	: Siricilla
SSE	: Small Scale Enterprise
ST	: Scheduled Tribe
SUSV	: Support to Urban Street Venders
SYP	: Suryapet
TLF	: Town Level Federation
TS	: Telangana State
VLR	: Vaddi Leni Runalu
VO	: Village Organisation
WB	: World Bank
WGL	: Warangal
ZS	: Zilla Samakhya

EXECUTIVE SUMMARY

1 Context and objectives of the study

There are 5.81 lakh Self Help Groups¹ (SHGs), 23,010 Village Organizations (VOs)/ Slum Level Federations² (SLFs), 661 Mandal Samakhyas (MSs) / Town Level Federations (TLFs) and 30 Zilla Samakhyas (ZSs) in Telangana. Of the total, 25% of SHGs, 20% of SLFs, 16% of TLFs are in urban under Mission for Elimination of Poverty in Municipal Areas (MEPMA), Telangana.

Of 5.81 lakh SHGs in Telangana, Stree Nidhi is working with 5.01 lakh SHGs. In which, 88% are in rural and the remaining 12% are in urban. The SHGs have a total savings of Rs. 20,291 lakhs with Stree Nidhi, in which, 98.6% is of rural and the remaining 1.4% is of urban. About 62% of SHGs were credit linked with Stree Nidhi. But, it is higher in rural (64%) than urban (49%). About 91% of the loan disbursed is in rural; similarly, 92% of the loan outstanding with SHGs is in rural (92%).

The literature shows that majority SHG members have been using major chunk of loan for income generation activities. In this milieu, Stree Nidhi has proposed a study on feasible micro enterprises of SHGs in MEPMA of Telangana with the following objectives.

- a. To map the existing and potential livelihood activities / enterprises in urban areas and study their feasibility and viability;
- b. To understand the problems in mobilizing financial resources for the urban livelihoods / enterprises by the SHG members through the SHG system or directly from the banks;
- c. To understand the processes followed by financial institutions in financing urban livelihood activities / enterprises; and
- d. To come up with suggestions and recommendations to Stree Nidhi for financing expansion of profitable enterprises and potential new micro enterprises.

The study has covered 600 members and 200 SHGs in 40 slums of 2 corporations (Khammam and Warangal) & 6 municipalities (Kothagudem, Mahabubnagar, Miryalaguda, Palwancha, Siricilla and Suryapet) in 5 districts (Khammam, Karimnagar, Mahabubnagar, Nalgonda and

¹ SHGs are small, economically homogenous and affinity groups of rural and urban poor, not exceeding 20 members, voluntarily formed to save and mutually agree to contribute to a common fund to be lent to its members as per group decision.

² The term federation is defined as 'an association of primary organizations'. Primary organizations may federate to realize economies of scale or to gain strength as an interest group.

Warangal) of Telangana State. Fieldwork for data collection was carried out from 19th May to 7th June 2018 with a team of 12 members.

It has to be noted that the 600 SHG members were selected through purposive sampling in order to address the objectives of the study. Hence the findings of the study are applicable to the sample and cannot be generalized. The findings of the study are as follows.

2 The social profile of urban SHG member entrepreneurs

The SHG women are mostly married (89%) and in productive age of 31-50 years (75%). The literacy rate of SHG members (76%) is more than the literacy rate of Telangana (66%). Most SHG members are of the lower social categories as it is because of SHPI's focus on the poor and vulnerable categories (76%) while forming SHGs. The members have long years of association, on an average 10 years with SHGs. Many members are in leadership position (33%) at SHG, SLF and TLF levels. This indicates that members in leadership positions might have more access to loan and in promoting enterprise activities.

Small (69%), nuclear (88%) and male headed (84%) families are prevailing. The SHG members mostly have own & pucca houses and a small number is in rented houses (24%). The incidence of immigration is negligible (14%). Matured groups, more than 10 years (65%) are more across the municipalities. However, it is high in municipal corporations than municipalities. The group size and age are positively correlated; and the group size is small in urban (10.12 members) than in rural (11.7 members). Membership withdrawal is found in majority SHGs (65%), but it is high in municipal corporations than municipalities. BC-SHG category is numerically dominant across the municipalities except in Mahabubnagar, where the Minorities are numerically large (44%). The lending norms of Stree Nidhi are such that A-grade SHGs are preferred over the other SHGs in providing loans. Out of the 200 SHGs studied, 96% are A-grade³ SHGs.

3 Mapping of household economic activities: The livelihood activities of SHG member households were broadly divided into six categories⁴: i) casual labour, ii) regular employment/job, iii) agri-allied activities, iv) manufacturing, v) service and vi) trade. The urban SHG member

³ The SHGs can be categorized into A, B and C by using the tool 'Critical Rating Index (CRI) developed by NABARD. If a group scores marks of 70 and above in CRI rating, it is categorized as 'A' that can be considered for loaning; if a group scores between 50 and 69 marks, then it is categorized as 'B' that requires capacity building; and if a group scores less than 50 marks, then it is categorized as 'C', that requires intensive capacity building

⁴ The basis for the classification is adopted from National Industrial Classification of enterprises / livelihood activities proposed by Govt. of India.

households are engaged in 97 different economic activities. The trade (29%) and service (28%) based activities are more prevalent than agri-allied (20%), regular jobs (11%) in private & government sectors casual labour (7%) and manufacturing (5%) activities. Tailoring, kirana shops, daily labour, cloth business, running an auto/taxi and food processing are the most prevailing activities in the slums. Further, many households are engaged in multiple economic activities (59%).

The SHG member households have savings with multiple agencies: SHGs (100%), banks (65%), post office (8%) and private individuals in the form of chits (17%). The major portion of savings is in the form of chits with private individuals (35%) and with SHGs (34%). Rs. 35,515 is the average household savings and it is varying across municipalities, municipal corporations, social category and household size.

Almost, all the households (98%) have reported debts with multiple sources: SHGBLP⁵ (85%), Stree Nidhi (77%), SHG own funds (25%), SLF (19%), friends & relatives (9%), money lenders (8%), chits (7%) banks (5%) and others (3%). The majority households have borrowed multiple loans through SHGs. Small number of households borrowed credit from informal sources. Large portion of household debt is from banks under SHGBLP (36%) and Stree Nidhi (16%). The average loan size is varying from source to source. The majority households are indebted to SHGs only (73%), and it is varying across the municipalities and social categories, head of the household and migration.

Significant number of SHG member households (69%) has procured productive assets like machinery, auto, taxi, cattle, tricycles power tiller etc. On the whole, the SHGs have played a vital role in promotion of household savings and in mobilization of household credit.

4 Salient features of enterprises of SHG women

The enterprise⁶ activities taken up by SHG member households with SHG loans are broadly divided into agri-allied, manufacturing, service and trade activities. Trade (37%) and service (32%) related activities are the most predominant enterprises of urban SHG members. Further, the agri-allied actives (23%) are comparatively more widespread than

⁵ NABARD introduced in 1992, a 'Pilot Project for Linking SHGs with Banks' to encourage thrift and savings amongst the rural poor and to supplement their funds to meet credit needs through the banking system. Based on the recommendations of the Working Group, the RBI, in 1996 decided to extend the SHG bank linkage programme beyond the pilot phase and advised the banks to make it a part of their mainstream lending operations.

⁶ An enterprise is a business entity that provides goods and services, creates jobs and contributes to national economy.

manufacturing activities (8%). The most prevailing enterprises are tailoring (9%), cloth business (8%), kirana store (7%), running an auto/taxi (6%), food processing (5%), dairy (4%), vegetables & fruits vending (4%), sale of mutton/chicken (3%), food vending (3%), fancy shop (3%), restaurant & tea stall (3%), welding shops (2%) and push cart vending (2%). The majority enterprises are matured, more than 5 year old. Agri-allied and service activities are comparatively older than trade and manufacturing activities.

The SHG members got motivation from multiple sources: family, friends & relatives, SHG/ federations, MEPMA and self. Of all, the members are primarily self-inspired (51%) followed by household members (50%), relatives (32%), friends (28%) and others. The members have taken into account many aspects while starting the activities. Regular income (56%), demand for the good & services (50%), personal qualities (25%) and the skills (50%) are some of the important aspects. The SHG women (71%) have control on majority enterprises than husband (62%) and other household members (20%). But the SHG woman has no control, where the husband primarily looking after the activity.

The majority SHG women have taken up existing household activity (57%) as enterprises. However, the joint families (51%), large households (56%), social categories such as SCs (54%) and OCs (53) have taken up new enterprises predominantly. Service based enterprises are prevalent. The enterprises are mostly perennial (93%), growing demand (85%) and stable income (88%) over the years. More are less equal number of enterprises situated within (52%) and outside the households (48%). Of the enterprises outside the households, many are of roadside (18%) followed by local market (17%), mobile enterprises (7%), bus/rail way stations (45) and others. The enterprises provided employment for household members as well as outsiders. But household members got more employment than outsiders. Small number of SHG entrepreneurs has undergone training on enterprise activity (33%). The SHG members' access to Government entitlements for enterprise promotion is negligible (3%).

5 Feasibility and Viability of enterprises

On an average, the initial investment⁷ on enterprise is of Rs. 1.44 lakh. But it is less than Rs. 1 lakh (57%) in majority enterprises. There is a wide range in the initial capital of enterprises across the municipalities, types of enterprises, socio-economic conditions of SHG member households.

The SHG member households mobilized initial capital from multiple formal and informal credit sources besides own household funds. Of the initial

⁷ The investment made on physical infrastructure such as land, building, advances, machinery, furniture etc. at the beginning of the enterprise.

investment, own fund is the major fund source (41%) followed by SHG (30%) and non-formal credit sources (25%) and others. Of the SHG sources bank linkage has major slice (16%). Friends & relatives (16%) are the major of all non-formal credit sources. To mobilize initial capital, small number of households (10%) mortgaged assets such as house, land and jewelry.

The SHG entrepreneurs have spent largely on physical infrastructure: mostly on machinery (70%) followed by furniture (13%) and buildings (13%) and others. As a result many households procured productive assets. But some entrepreneurs (19%) have not made any investments on physical infrastructure.

The working capital⁸ includes a wide list of things, out of which the most common ones seen across the enterprises include material cost, maintenance, interest paid on loans, depreciation on machinery, transportation & communication charges and electricity. Material cost (82%) is the major portion of working capital. Rs. 6.6 lakh is the average working capital of an enterprise. Further, there is a wide range in it across the enterprises, municipalities, social categories, household head & size, and literacy levels of entrepreneurs.

Most enterprise activities of SHG member households classified as micro⁹ and small enterprises based on their annual turnover¹⁰. But the presence of small enterprises is negligible. There is a wide range, less than Rs. 50,000 to more than Rs. 25 lakhs in the annual turnover of enterprises. Rs. 9.8 lakh is the average annual turnover of SHG enterprises. But it is less than Rs. 5 lakh in case of majority service based enterprises. It is varying across the municipalities, socio-economic background of the SHG members and the households. Further, it depends on the type of enterprise: more in manufacturing and agri-allied activities than service and trade. The annual working capital and turnover are positively correlated.

The enterprises generated significant amount of net profits¹¹, an average of Rs. 3.11 lakhs per annum. It is high in manufacturing activities (Rs. 4.1

⁸ Working capital is the money that allows an enterprise to function by providing cash to keep its day to day operations running. Generally the working capital includes house rent, electricity, material cost, wages, transportation, communication charges, marketing cost, maintenance, interest paid on loans, depreciation, taxes, insurance, payments if any and so on.

⁹ According to World Bank classification, an enterprise with an annual turnover of Rs. 25 lakhs or less are classified as micro enterprise and an annual turnover of Rs. 26 lakhs to Rs. 5 crores is classified as small enterprise.

¹⁰ Turnover is the value of goods and services sold in an enterprise over a period of time.

¹¹ Net profit is the profit made by an enterprise after all the operating expenses are deducted from the total turnover in a year

lakhs) and low in trade (Rs. 2.7 lakhs) when compared to agri-allied (Rs. 3.5 lakhs) and service (Rs. 3.1 lakh) based activities. Further, it is varying across the municipalities, social categories of the entrepreneurs, household head & size, enterprise category and quantum of working capital on enterprise.

The SHG members have identified many goods & services that have high demand and have high to very high success rate. Further, the most requesting goods & services seems mostly related to basic necessities such as food, housing, clothing, education and health.

The most profitable activities, more than Rs. 5 lakhs per annum, are house painting shops, waste material collection, music band party, leaf plate making, supply of mineral water, mobile repair shops, pipes & bends manufacturing, tyres shop, metal works, pottery and weavings. The SHG members identified vegetables & fruit vending (47%), kirana shop (23%), mutton/chicken shop (18%), bakery shop (16%), milk & milk products (14%), rice business (13%), fancy shop/ ladies corner (10%) RO water plants (9%) as most requesting goods. The most demanding service activities are internet/Xerox center, medical services, e-seva, restaurants & tea stall and mobile repair shops. The SHG members felt that the success rate of these activities is high (51% to 75%) to very high (76% to 100%).

During the activity, the SHG members have experienced several changes in creating demand, marketing goods & services, improving physical infrastructure, gaining skills, employment generation etc. The changes indicate that most enterprises have been moving towards sustainability.

6 Problems and issues in running enterprises

The SHGs members have faced several problems at all stages in managing enterprises. At the beginning, nearly three quarters of SHG members primarily confronted in mobilizing initial investment and/ or working capital (74%) besides the problems such as finding a suitable place (23%) for the activity, low skill (20%), dependency on others (14%), absence of storage facility (13%), less demand for goods & services (10%), getting registration/license (2%) and opposition from locals (1%).

Of all the infrastructure related issues, space is the biggest problem (85%). Besides, there are problems like irregular supply of electricity & water, high house rent and advances and poor transportation facility.

The terms & conditions such as no credit (56%) and supply of goods /material on cash (39%) are the major problems in procuring raw material. Again these are because of low working capital. Non-availability of material in the locality (49%) is another problem which escalates transportation costs (24%).

High daily wages (51%) and low skilled workers (46%) are the major issues in hiring the workers. High turnover and scanty work force (23%) are some other glitches with regard to labourers.

Of the problems in accessing credit, small volume of loans (73%) is the major concern of SHG members followed by untimely loans (51%) because of delay in sanctioning (37%). In addition, there is a mention about unawareness about bank loans, no response from bankers, high rate of interest, bribes and complex procedures.

The SHG members have several problems in marketing their goods & services. Of all, competition (61%) among entrepreneurs is the major issue. To overcome competition, provide goods on credit (34%) to some customers on monthly basis. If there is a delay in recovering the credit (37%), there is a problem in maintaining stock without cash flows. The seasonality, middlemen, unauthorized sale and lack of support from the promoters are some other problems in marketing

The major issues in skill up-gradation are unawareness among the members on skill development programmes (46%) and no information about the agencies provides skill development trainings (58%). Even if the member are aware, the programmes are not in their reach as they are expensive manage by the corporate agencies.

During FGDs, the SHGs and SLF & TLF office bearers have added some more problems to the members list: emergence of big shopping malls, air pollution, problems with municipal authorities and absence of social networking etc. Whereas bankers have highlighted the issues like insurance in case of death or asset lose, low entrepreneurial and marketing skill among women and absence of micro enterprise trainings to women. In summary there are multiple problems at all stages between beginning of an enterprise and marketing goods & services.

7 Procedures of financial institutions in financing SHGs and the problems faced at different levels

There are some similarities and differences among the financial institutions in financing SHGs. All the institutions are appraising the quality of SHGs before lending. The loan volume, term, rate interest and disbursement are varying across the financing institutions. The loan repayment to Stree Nidhi is very high than to SLFs and banks. The institutions have been adopted multiple strategies during pre & post loaning procedures to ensure regular loan repayment and avoid defaulting.

Monthly meetings & savings are common (98%). The member attendance in group meetings is good. There is a little concern of regularity of meetings

and member attendance in meetings in older SHGs. The urban SHGs collect large amount of savings per month per member, an average of Rs. 120. The SHGs have been promoted savings with multiple organizations such as SLFs, banks and Stree Nidhi. Internal lending with own funds is a major concern of majority SHGs (53%).

Majority SHGs mobilized loans from multiple financial institutions such as SLFs (62%), banks (88%) and Stree Nidhi (94%). Major chunk of loan to SHGs is from banks (65%), followed by Stree Nidhi (20%) and SLF (7%). Need based lending is found in case of SHG own funds. Large amount of group funds is as loan outstanding with the members. The incidence of loan defaulting is negligible (8% of SHGs). Leadership rotation is found in majority SHGs (75%). However, need to be focused on older SHGs. The SHGs and SLFs have played a key role in credit mobilization, but their support to SHG entrepreneurs is insignificant especially in establishment of enterprise, procuring material, marketing, providing skill development training etc.

The SLFs, banks and Stree Nidhi have listed multiple problems in financing SHGs: no internal lending, defaulting, delay in credit linkage, loan diversification other than intended purpose, delay in transferring loan account to SB account, delay in getting VLR, large amount of idle funds in SB accounts, diversion of savings to fixed and/ or recurring deposits, small volume loan and payment of bribes etc.

8 Recommendations

Based on the study findings, following recommendations were made to Stree Nidhi, MEPMA and banks for the effective implementation of SHG as well as Stree Nidhi programme.

- Provide loans to the enterprises identified as feasible and viable
- Loan size should be increased to Rs. 5 lakh per group and extend loan to 4 to 8 members in a group.
- Organize skill up-gradation training programmes and exposure visits to SHG entrepreneurs
- Preference to SHG entrepreneurs in allotting space / shops on nominal rent in government owned commercial complexes
- Market linkages & linkage with government initiatives
- Provide identity cards to street vendors
- Link life & asset insurance with loan sanctioning
- Capacity building to SHGs, SLFs and TLFs
- Encourage internal lending with SHG own funds
- Organize trainings and exposure visits to SHG entrepreneurs, SLF & TLF office bearers and bankers on SHG bank linkage programme

1.1 Context of the study

a) About Stree Nidhi: To address the issues of inadequate finance and to ensure timely availability of supplementary financial services for meeting emergency and emergent needs of the SHG members, Mandal Samakhyas in the State, in association with Government of Andhra Pradesh (AP) have promoted “Stree Nidhi” Credit Cooperative Federation Ltd. To mobilize share capital from the Government in addition to members and leverage credit from banking sector, “Stree Nidhi” registered as Apex Credit Cooperative Federation Ltd, under the ‘Andhra Pradesh Cooperative Societies Act 1964’. The objectives of Stree Nidhi are:

- i) To supplement credit to SHG members while ensuring that SHGs will give first priority for availing of loans from banking sector and then only look at the option to avail from ‘Stree Nidhi’;
- ii) To address credit needs of the SHG members to meet situations like exigencies and short term loans for business purposes as SHGs do not get another loan during the currency of the existing term loan from bank, which has tenure of 3-5 years period;
- iii) To ensure timely credit availability of loans, preferably within 48 hours from the date of request for loan;
- iv) To ensure that poorest of the poor get credit to the extent of 50% of the loan disbursed; and
- v) To facilitate lending to the needy in group which will enable them to meet credit needs for IGA and consumption purposes including emergent purposes.

b) Stree Nidhi Operations in Telangana: Table-1.1 shows that there are 5.81 lakh SHGs, 23,010 Village Organizations (VOs)/ Slum Level Federations (SLFs), 661 Mandal Samakhyas (MSs) / Town Level Federations (TLFs) and 30 Zilla Samakhyas (ZSs) in Telangana. Of the total, 75% of SHGs, 80% of VOs, 84% of MSs and all 30 ZSs are in rural under Society for Elimination of Rural Poverty (SERP), Telangana; whereas, 25% of SHGs, 20% of SLFs, 16% of TLFs are present in urban areas under Mission for Elimination of Poverty in Municipal Areas (MEPMA), Telangana. There are 54,117 SHGs, 1195 SLFs and 20 TLFs in Greater Hyderabad Municipal Corporation (GHMC).

About 87% of SHGs have accessed a loan of Rs. 47,80,873 lakhs with an outstanding of Rs. 8,98,005 lakhs. The percentage of SHGs accessed loans is high in urban (96%) than in rural (87%). Of the cumulative loan disbursed,

21% is as loan outstanding. On an average, SHG accessed a cumulative loan of Rs. 9.43 lakhs. However, an average cumulative loan disbursed to a SHG is more than double in rural (Rs. 11.11 lakh) when compared to urban (Rs. 5.01 lakhs). It is because the SHG movement was started earlier in rural than urban (see annexure-1 for municipality wise loan disbursement).

The SHGs have a total savings of Rs. 161,926 lakh with an average of Rs. 27,852. Of the total SHGs savings, 56% is rural and 44% is urban. However, the average savings of members with SHG is more than double in urban (Rs. 49,147) when compared to rural (Rs. 20,709).

Table-1.1: Details of SHGs and Credit Linkages in Telangana						
Particulars	Telangana State			Stree Nidhi		
	SERP	MEPMA	Total	Rural	Urban	Total
No. of SHGs	4,35,364	1,46,022	5,81,386	4,42,089	59,291	5,01,380
No. of VOs/SLFs	18,397	4,613	23,010	18,731	1,930	20,661
No. of MSs/TLFs	554	107	661	543	37	580
No. of ZSs	30	0	30	30	0	30
No. of SHGs accessed loans	3,67,197	1,39,872	5,07,069	2,83,905	29,069	3,12,974
Amount disbursed (Amt. Rs. in lakhs)	40,80,272 (Jun 2018)	7,00,601 (Jun 2018)	47,80,873	5,41,546	52,608	5,94,154
Loan Outstanding (Amt. Rs. in lakhs)	8,96,571 (Jun 2018)	1,49,250 (May 2018)	8,98,005	2,22,844	20,394	2,43,238
Savings with SHGs (Amt. Rs. in lakhs)	90,160	71,766	1,61,926	20,000	291	20,291

Data source: SERP, MEPMA and Stree Nidhi websites

Of 5.81 lakh SHGs in Telangana, Stree Nidhi is working with 5.01 lakh SHGs in which 88% are in rural and the remaining 12% are in urban. The SHGs have a total savings of Rs. 20,291 lakhs with Stree Nidhi, in which, 98.6% is of rural and the remaining 1.4% is of urban.

About 62% of SHGs were credit linked with Stree Nidhi. But, it is higher in rural (64%) than urban (49%). About 91% of the loan disbursed is in rural; similarly, 92% of the loan outstanding with SHGs is in rural (92%).

The above discussion indicates that i) Stree Nidhi has its operations across the state both in rural and urban; ii) Stree Nidhi operations are comparatively more in rural than in urban; and iii) there is much difference between rural and urban in the percentage of SHGs accessed Stree Nidhi loans.

1.2 Review of Literature

The existing literature on enterprises in India attempts to bring out various aspects which play a role in the economic efficiency of the enterprises. Consequently it brings out the issues and challenges faced by the entrepreneurs in running the entities. In Indian informal sector the proportion of female workers in small enterprises is higher than that of the male workers (Samanthroy & Tomar, 2018). Out of all the registered and unregistered small-scale enterprises, women owned enterprises constitute about 10 per cent (Narayana, 2007).

The 5th and 6th Economic Census of India - conducted in the year 2005 and 2013 respectively - reveal interesting trends in Indian enterprises. According to this data, most women entrepreneurs are engaged in low productive and labour intensive activities. It is also seen that the number of women entrepreneurs engaged in seasonal activities has increased while their engagement in perennial activities has decreased (Samanthroy & Tomar, 2018). Agriculture is the top most sectors which has most women establishments. This has been the trend for past decade. It is followed by manufacturing and trade. However, from 5th EC to 6th EC the number of women entrepreneurs in manufacturing has declined and their number in service sector has increased. Telangana has the ninth highest share of women entrepreneurs among Indian states.

A study conducted by APITCO in West Godavari in AP shows similar trends where many SHG women are involved in agriculture in small land holdings for a source of livelihood (Andhra Pradesh Industrial and Technical Consultancy Organisation Limited [APITCO], 2013).

Economic efficiency of enterprises can be measured through indicators such as labour/capital ratio, output/labour ratio and output/capital ratio. On using these indicators to measure the performance of small-scale industries in India it was observed that clustered small-scale industries have higher output/capital ratio as well as labour/capital ratio when compared to disperse SSEs. On the contrary, output/labour ratio is higher for dispersed SSEs in comparison with clustered SSEs. Cluster approach to setup enterprises eliminates the disadvantages of small-scale enterprises (Narayana, 2007). Enterprise promotion, especially of micro and small-scale industries, requires further encouragement from the government to move up the value chain. One way to do that would be to redefine the ceiling limits on investment (Das, 2017).

Entrepreneurs of today face several issues in their day to day business. One of the major issues faced by them is the lack of capital for investment. Data shows that at national level most of the women enterprises are self-

financed. Financial assistance for these enterprises is very limited. Trends in data also point out that financial support from the government has decreased from 5th EC to 6th (Samantray & Tomar, 2018).

On one hand, the existing schemes and policies of the government primarily focus on the registered enterprises while paying less attention to unregistered enterprises which form a significant part of micro and small enterprises. On the other hand entrepreneurs do not have adequate knowledge regarding the existing schemes which are relevant schemes and the channels to avail these schemes (Das, 2017). Under such circumstances it is crucial that the government introduces financial support schemes for small and micro-enterprises which are accessible to the needy. Moreover the entrepreneurs need training in financial management, project management and enterprise development in order to run their enterprises successfully. This requires more research on the current skill sets of the entrepreneurs and the desired skill sets to build more efficient enterprises. The current data available is dispersed, making it difficult to have a coherent database on the status of enterprises. There is a need to fill this lacuna by taking up various research studies.

The major portion of Stree Nidhi loans were utilized for income generation activities, especially on lineal and multiple activities. Of the 73% of loans intended for production, many borrowed for milk animals (19%), followed by agriculture inputs & agri-allied activities (18%), business (16%), and others (20%) includes weaving, carpentry, barber shop, laundry shop, motor winding, cycle repair shop, pan shop etc. (APMAS, 2012).

According to a study on Urban SHGs in AP, of the loan utilized for production purposes (54%), major amount is to petty & seasonal businesses (28%) followed by working capital (10%), procure livestock (6%), purchase of machinery (6%) and transport vehicles such as auto, taxi, rickshaw and tire carts (4%)(APMAS, 2014).

About 42% of SHG women in tribal areas have borrowed loans for agriculture & agricultural inputs and purchase of cattle, and another 8% for income generation activities such as auto/jeep repair shops, barber shop, seasonal business, petty shops and photo studio (Sadhikaratha Foundation, 2012).

The majority tribal households borrowed loans for production - especially for meeting the costs of agriculture inputs, followed by social needs -mainly for health and education. Of the loans formal sources, a major chunk is to production followed by social needs. In contrast, majority of the loans from informal sources is to meet social needs followed by production. It shows that the tribal households largely depend on formal sources for production

purposes, and on informal sources for social needs (K. Raja Reddy and TCS Reddy, 2013)

The government of India has designed and implemented various policies, schemes and interventions for promotion and financing of MSME in India. Some of these interventions include establishment of Small Industries Development Bank of India (SIDBI) in 1990, Credit Guarantee Fund Trust of Micro and Small Enterprises (CGTMSE) in 2000, Prime Minister's Employment Generation Programme (PMEGP) in 2008 and so on. Promotion of self-employment has been one of the primary objectives of the Government for the past few years.

In the above context, Stree Nidhi proposed a study on feasible micro enterprises taken up by the SHG women in MEPMA area with a sample of 600 members and 200 SHGs in 8 urban local bodies (2 corporations and 6 municipalities) in Telangana State.

1.3 Objectives of the study

The broad objectives of the present study are to identify successful micro enterprises and their profitability, and the potential enterprises in urban area. Problems in accessing finance and suggest delivery mechanism to Stree Nidhi for financing livelihood activities/ micro enterprises in Telangana. The specific objectives of the study are:

- a. To map the existing and potential livelihood activities / enterprises in urban areas and study their feasibility and viability;
- b. To understand the problems in mobilizing financial resources for the urban livelihoods / enterprises by the SHG members through the SHG system or directly from the banks;
- c. To understand the processes followed by financial institutions in financing urban livelihood activities / enterprises; and
- d. To come up with suggestions and recommendations to Stree Nidhi for financing expansion of profitable enterprises and potential new micro enterprises.

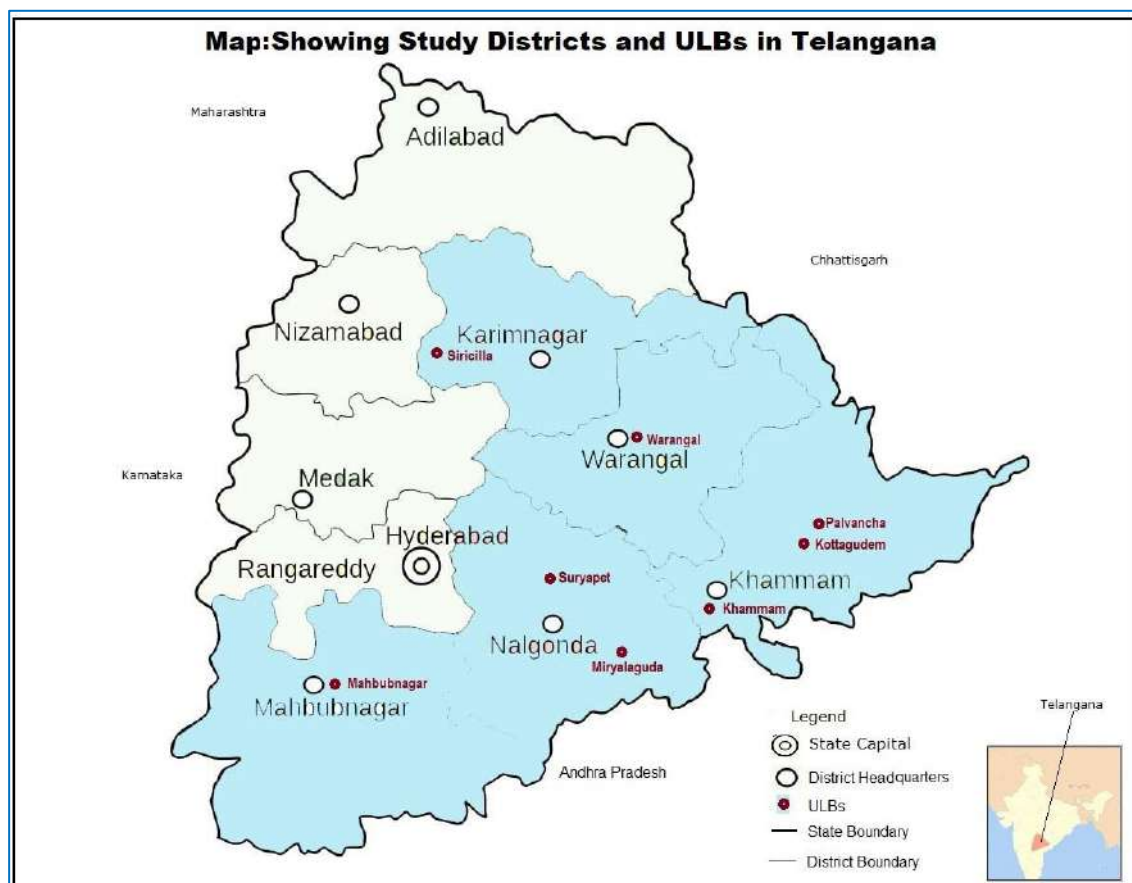
The present study addresses the following key research questions:

- a. What are the existing and potential livelihood activities/ enterprises in urban areas?
- b. How far these enterprises taken up by the SHG member households are feasible and viable?
- c. What are the problems in running the enterprises / livelihood activities?

- d. What are the future aspirations and strategies of households about the existing enterprises?
- e. What are the problems in mobilizing financial resources through SHG system?
- f. What are the procedures followed by the financial institutions in financing urban livelihoods?
- g. What are the goods and services that have demand at household and slum levels?
- h. What are the suggestions to Stree Nidhi for financing expansion of profitable new micro enterprises?

1.4 Sampling design

The study has covered 600 members and 200 SHGs in 40 slums of 2 corporations & 6 municipalities in 5 districts of Telangana State (see map). The universe of the present study is all SHGs which accessed Stree Nidhi loans in Telangana. Based on the large number of SHGs credit linked with Stree Nidhi and high quantum of loan disbursed in a district, 4 out of 9 districts were selected in the state. Out of 6, 2 municipal corporations namely Warangal and Khammam were selected based on high quantum of loan and large number of SHGs accessed credit from Stree Nidhi.



Similarly, out of 37, 6 municipalities namely Kothagudem, Mahabubnagar, Miryalaguda, Palwancha, Siricilla and Suryapet were selected (Annexure-2). In a corporation / municipality, 5 slums were selected purposively based on location of slum and large number of SHGs & SHG members' credit linkage with Stree Nidhi. Further, in a SHG, 3 members were purposively selected those who have borrowed loan from Stree Nidhi, taken up income generation activity/ livelihood activity / enterprise and also ensured of economic activities.

Table-1.2: Sampling Units, Size and Selection Criteria

S. No.	Sampling Unit	Sample Size	Sampling Criteria
1.	State	01	<ul style="list-style-type: none"> Stree Nidhi (SN) decided to conduct a study in the MEPMA area of Telangana state
2.	Districts	05	<ul style="list-style-type: none"> Presence of Stree Nidhi Presence of municipal corporations More number of SHGs credit linked to SN High volume of loan disbursed in the district Purposive sampling method
3.	Municipalities	08	<ul style="list-style-type: none"> 2 corporations and 6 municipalities More number of SHGs credit linked to SN High volume of loan disbursed in the ULB
4.	Slums	40	<ul style="list-style-type: none"> 5 slums in each municipality/corporation More No. of SHGs credit linked to Stree Nidhi High volume loan disbursed in a slum Location of the slum in the ULB Diversity in enterprise activities Purposive sampling method
5.	SHGs	200	<ul style="list-style-type: none"> 5 SHGs in a slum More no. of members accessed SN loan More no. of members taken up enterprise Purposive sampling method
6.	Members	600	<ul style="list-style-type: none"> 3 members in a SHG Members accessed Stree Nidhi loan Members taken up enterprise activity Preference to diversity of activities Purposive and random sampling methods
7.	FGDs	40	<ul style="list-style-type: none"> 4 SLFs and one TLF in a municipality Based on the availability of OB members
8.	Bankers	08	<ul style="list-style-type: none"> 1 Lead district bank branch manager Branch that has large number of SHG accounts

Further, 5 focus group discussions (FGDs) were conducted with the office bearers of sample SLFs and TLFs in each municipality: 4 FGDs with SLFs and 1 FGD with TLF. In addition, the teams were interacted with MEPMA and Stree Nidhi staff at district, municipality and slum levels that are responsible for institution building and microfinance / SHG bank linkage. Besides, the teams were interacted with the branch manager of a bank that has large SHG credit linkages in the municipality/ corporation.

1.5 Data collection methods & tools

Keeping in view of the study objectives, 4 formats were developed to collect quantitative as well as qualitative data from the members, SHGs, SLFs & TLFs, mission staff and bank branch managers. Two separate interview schedules were prepared one for members and another for SHGs (Annexure-3). A separate checklist was developed to conduct FGDs with SLF & TLF. Further, a semi-structured interview schedule was prepared for bank branch managers and mission staff focusing on the lending systems of SLF, banks and Stree Nidhi and the problems facing in it.

Format-1 covers the socio-economic conditions of member household, major livelihood activity or the enterprise taken up with SHG loans, economics involved in it, problems faced in running the activity, future plans to make them as feasible and potential enterprises, and in & out flow of goods & services at household and slum levels. Format-2 emphasizes on the performance of SHGs credit linked with bank and Stree Nidhi with reference to 'panchashtras'- regular meetings and savings, lending of internal funds, repayment of monthly loan installments and up to date maintenance of SHG books. Besides, few case studies were collected relating to the feasible and potential enterprises. The details of data collection tools and the aspects covered are given below.

<u>Unit</u>	<u>Tool</u>	<u>Aspects covered</u>
1. Member	Interview schedule	Social profile of SHG members; economic activities of household members; savings & debt status of sample households; details of activity taken up with SHG loans; working capital, turnover, returns and problems in running the activity; future plans; and the goods & services that have demand at household and slum levels.
2. SHG	Interview schedule	Profile of SHGs; functioning of group, funds accessed from external credit sources, status of current loans, SHGs' support to members in promoting enterprise activities and major problems encountered in managing enterprise

		activities.
3. FGDs	Checklist for FGD	Questions relating to economic activities of SHG member households, purpose of loan, problems in running the enterprise, goods & services that have demand at slum level, and the kind of support extended by SLFs/ TLFs to their member SHGs in promoting enterprise activities.
4. Bank branch manager	Interview schedule	Details of SHG accounts & loan outstanding, loan appraisal processes, opinion of bank branch managers, MEPMA & Stree Nidhi staff on SHG credit linkages and suggestions for better implementation of the programme.

The draft data collection tools were pre-tested in Jaipuri Colony of LB Nagar municipality in Greater Hyderabad Municipal Corporation, Hyderabad. Appropriate changes were made and the tools finalized.

1.6 Fieldwork

a) Study team & orientation: A 12 member study team was formed headed by the Team Leader & Technical Advisor. The study team was divided into 2 teams, each with 5 members headed by a Research Supervisor. While selecting the team members / Research Associates, preference has given to those having post-graduation in social sciences, 5 to 10 years of experience in data collection and familiar with SHGs & SHG federations. To acquaint with the study objectives, selection of sampling units, data collection techniques & methods and to build a common understanding among the team members a two day orientation and mock interviews were conducted to the study teams.

b) Period of data collection: Fieldwork schedule was prepared and shared it with Stree Nidhi well in advance to inform the same to the district and municipality/ corporation officials for their cooperation & coordination during field visits. Data was collected from 19th May to 6th June 2018 (Annexure-4).

1.7 Data analysis

The filled in member and SHG interview schedules were edited and numbered. Code sheet was prepared to all open-ended questions in format-1 & 2 to avoid delay and made data entry easy. EXCEL data entry formats were prepared to digitalize the data. The data in EXCEL sheets was exported to SPSS programme for an in-depth analysis. To map the livelihood and enterprise activities of SHG members, the entire data set was analysed in terms of districts, municipalities / corporations, social

Plate-1: Study Team Orientation



Study Team



Stree Nidhi DGM with Study Team



FGD with Kanaka Durga SLF Kothagudem



FGD with Subhodaya SLF Palwancha



Interaction with Stree Nidhi RP
Kanaka Durga SLF, Kothagudem



Interaction with MEPMA Officials
Suryapet

category of members, type of enterprise and so on. By using SPSS programme, simple statistical measures like percentages, averages, deviations and ratios were computed. Frequency & cross tables and graphs were prepared to make comparisons and draw meaningful inferences.

1.8 Limitations of the study

Following are the limitations of the study and the problems encountered during the study:

- The sampling units were purposively selected for the study to understand the diversity of urban enterprises and the problems & issues in running the activities. Therefore, we cannot generalize the findings of the study.
- As the MEPMA & Stree Nidhi staff at field level is in strike, there is no cooperation & coordination in Jangaon municipality. As a result, it was replaced with Siricilla municipality in consultation with Stree Nidhi to avoid delay in completion of the study.
- Though members borrowed loan for livelihood / enterprise activity long ago, some of the members not yet started the activity; some of the activities were started and closed. Under these circumstances, the study teams found it difficult in interacting with the members taken up enterprise activity.
- Many enterprises are existing activities and more than 5 year old. So, some of the members are unable to remember the investments made at the beginning of the activity. Regarding earnings, the respondents have provided turn over per day or month or year rather than item wise/ or product wise earnings. So, there is a little variance between the data reported and the actuals.

1.9 Report writing

The findings of the study presented in five chapters preceded by an executive summary. Chapter-1 explains study objectives and research methodology. Chapter-2 explains the profile of sampling units. Chapter-3 maps the economic activities of SHG members and other household members including household savings and debts. Chapter-4 discusses the salient features of enterprises taken up by the SHG member households. Chapter-5 evaluates the feasibility and viability of enterprises managed by the SHG members. Chapter-6 analyses the problems in running enterprises. Chapter-7 describes the lending procedures of SLFs, banks and Stree Nidhi and problems encountered at all stages of SHG financing. Chapter-8

summarizes the study findings and provides suggestions to Stree Nidhi, MEPMA and banks.

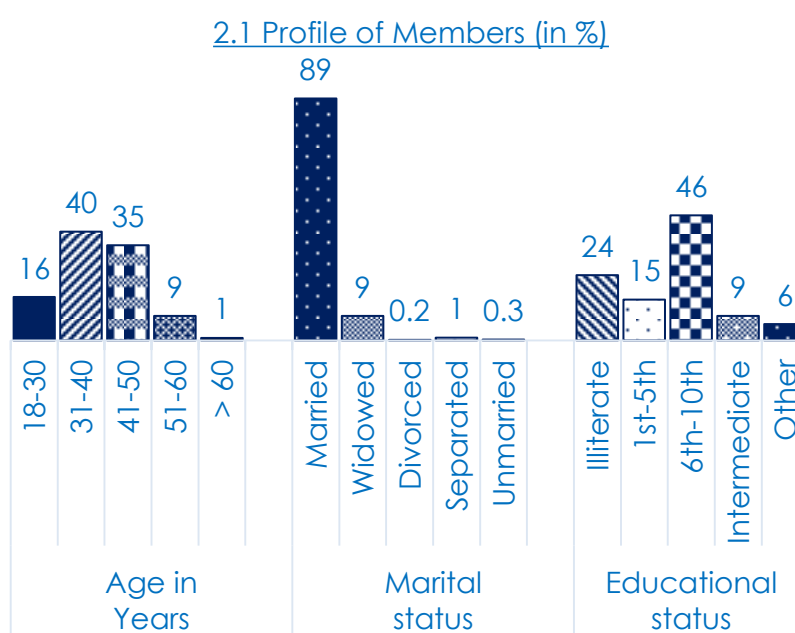
CHAPTER-2: PROFILE OF SHG WOMEN ENTREPRENEURS

This section of the report provides a broad picture of sampling units - the members, SHGs, SLFs and ULB/municipalities. Firstly, it describes the demographic, social and economic profile of SHG members and their households. Secondly, it analyses members' association with SHGs and their position in it. Thirdly, it provides SHG programme in the sample SLFs and ULBs with reference to the total number of SHGs, their savings & credit access with Stree Nidhi.

2.1 Profile of members

a) Age of SHG members: Figure-2.1 shows that majority SHG members are in the age group of 31-40 (40%) and 41-50 years (35%) followed by 18-30 years, 51-60 years and 60 plus.

b) Marital status: Figure-2.1 shows that majority SHG women are married followed by widowed (9%), separated (1%), divorced (0.3%) and unmarried (0.3%). It shows that about 11% of the SHG members are vulnerable.



c) Educational status: Figure-2.1 shows that 76% of the SHG women are literate and the remaining is illiterate. Of the literates, majority of the SHG women studied 6th -10th (46%) followed by up to 5th (15%), intermediate (9%) and others (6%). The literacy rate of SHG women is higher than the female (57.92%) and general literacy rate (66.46%) of Telangana. The SHG women literacy rate is high in Khammam with 88% and low in Siricilla with 67% when compared to other municipalities. Further, it is high in municipal corporations (87%) than municipalities (73%). The social categories and educational levels of SHG women are positively correlated: as members' social category increases the literacy rate also increases. Literacy is low among STs with 63% and high in OCs with 91% when compared to other social categories (SCs, 74%; BCs, 76%; and Minorities, 76%).

2.2 Profile of households

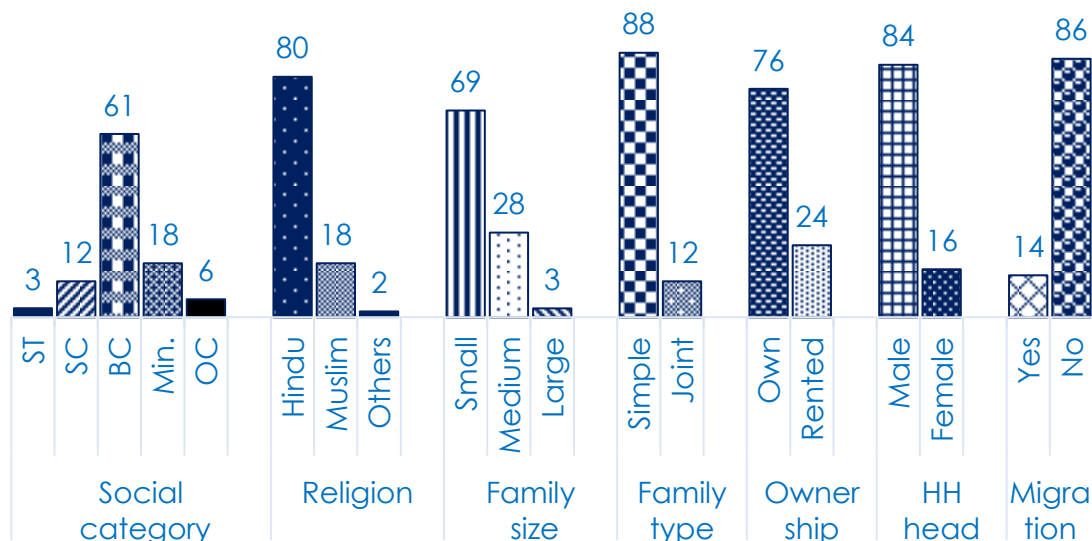
a) Social category: Of the SHG members, majority are backward classes (BCs) (61%) followed by Minorities (18%), Scheduled Castes (SCs) (12%), Other Categories (OCs) (6%) and Scheduled Tribes (STs) (3%).

b) Religion: Of the 600 SHG women, majority are the Hindus (80%) followed by Minorities (18%). The Christians (2%) and Sikhs (0.2%) are in very negligible numbers.

c) Family size: The sample households consist of 2,543 members with an average of 4.24. Of the total, 2017 (79%) are adults and 526 (21%) are children. Of the adults, 1,009 are male and 1,008 are female. The sample households are broadly divided into three categories based on the number of members in the family: small (1-4 members), medium (5-7 members) and large (> 7 members). The data shows that majority of the households are small families (64%) followed by medium (31%) and large (5%).

d) Type of family: Figure-2.2 shows that majority SHG members' households are nuclear families followed by joint families across the

Fig-2.2: Profile of SHG Member Households (in %)



municipal corporations and municipalities. However, the percentage of joint families is comparatively high in Mahabubnagar (20%) and low in Khammam (4%).

e) Head of the family: About 84% of the households are male headed and the remaining are female headed households (16%). The female headed households are comparatively high in Suryapet (24%) than other municipalities.

f) Type of house: Majority of the members have pucca houses (71%) followed by tiled houses (29%) and others (1%). Similar trend is found across the municipalities and municipal corporations. It is because of implementation of housing programme seriously in urban areas.

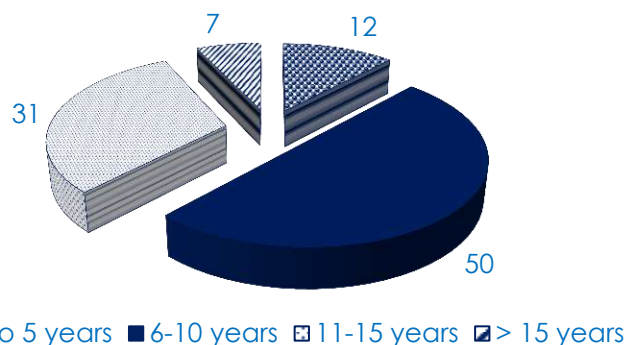
g) Ownership on house: About 86% of SHG members' houses are their own, and the remaining 16% are rented houses.

h) Migration: About 14% of households have reported migration. It is high in Siricilla with 28% and low in Khammam with 7% when compared to other municipalities (Kothagudem - 9%, Miryalaguda - 9%, Suryapet – 13%, Mahabubnagar -15%; Palwancha -15% and Warangal - 19%)

2.3 Members association with SHGs and SHG federations

a) Period of association with SHGs: The SHG members' association with SHGs varies between 2 and 19 years with an average of 10. Figure-2.3 shows that nearly 50% of the SHG members have been associated with SHGs between 6-10 years followed by 11-15 years (31%), < 5 years (12%) and > 15 years (7%). It reveals that the sample members have long association with SHGs.

Fig-2.3: Members Association with SHGs (% of members)



b) Position in SHG and Slum / Town Level Federations: Of the 600 SHG members studied, 61% are regular members, 33% are leaders and the remaining 6% are ex-leaders, bookers and leader-cum-book keepers. Further, about 8% of the sample SHG members are the office bearers in slum /town level federation. It indicates that good number of sample SHGs members are in leadership and other positions at SHG, SLF and TLF levels. Further, they have more access to SHG loans and in promoting enterprise activities.

2.4 Profile of SHGs

a) Age: The age of sample SHGs varies between 2 and 19 years with an average of 10.97 years. It varies across the municipalities: it is high in Khammam with 13.17 years and less in Kothagudem with 9.5 years. There is distinction between the average age of SHGs in municipal corporations (12.14 years) and municipalities (10.58 years). Table-2.1 shows that about one half of the SHGs are more than 10 year old; and in another half, many

are between 5 and 10 years followed by < 5 year old. The majority SHGs in Kothagudem are <10 year old when compared to other municipalities. The SHGs more >15 years old is more than thrice in municipal corporations (30%) compared to municipalities (9%). It is because the urban SHG movement was first started in the municipal corporations of the state.

S. No.	Age in years	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	01 - 05	8.0	8.0	4.0	4.0	8.0	4.0	4.0	16.0	7.0
2	05 - 10	12.0	28.0	64.0	36.0	32.0	12.0	36.0	8.0	28.5
3	10 - 15	40.0	44.0	32.0	32.0	56.0	76.0	48.0	76.0	50.5
4	> 15	40.0	20.0	0.0	28.0	4.0	8.0	12.0	0.0	14.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

b) Group size: The SHG consists of 8 to 14 members with an average of 10.12 members. Table-2.2 shows that majority SHGs consists of 10 members (89%) followed by more than 10 members (8%) and less than 10 members (3%). The average group size is large in Siricilla (10.44 members) and small in Kothagudem (9.84 members) when compared to other municipalities (Palwancha-10; Suryapet-10; Miryalaguda-10.04; Mahabubnagar-10.12; Khammam-10.24 and Warangal-10.28). However, there is not much difference in average group size between municipal corporations and municipalities. But there is a positive correlation between age and size of SHGs. The age of SHGs increases the group size also increases. The group size is small in younger SHGs (<5 years) (9.93 members) and large in older SHGs (>15 years) (10.39 members). According to a study conducted by APMAS, the average group size in rural Telangana is 11.7 members. It indicates that the group size is small in urban than in rural.

S. No.	No. of members	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	< 10	8.0	0.0	12.0	0.0	0.0	0.0	4.0	0.0	3.0
2	10	80.0	88.0	88.0	92.0	96.0	100.0	68.0	100.0	89.0
3	> 10	12.0	12.0	0.0	8.0	4.0	0.0	28.0	0.0	8.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

c) Membership withdrawal: Table-2.3 shows that of the 65% SHG reported dropouts, majority SHGs have reported 1-2 dropouts (42%) followed by 3-4 (18%) and more than 4 dropouts (5%). However, majority SHGs in Mahabubnagar (68%) Miryalaguda (56%) and Siricilla ((52%) municipalities have not reported any dropouts. But the SHGs reported

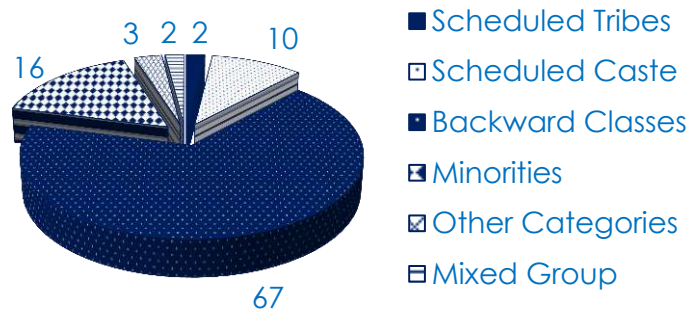
dropouts is very high in Khammam (96%) and Palwancha (92%) when compared to all other municipalities. The incidence of dropouts is high in municipal corporations (80%) than municipalities (60%). During focus group discussions the SHGs and SLF & TLF office bearers have reported the reasons for membership withdrawal as i) old-age/death, ii) marriage, iii) multiple memberships, iv) misuse of funds by the leaders, v) no bank linkage or small volume of loan and vi) ill-health.

S. No.	No. of dropouts	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	Zero	4.0	36.0	32.0	68.0	56.0	8.0	24.0	52.0	35.0
2	1-2	48.0	36.0	56.0	12.0	36.0	60.0	48.0	36.0	41.5
3	3-4	36.0	16.0	12.0	12.0	8.0	28.0	20.0	12.0	18.0
	> 4	12.0	12.0	0.0	8.0	0.0	4.0	8.0	0.0	5.5
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

d) Social category of SHGs: The sample SHGs consist of 2,024 members. Figure-2.4 shows that majority SHGs are of backward classes (62%) followed by Minorities (18%), scheduled castes (12%), other categories (5%) and scheduled tribes (3%).

Based on the numerical dominance of members' social category within each SHG, the sample SHGs are classified into 6 categories: ST, SC, BC, Minority, OC and Mixed groups. The majority SHGs are BCs (67%) followed by Minorities (16%), SCs (10%), OCs (3%) and Mixed Category (2%). Similar trend is found across the municipalities except in Mahabubnagar, where large number of SHGs belongs to Minority category.

Fig-2.4: Social Categories of SHGs (in%)



e) Grades of SHGs: The grades of SHGs shows that most of the SHGs are in A-grade and a few SHGs are not graded (2%).

2.5 Profile of Slum Level Federations

a) Size of SLF: The sample SLFs consists of 1,296 SHGs with 14,450 members, an average of 32 SHGs and 361 members per SLF.

b) SHG member accessed Stree Nidhi loan: Out of 14,450 member of 1,296 SHGs, 5,828 (40.33%) were accessed loan of Rs. 15.68 crores with an average of Rs. 39.2 lakhs per SLF, Rs. 1.21 lakh per SHG and Rs. 26,904 per member. On an average, 4.49 members accessed Stree Nidhi loan in a SHG.

2.6 SHG scenario in sample municipalities

Table-2.4 shows that there are 23,246 SHGs in the sample municipalities. About 15% of SHGs have savings with Stree Nidhi, sum of Rs. 94.63 lakh with an average of Rs. 2,610 per SHG.

Name Of district	Name of ULB	No. of SHGs	SHGs accessed SN loan	Loan disbursed Rs. in lakhs	SHGs having savings with SN	Savings Rs.in lakhs
Rajanna	SRC	1840	1211	25.07	304	4.84
Badradi	KGM	1420	758	15.48	403	12.20
Badradi	PWC	1299	632	12.97	135	2.28
Khammam	KMM	5476	1244	21.95	368	12.89
Mahabubnagar	MBN	1991	1011	11.22	412	8.08
Nalgonda	MYG	1956	1209	23.38	400	11.46
Suryapet	SYP	1839	1096	23.66	88	1.34
Warangal (U)	WGL	7425	3901	73.04	1515	41.53
Total (7)	8	23246	11062	206.77	3625	94.63

SRC-Siricilla; KGM-Kothagudem; PWC-Palwancha; KMM-Khammam; MBN-Mahabubnagar; MYG-Miryalaguda; SYP-Suryapet; WGL-Warangal; U-urban

About 48% of the SHGs accessed Stree Nidhi loan of Rs. 206.77 crores with an average of Rs. 1.87 lakh per SHG and Rs. 18,692 per member. It is varying between the municipalities: high in Siricilla with 66%) and low in Khammam (23%) when compared to all other sample municipalities.

2.7 Conclusions

The SHG women are mostly married and in productive age, and the literacy rate is more than the literacy rate of Telangana. Most SHG members are of the lower social categories because of SHPI's focus on the poor and vulnerable categories while forming SHGs. The members have long years of association with SHGs. Many members are in leadership position at SHG, SLF and TLF levels. It indicates that members in leadership positions might have more access to loan and in promoting enterprise activities.

Small, nuclear and male headed families are prevailing. The SHG members mostly have own & pucca houses and a small number is in rented houses. The incidence of migration is negligible. Maturity groups are more across the municipalities. However, it is high in municipal corporations than municipalities. The group size and age are positively correlated; and the group size is small in urban than in rural. Membership withdrawal is found in majority SHGs, but it is high in municipal corporations than municipalities. BC-SHG category is numerically dominant across the municipalities except in Mahabubnagar, where the Minorities are numerically dominant. All the SHG credit linked to Stree Nidhi are good in terms of grades.

Total number of SHGs and the number of SHGs accessed Stree Nidhi loans, and the number of SHGs having savings with Stree Nidhi is varying across the slums and municipalities. On the whole, the profile of members, SHGs, SLFs and ULBs seems to be respectable because the sample units were purposively selected.

CHAPTER-3: HOUSEHOLD ECONOMIC ACTIVITIES

This section of the report examines the economic activities of urban SHG member households. Do the households and members depend on mono or multiple economic activities? Does the households promoting any savings other than compulsory savings with SHGs? What is the debt status of households taken up enterprises? What is the share of SHGs to the households' savings and debt? Does the households procured any productive assets with SHG loans while promoting livelihood or economic activities?

3.1 Mapping of household economic activities

Table-3.1 shows that the sample households have a total of 97 economic activities. Based on the nature of activity all are classified into 6 categories: Casual labour, regular job, agri-allied, manufacturing, service and trade. The details are discussed below.

a) Casual labour: About 7% (95 out of 1,425 household members) of the respondents engaged in casual labour. Table-3.1 shows that of the households engaged in casual labour large number of households are in daily wage labour, followed by construction works and domestic works.

b) Regular job: About 11% of the respondents (162 out of 1425 respondents) tied with private (10%) or government (1%) organizations as regular employees. Table 3.1 shows that of the households reported jobs, most of them are in private sector (25%) and a small number is in government (2%).

c) Agri-allied activities: Out of 1,425 respondents, 20% are involved in agri-allied economic activities. Table-3.1 shows that the most prevailing agri-allied activities of households are food processing, dairy, mutton/chicken shop and vegetables & fruits vending. Some other agri-allied activities of slum dwellers are weaving agriculture, running flower shops, juice vending and managing flour mills.

d) Manufacturing: Out of 1,425 respondents, 5% are engaged in manufacturing activities. Metal work, welding work, craft work and leaf plate making are the most widespread manufacturing activities of SHG member households. The other manufacturing activities present, less than 1% each, in the slums are mat weaving, pickle making, pipes & bends manufacturing, broomsticks making, carton boxes manufacturing, phenol/detergents making, brick making and air coolers manufacturing.

Table-3.1: Economic Activities of Sample Households				
	Activity	%	Activity	%
Casual labour	Daily wage worker	14.0	Domestic worker	.5
	Construction workers	1.3		
Job	Private job	25.2	Govt. job	1.8
Agri-allied	Food processing	8.8	Flour mill	1.7
	Dairy	7.7	Fruits & vegetable shop	1.2
	Mutton/chicken shop	6.3	Livestock	1.0
	Vegetable & fruit vendor	5.2	Coconuts business	.7
	Weaving	4.0	Nursery	.3
	Agriculture	3.8	Power tiller	.3
	Flower/Bouquet shop	2.7	Poultry	.2
	Juice vendors	2.2	Beedi rolling	.2
Manu-facturing	Metal workers	2.7	Broomsticks making	.5
	Welding shop	2.5	Carton boxes manufacturing	.5
	Craft work	1.5	Detergent/Phenol making	.3
	Leaf plate making	1.5	Brick making	.3
	Mat weaving	.8	Sweets packing boxes making	.3
	Pickle making	.7	Air Coolers manufacturing	.2
	Pipes & bends factory	.7	Marble stone cutting machine	.2
	Basket making	.5	Sofa making	.2
Service	Tailoring	23.8	Music band party	.8
	Auto/taxi driver	10.7	House painters	.8
	Hotel	5.3	Screen printing	.8
	Electrical worker	2.2	Leather worker	.7
	Internet/Xerox center	2.2	Cable services	.7
	Mobile repair shop	2.2	Air Filling machine	.7
	Laundry services	2.0	Motor cycle repair shop	.5
	Electrical goods repair shop	2.0	Plumber	.5
	Carpenter	1.8	Ladies hostel	.5
	Hair cutting shop	1.5	Marriage bureau	.3
	Tea stall	1.5	RMP clinic	.3
	Tent house	1.3	Painting works	.3
	Beauty parlour	1.0	Rickshaw Pulling	.3
	Cycle repair shop	.8	Private school	.3
	Trade	Kirana shop	16.2	Vessels seller
Cloth merchant		13.3	Rice/ ration shop	1.0
Food vendors		6.7	Electronic shop	.8
Push cart vendor		3.8	Egg center	.8
Fancy shop		3.8	Money lending	.5
Pan shop		2.0	Tea powder business	.5
Electrical shop		1.8	Waste material collection	.5
Stationary shop		1.8	Mineral water material	.3
Pottery		1.8	Watch shop	.3
Photo & Video studio		1.7	Tyres shop	.3
RO Water plant		1.7	Ice cream shop	.3
Medical shop		1.5	Gunny bags business	.3
Iron metal shop		1.5	CDs business	.2
Construction material shop		1.3	Pets shop	.2
Toys business		1.3	Barings business	.2
Printing press		1.2	Optical shop	.2

e) Service: About 28% of the respondents (396/1,425) engaged in service based economic activities. Table 3.1 shows that tailoring, running an auto/taxi, managing hotel are the most popular service based economic activities (more than 5% each) of the urban SHG member households. Further, some activities are popular to a limited extent (1-5 percent each): they are electrical works, running internet/ Xerox center, repairing electrical & electronic goods and auto mobiles, carpentry, hair cutting saloons, tea stall, tent house and beauty parlour. The other activities that are present in the slums, (less than 1% each) are cycle repair shops, music band parties, painting of houses, screen printing, leather works, cable services, air filling machines and running ladies hostels and marriage bureau.

f) Trade: Out of 1,425 respondents, about 29% are engaged in some kind of trade or business activities. Table-3.1 shows, the most predominant (more than 5% each) trade activities of SHG member households are kirana shops, cloth business and food vending. The households engaged moderately (1 to 5 percent each) in push cart venders, fancy shop, pan shop, electrical shop, stationary shop, pottery, photo & video studio, RO water plant, medical shop, iron metal shop, toys selling, printing press, vessel selling and rice/ration shop. Further, some of the households engaged in 15 trade activities, less than 1% of households in each category (see table 3.1).

g) SHG member Households vs. number of economic activities: Of the 600 households, many have two economic activities (44%) followed by one (41%), three (12%) and four (3%). Table-3.2 shows that the households having one economic activity is more in Kothagudem (52%) and low in Siricilla (33%) when compared to other municipalities.

S. No.	Amount In Rs.	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	One	44.0	33.3	52.0	38.7	46.7	40.0	33.3	40.0	41.0
2	Two	46.7	46.7	40.0	44.0	44.0	40.0	49.3	44.0	44.3
3	Three	8.0	13.3	5.3	13.3	8.0	17.3	17.3	13.3	12.0
	Four	1.3	6.7	2.7	4.0	1.3	2.7	0.0	2.7	2.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Of the social categories, except OCs, majority have more than one economic activity. The percentage of households having more than one economic activity is high in migrants (69%) than natives (43%). Similarly, it is high in male headed households (61%) than female headed households (51%). The households have more than one economic activity is higher in

medium families (66%) than small (44%) and large families (44%). It indicates that there is an occupational diversity within the households across the municipalities, social categories, size of the household and migration. It could be because of educational levels, opportunities, skills, demographic profile of household members and so on.

3.2 Household savings

Table-3.3 shows that the SHG member households have a total savings of Rs. 2.13 crores, an average of Rs. 35,515, with multiple sources ranged between 1 and 5. All the households have savings with SHGs, as it is compulsory in SHGs. In addition, majority households have savings with banks followed by chits with private individuals, post office and a small percentage as fixed deposits in banks.

S. No.	Particulars	Households		Amount in Rs.		
		N	%	Sum	Mean	%
1	SHGs	600	100.0	71,59,841	11,933	33.6
2	Banks	382	63.7	38,86,741	10,175	18.2
3	Fixed Deposits	9	1.5	16,75,000	1,86,111	7.9
4	Post Office	48	8.0	12,30,340	25,632	5.8
5	Chits	104	17.3	74,02,900	71,182	34.7
Total				2,13,09,063	35,515	100.0

Of the Rs. 2.13 crore household savings, a major portion is with private individuals in the form of chits followed by SHGs, banks, fixed deposits in banks and post office. However, the average amount of savings per household in the form of chits is high with Rs. 71,182 followed by post office (Rs. 25,632), SHGs (Rs. 11,899) and banks (Rs. 10,175). Though major portion of household savings is with formal institutions, significant amount is with private individuals in the form of chits. It is because of two reasons: i) can access credit whenever they need loan; and ii) comparatively high interest in the form dividend than interest rate paid by banks on savings.

Table-3.4 shows that majority of the SHG member households have savings less than Rs. 25,000 followed by between Rs. 26,000 and Rs. 50,000 (14%), Rs. 51,000- Rs.75,000 (8%) and more than Rs. 75,000 (10%). The average household savings is varying across the municipalities: high in Mahabubnagar with Rs. 49,479 and low in Siricilla with Rs. 28077. Of all the municipal corporations studied, it is higher in Warangal (Rs. 53,356) than Khammam (Rs. 29,754). Of the social categories, the average household savings of OCs is more than 2 to 3 times (Rs. 76,622) when compared to other social categories of SHG members (ST – Rs. 21,706; SC - Rs.36,205; BC -

Rs.34,040; Minorities - Rs. 29,427). The average household savings of joint families is comparatively higher (Rs. 42,702) than nuclear families (Rs. 34,519).

S. No.	Amt. Rs. in '000	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	< 25	74.7	49.3	73.3	62.7	76.0	68.0	68.0	72.0	68.0
2	26-50	13.3	18.7	12.0	13.3	9.3	17.3	13.3	16.0	14.2
3	51-75	5.3	13.3	5.3	12.0	4.0	9.3	13.3	2.7	8.2
4	76-100	0.0	6.7	0.0	2.7	2.7	1.3	1.3	1.3	2.0
5	> 100	6.7	12.0	9.3	9.3	8.0	4.0	4.0	8.0	7.7
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

3.3 Household debts

Table-3.5 shows that all the households, except 2% have reported debts, a sum of Rs. 7.59 crores with an average of Rs. 49,345. The households have debts with multiple sources: between one and five. About 59% of the households have debts with 1- 2 sources, 35% have loans with 3-4 sources and the remaining with more than four sources. About 85% of the households have borrowed loans from SHGs under SHG bank linkage programme followed by Stree Nidhi (77%), SHG own funds (25%) and SLF; a small number of households have borrowed loans from friends & relatives (9%), money lenders (8%), chits (private individuals) (7%), personal loans from banks (5%) and others (3).

S. No.	Debt source	HHs	Amount in Rs.		Percentage of		
			Amount	Mean	HHs	Loans	Amount
1	SHG	152	39,42,000	25,934	25.3	10.6	5.2
2	SLF	115	33,91,000	29,487	19.2	8.0	4.5
3	SHGBLP	509	2,71,03,095	53,248	84.8	35.6	35.7
4	Stree Nidhi	463	1,17,96,634	25,479	77.2	32.4	15.5
5	Bank	32	52,95,000	165,469	5.3	2.2	7.0
6	NGO	1	25,000	25,000	0.2	0.1	0.0
7	Chits	41	64,68,000	157,756	6.8	2.9	8.5
8	ML	47	70,35,000	149,681	7.8	3.3	9.3
9	Friends	54	92,00,000	170,370	9.0	3.8	12.1
10	Others	17	16,15,000	95,000	2.8	1.2	2.1

Of the total 1431 loans, majority of the loans are from banks (36%), followed by Stree Nidhi (32%), SHG own funds (11%), SLF (8%) and others each with

one to 4 percent of loans. Table 3.5 shows that large portion of household debt is from banks under SHGBLP (36%) followed by Stree Nidhi (16%), friends and relatives (12%), money lenders (9%), chits with private individuals (9%), personal loans from banks (7%), SHG own funds (5%), SLF (4%) and others (2%). The average loan size is varying from source to source. The average loan from friends & relatives is high with Rs. 1.7 lakhs and low from SHG own funds when compared to other debt sources (personal loan from banks –Rs.1.65 lakh, chits with private individuals – Rs. 1.58 lakh, money lenders – 1.5 lakh, SHGBLP – Rs. 53,248, SLF – Rs. 29487 and Stree Nidhi – Rs. 25479 and others Rs. 95,000).

Table-3.6 shows that of the sample households, majority are indebted to SHGs only. However, 19% of the households are indebted less than 50% percent of the household debt, and the remaining 8% of the households have a loan between 51 and 99 percent of household debt to the SHGs. It means that SHG is the major credit source for the majority of the households, probably because most of the members repaid high cost loans from money lenders, friends & relatives, personal loans from banks and NGO loans with SHG loans.

S. No.	% of debt	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	< 50	8.0	50.7	18.7	9.3	6.7	8.0	30.7	18.7	18.8
2	51-99	10.7	14.7	9.3	9.3	2.7	4.0	5.3	9.3	8.2
3	100	81.3	34.7	72.0	81.3	90.7	88.0	64.0	72.0	73.0
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The percentage of SHGs totally indebted to SHGs is high in Miryalaguda and low in Warangal compared to other municipalities. However, it is higher in municipalities (78%) than municipal corporations (58%). Of the social categories, the households totally indebted to SHGs is high in STs with 84% and low in BCs with 69% when compared to other categories (OCs – 82%, SCs - 80%, and Minorities- 77%). More percentage of female headed households (81%) is totally indebted to SHGs than male headed households (72%). It is high in non-migrants (61%) than migrant households (75%).

3.4 Assets created with SHG loans

About 69% of the households procured one (56%) to two (13%) assets of different forms. Table-3.7 shows that of the households procured assets, many purchased machinery / tools followed by furniture, push cart, auto, taxi, own shop, cattle, house plot, tricycle, motor cycle, power tiller, plastic boxes, utensils etc.

Table-3.7: Assets Procured with Loans (% of households)										
S. No.	Asset	Corporation					Municipality			Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	Machinery	37.3	50.7	50.7	32.0	17.3	30.7	61.3	52.0	41.5
2	Furniture	2.7	24.0	36.0	4.0	2.7	1.3	24.0	20.0	14.3
3	Push cart	8.0	1.3	10.7	2.7	9.3	6.7	1.3	9.3	6.2
4	Auto	5.3	8.0	0.0	5.3	2.7	2.7	5.3	5.3	4.3
5	Own shop	4.0	0.0	0.0	6.7	2.7	9.3	0.0	2.7	3.2
6	Cattle	2.7	2.7	5.3	0.0	8.0	4.0	0.0	1.3	3.0
7	House plot	0.0	5.3	1.3	4.0	2.7	2.7	1.3	1.3	2.3
8	Shop/bunk	1.3	1.3	0.0	5.3	1.3	4.0	0.0	0.0	1.7
9	Tri-cycle	2.7	2.7	2.7	2.7	1.3	0.0	0.0	0.0	1.5
10	Taxi	1.3	1.3	2.7	1.3	1.3	0.0	0.0	1.3	1.2
11	Others	0.0	4.0	4.0	2.7	2.7	0.0	0.0	4.0	2.2

3.5 Conclusions

The urban SHG member households are engaged in a wide range of economic activities. The service & trade based economic activities and regular jobs in private & government sectors are more prevalent than agri-allied, casual labour and manufacturing activities. Tailoring, kirana shops, daily labour, cloth business, running an auto/taxi and food processing are the most prevailing activities in the slums. Further, many households engaged in multiple economic activities.

The SHG members have savings with multiple sources. The major portion of savings is in the form of chits with private individuals and with SHGs. The average household savings is varying across municipalities, municipal corporations, social category and household size.

Almost, all the households have reported debts with multiple sources. The majority households have borrowed multiple loans through SHGs. Small number of households borrowed credit from informal sources. Large portion of household debt is from banks under SHGBLP and Stree Nidhi. The average loan size is varying from source to source. The majority households are indebted to SHGs only, and it is varying across the municipalities and social categories, head of the household and migration.

Significant number of SHG member households has procured productive assets like machinery, auto, taxi, cattle, tricycles power tiller etc. On the whole, the SHGs have played a vital role in promotion of household savings and in mobilization of household credit.

CHAPTER-4: MICRO ENTERPRISES OF SHG WOMEN

This section of the report mainly explains about the enterprises taken up by the SHG members with SHG loans. Firstly, it analyses the types of enterprises based on the nature of the activity. Secondly, it examines the persons and agencies inspired, and the factors motivated SHG members and their households to initiate the activity. Thirdly, it analyses how far the enterprises provided employment to the household members as well as to others. Fourthly, it discusses SHG members' access to government entitlements with regard to financial assistance and skill development programmes.

4.1 Classification of enterprises

The SHG women enterprises are broadly divided into i) agri-allied, ii) manufacturing, iii) self-employed (SE) - service and self-employed-trade activities based on the nature of enterprise. Of the 600 enterprises, majority is self-employed - trade (37%) & service (32%) activities followed by agri-allied (23%) and manufacturing (8%). Further, there is wide range, 15 to 30 activities in each category (see table-4.1).

a) Agri-allied activities: Of the agri-allied activities, food processing, dairy, vegetables & fruits vending and sale of mutton & chicken are the more prevalent activities. Juice vending, selling of flowers and /or flower bouquets, running a flour mill and weaving are popular to certain extent. Selling of tender coconut, livestock, nursery, poultry, power tiller and beedi rolling (country cigar) are some of the agri-allied activities found in urban slums.

b) Manufacturing activities: Table-4.1 shows that of all manufacturing activities welding and metal works are the most widespread. Leaf plate making, craft works, mat weaving, carton boxes manufacturing, pickle making, brick making, pipes and bends manufacturing, basket making, detergents/phenol making, marble stone cutting, sofa making and air coolers manufacturing are some other existing enterprises.

c) Self-employed service activities: Tailoring is the furthestmost prevailing self-employed service activity. Running an auto/taxi, maintaining a hotel, carpentry, maintaining an internet & Xerox center, repairing -mobiles, cycles, auto-mobiles and electrical goods, hair dressing, beauty parlour, electrical shop, laundry services are some other important enterprises. There are some other self-employed service activities relating to health, education, transport, housing, and accommodation such as ladies hostels, private schools, dispensaries, rickshaw pulling, marriage bureau, air billing machine, music band party and leather work.

Table-4.1: Details of Enterprises taken Up by the Sample SHG Members with SHG Loans						
	Activity	F	%	Activity	F	%
Agri-allied activities	Food processing	29	4.8	Coconuts business	4	0.7
	Dairy	24	4.0	Livestock	4	0.7
	Mutton/chicken shop	21	3.5	Fruits & vegetable shop	3	0.5
	Veg. & fruit vendor	21	3.5	Nursery	1	0.2
	Juice vendors	8	1.3	Poultry	1	0.2
	Flower/Bouquet shop	7	1.2	Power tiller	1	0.2
	Flour mill	7	1.2	Beedi (country cigar) rolling	1	0.2
	Weaving	7	1.2	<i>Sub total</i>	139	23.2
Manufacturing	Welding shop	13	2.2	Basket making	1	0.2
	Metal workers	7	1.2	Detergent/Phenol	1	0.2
	Leaf plate making	4	0.7	Broomsticks making	1	0.2
	Craft work	3	0.5	Marble stone cutting	1	0.2
	Mat weaving	3	0.5	Sweets packing boxes	1	0.2
	Carton boxes manufacturing	3	0.5	Sofa making	1	0.2
	Pickle making	2	0.3	Air Coolers	1	0.2
	Brick making	2	0.3	<i>Sub-total</i>	46	7.7
	Pipes & bends manufacturing	2	0.3			
SE-Service	Tailoring	51	8.5	Motor cycle repair shop	2	0.3
	Auto/taxi driver	37	6.2	Music band party	2	0.3
	Hotel	16	2.7	Screen printing	2	0.3
	Carpenter	8	1.3	Cable services	2	0.3
	Internet/Xerox cafe	8	1.3	Painting works	2	0.3
	Mobile repair shop	7	1.2	Air Filling machine	2	0.3
	Hair cutting shop	7	1.2	Ladies hostel	2	0.3
	Electrical worker	7	1.2	Construction workers	1	0.2
	Laundry services	6	1.0	House painters	1	0.2
	Beauty parlour	5	0.8	Marriage bureau	1	0.2
	Electrical goods repair shop	5	0.8	RMP clinic	1	0.2
	Tea stall	5	0.8	Rickshaw Pulling	1	0.2
	Tent house	4	0.7	Private school	1	0.2
	Cycle repair shop	3	0.5	<i>Sub-total</i>	192	32.0
	Leather worker	3	0.5			
SE-Trade	Cloth merchant	48	8.0	Electronic shop	3	0.5
	Kirana shop	41	6.8	Egg center	3	0.5
	Food vendors	19	3.2	Toys business	2	0.3
	Fancy shop	18	3.0	Gunny bags business	2	0.3
	Push cart vendor	11	1.8	Tea powder business	2	0.3
	Electrical shop	8	1.3	Waste material collection	1	0.2
	Pan shop	8	1.3	Mineral water material	1	0.2
	Photo & Video studio	6	1.0	Watch shop	1	0.2
	House construction material	6	1.0	Tyres shop	1	0.2
	Pottery	5	0.8	Ice cream shop	1	0.2
	Medical shop	5	0.8	Photo framework	1	0.2
	RO Water plant	5	0.8	Sand business	1	0.2
	Rice/ ration shop	5	0.8	CDs business	1	0.2
	Iron metal shop	5	0.8	Pets shop	1	0.2
	Stationary shop	4	0.7	Barings business	1	0.2
	Vessels seller	3	0.5	Optical shop	1	0.2
	Printing press	3	0.5	<i>Sub-total</i>	223	37.2

Plate-2: Service Activities



**Photo Studio - Umamaheswari SLF,
Mahabubnagar**



**Beauty Parlor – Sri Raghavendra SLF
Siricilla**



**Tailoring - Indira SLF
Kothagudem**



**Auto – Saradhi SLF
Khammam**



**Carpentry – YSR II SLF
Palwancha**



**Hotel - Indira SLF
Kothagudem**

late-3: Trade Activities



**Pan Shop - Saraswathi SLF
Kothagudem**



**Pottery - Kanaka Durga SLF
Kothagudem**



**Tiffin Centre - Muthireddykunta SLF
Miryalaguda**



**Tyres Business - Nehru SLF
Khammam**



**Kirana Shop - Udaya Kiranam SLF
Kothagudem**



**Fancy Shop - Sri Rama SLF
Warangal**

Plate-4: Manufacturing Activities



Leaf-plate Making – Shubodaya SLF
Khammam



Iron Work - Chandrannakunta I
Suryapet



Basket Making – Harijanawada-I
Suryapet



Brick Making – Chaitanya SLF
Siricilla



Phenol Making - Sri Ganesh SLF
Warangal



Carton Packing Boxes Making - Annadurai
SLF Suryapet

Plate-5: Agri-allied Activities



**Flour Mill – Chandrannakunta-I SLF
Suryapet**



**Power Loom– Chaitanya SLF
Siricilla**



**Vegetable Vendor – Dharani SLF
Siricilla**



**Chicken Shop – Mother Therisa SLF
Palwancha**



**Nursery - Vijetha SLF
Siricilla**



**Flower Business – Indra SLF
Kothagudem**

d) Self-employed trade activities: Cloth business and Kirana stores are the most widespread self-employed trade activities followed by food vending, fancy stores and push cart vending. Further, a wide range of self-employed trade activities are present (see table-4.1).

4.2 Age of enterprises

Of the 600 enterprises, 34% are less than 5 year old, 30% are 6-10 years, 15% are 15-20 years, 14% are 11-15 years and the remaining are more than 20 year old. It shows that majority enterprises were started more than 5 years ago. Similar trend is found across the municipalities. The enterprises of OCs are comparatively older than other social categories. The agri-allied and service oriented enterprises are comparatively older than trade and manufacturing activities.

4.3 Motivation to start enterprise activities

Table-4.2 shows that the SHG members got motivation from multiple sources to take up the enterprise/activity: individual, household and community levels. The data shows that majority SHG women said that it is their own idea and family members'. Some of the members have reported that they were inspired with friends & relatives and by demonstrated effect or by seeing others. A small percentage of SHG women were encouraged by the SHGs & SHG federations and promoting institutions. It reveals that the idea of starting an activity is primarily born at individual and household levels. The role of SHGs and their institutions and the promoters in motivating SHG members to take up livelihood and enterprise activities is negligible.

Individuals/ Institutions	Corporation			Municipality					Total
	KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1. Own idea	46.7	61.3	58.7	40.0	45.3	53.3	56.0	48.6	51.3
2. Family	56.0	48.0	45.3	58.7	53.3	49.3	49.3	43.2	50.4
3. Relatives	58.7	20.0	16.0	32.0	49.3	52.0	21.3	9.5	32.4
4. Friends	38.7	10.7	21.3	48.0	34.7	33.3	12.0	25.7	28.0
5. SHG/Fed.	6.7	1.3	0.0	17.3	10.7	13.3	0.0	0.0	6.2
6. Seeing oth.	0.0	13.3	6.7	1.3	0.0	0.0	2.7	4.1	3.5
7. MEPMA	0.0	1.3	0.0	1.3	0.0	0.0	0.0	0.0	0.3

4.4 Strengths to take up the activity

The SHG members have taken into account many aspects while starting activities: i) regularity of income or the demand for the goods and services, ii) skills to run the activity, iii) personal qualities & networking, iv) amount of

risk and the volume of investment etc. Table-4.3 shows that majority SHG members started the activity as there is a regular income and there is a demand for the goods and services. Secondly, it is a family activity, and there is no need of additional training. The question of no skills on the activity to be taken up does not arise. Thirdly, personal qualities like talkativeness, education and networking are helpful in marketing. Fourthly, there is a low risk and needs low investment because of no rent as the activity running at home, involvement of household members and engagement of no and / or low paid workers.

Factors considered	Corporation			Municipality					Total
	KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1. Regular income	62.7	60.0	44.0	62.7	61.3	60.0	46.7	54.1	56.4
2. Talkative	44.0	16.0	8.0	28.0	44.0	45.3	9.3	6.8	25.2
3. Family activity	22.7	24.0	28.0	29.3	34.7	18.7	24.0	18.9	25.0
4. Trained on it	17.3	30.7	25.3	24.0	13.3	28.0	25.3	36.5	25.0
5. Network	40.0	9.3	5.3	40.0	16.0	24.0	1.3	6.8	17.9
6. Low risk	10.7	12.0	20.0	13.3	9.3	2.7	26.7	16.2	13.9
7. Low investment	4.0	21.3	22.7	1.3	2.7	4.0	21.3	24.3	12.7
8. Education	6.7	2.7	9.3	14.7	14.7	13.3	6.7	2.7	8.8
9. Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.2

4.5 Ownership or control over the activity

Table-4.4 shows that the SHG member and her husband playing a major role in managing the enterprise. About 71% of the enterprises the SHG members have taken either the primary or subsidiary role in looking after the enterprise, followed by husband and other household members. Out of 600 enterprises, the SHG member (63%) is primarily looking after the enterprise / livelihood activity followed by husband (31%) and other

Name of the person	Corporation			Municipality					Total
	KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1. SHG member	68.0	81.3	69.3	66.7	86.7	64.0	54.7	77.0	71.0
2. Husband	64.0	61.3	56.0	48.0	62.7	76.0	72.0	56.8	62.1
3. Son	13.3	6.7	14.7	18.7	10.7	10.7	18.7	8.1	12.7
4. Others	5.3	6.7	6.7	13.3	9.3	1.3	1.3	8.0	6.5

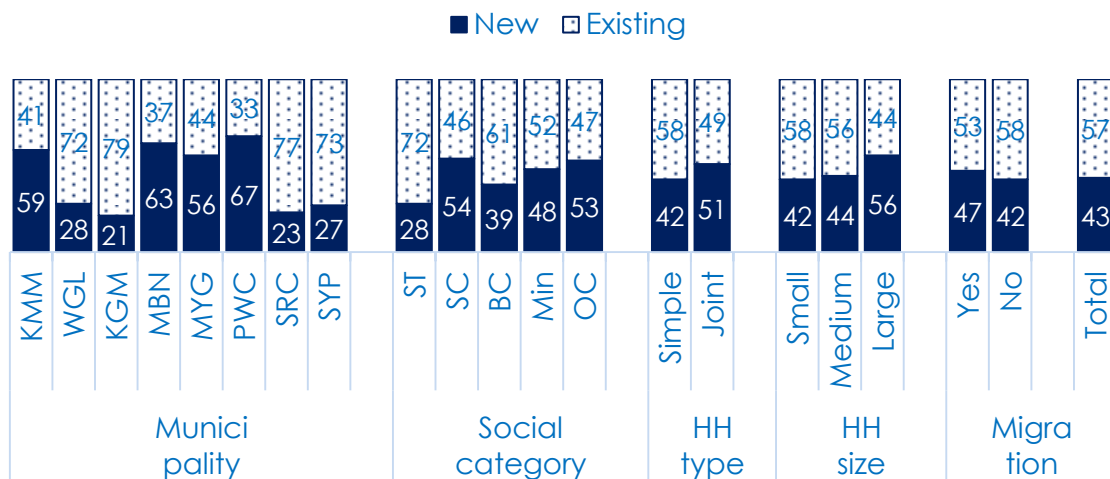
members (6%) of the household. Of the household members, husband playing a major role (31%) followed by other household members (13%) and SHG member (8%) in looking after the activity. It shows that the SHG

member has more control over the activity than husband and other household members such as daughter, daughter-in-law, brother, sister, son-in-laws.

4.6 Existing or new activity

Figure-4.1 shows that majority households (57%) have taken up existing household activity as enterprise with SHG loans. However, majority households in Khammam (59%), Mahabubnagar (56%) and Palwancha (67%) have taken up new activities. The family size and households taken up new activities are positively correlated. The households taken up new enterprises are higher in joint families (51%) than nuclear families (42%). Further, majority large families have taken up new activities than medium and small families. The incidence of households taken up new activities is higher in migrant families than natives. Of the social categories, majority SC

Fig-4.1: Types of Enterprises: New or Existing



(54%) and OC (53%) have taken up new enterprises.

4.7 Nature of activity

S. No.	Type of activity	Municipality								Total
		Corporation	KMM	WGL	KGM	MBN	MYG	PWC	SRC	
1.	Artisan	0.0	5.3	2.7	4.0	2.7	0.0	1.3	4.1	2.5
2.	Production	30.7	16.0	20.0	40.0	36.0	25.3	18.7	10.8	24.7
3.	Service	69.3	78.7	77.3	56.0	61.3	74.7	80.0	85.1	72.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table-4.5 shows that majority enterprises are service based (73%) followed by production (25%) and artisan (2%) across the municipalities, municipal corporations and household social categories. However, the percentage

of households taken up production activities is high in Mahabubnagar (40%) and low in Suryapet (11%) when compared to other municipalities. Of the social categories, the production based enterprises are comparatively high in Minorities (35%) and low in STs (17%).

4.8 Seasonal or perennial activity

Out of 600 enterprises, 93% of the activities are perennial and a small percentage is seasonal irrespective of municipality, Municipal Corporation, head of the family, type of household and the incidence of migration. But, these are totally perennial activities among the STs.

4.9 Stable income over the years

About 88% of the households told that they have stable income from the activity and the remaining households don't have regular income. The SHG members reported irregular income is high in Miryalaguda (28%) and low in Kothagudem, Siricilla and Suryapet when compared to other municipalities. It could be because of seasonality of the activity. The incidence of irregular income is comparatively high in seasonal activities (18%) than perennial activities (12%).

4.10 Demand for the activities

Table-4.6 shows that most enterprises have growing demand (85%) followed by stable (13%) and decreasing demands (2%). The enterprises have growing demand is high in Mahabubnagar (28%) and low in Kothagudem (1%) when compared to other municipalities. But there is no decreasing demand for the enterprises in Khammam, Mahabubnagar, Palwancha and Suryapet. The enterprises taken up by the female headed households have comparatively more growing demand (94%) than male headed activities (84%).

S. No.	Kind of demand	Corporation		Municipality						Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1.	Growing	78.7	82.7	97.3	72.0	80.0	86.7	90.7	96.0	85.5
2.	Stable	21.3	13.3	1.3	28.0	18.7	13.3	4.0	4.0	13.0
3.	Decreasing	0.0	4.0	1.3	0.0	1.3	0.0	5.3	0.0	1.5
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

4.11 Location of enterprise

Table-4.7 shows that majority of the enterprises are located within the household premises (52%) followed by local market, roadside, mobile /roaming, bus/ railway stations and other places such as weekly market,

door delivery and religious places. The percentage of enterprises situated at local market is high in Palwancha and Mahabubnagar compared to other municipalities. It is because the local market is at the heart of the town. It shows that about one half of the enterprises are running at the household and another half are at outside the house. Further, there is no rent burden to the entrepreneurs.

Location	Corporation		Municipality						Total
	KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1. Within the HH	53.3	52.0	50.7	52.0	61.3	49.3	48.0	46.7	51.7
2. Local market	28.0	2.7	5.3	30.7	16.0	32.0	5.3	17.3	17.2
3. Road side	6.7	29.3	30.7	6.7	8.0	8.0	25.3	25.3	17.5
4. Mobile	6.7	8.0	5.3	8.0	9.3	8.0	9.3	1.3	7.0
5. Bus/Rly station	4.0	6.7	2.7	0.0	4.0	2.7	5.3	4.0	3.7
6. Others	1.3	1.3	5.3	2.6	1.3	0.0	6.7	5.3	3.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

4.12 Employment generation

About 1,379 members engaged in running the 600 enterprises. In which 59% engaged fully, 14% engaged partially and the remaining 27% are full-time paid workers. Table-4.8 shows that in majority enterprises one household member engaged fully followed by two and > 2 members. About 187 household members partially engaged in 178 (30%) enterprises.

S. No.	No. of members	Fulltime HH members	Part-time HH members	Full-time workers
1	Zero	0.0	70.3	71.8
2	One	69.3	28.2	12.2
3	Two	27.8	5.1	8.7
4	Two plus	2.9	0.0	7.3
	Total	100.0	100.0	100.0

Further, in most enterprises, one household member engaged partially. About 28% of the entrepreneurs engaged 380 workers. The majority households engaged one worker (12%) followed by two (9%) and more than two (7%). It shows that household members themselves are engaged in the enterprises rather than hired workers. Further, small number of outsiders or other than household members got benefitted with SHG enterprises.

4.13 Training on enterprise activity

About two-third of members did not undergo any training on any enterprise activity. However, about one third of members have undergone training between 1 month and 5 years depending on the activity. The majority members undergone 1-6 months (25%) of training followed by 7-12 months and more than a year. More percentage of entrepreneurs of existing enterprise activities (37%) have undergone training compared to the entrepreneurs that have taken up new enterprises (33%).

Out of 208 members, 31 (15%) members have received honorarium of Rs. 500 to Rs. 7000 during the training period.

4.14 Access to Government entitlements

About 3% of the entrepreneurs (16 members) accessed financial assistance from of Rs. 10.36 lakh from government with an average of Rs. 64,778 per activity. Of the 16 loans, 6 are from SC Corporation, 4 are from banks, 3 are Mudra loans and 3 are from BC Corporation for tailoring (2), purchase of push cart (1), craft work (1), purchase of auto (2), hotel (1), photo & video studio (1), food processing (3), weaving (1), welding shop (1), pan shop (1), medical clinic (1) and printing press (1). Out of 16, 9 were benefitted with an interest subvention of Rs. 2.94 lakh with an average of Rs. 18, 356 per member. The status of loans indicates that out of 16 loan borrowers, 11 cleared the loan, 4 are regularly repaying the installments and one has an overdue. It indicates that a small number of SHG members accessed loans other than SHG loans for enterprise promotion.

4.15 Legal status of the activity

Table-4.9 shows that of the 600 enterprises, 20% are registered, 38% are not registered and the remaining 43% no needs of registration. The enterprises registered are high in Warangal with 29% and low in Miryalaguda with 7% when compared to other municipalities.

S. No.	Status	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1.	Registered	18.7	29.3	21.3	25.3	6.7	17.3	25.3	12.0	19.5
2.	Not	30.7	49.3	33.3	41.3	40.0	37.3	24.0	45.3	37.7
3.	NA	50.7	21.3	45.3	33.3	53.3	45.3	50.7	42.7	42.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

4.16 Conclusions

Trade and service related activities are the most predominant enterprises of SHG members followed by agri-allied and manufacturing enterprises. The SHG members got motivation from multiple ways: primarily self-inspired followed by household members and others. The members have taken into account many aspects such as regularity of income, demand for the goods & services, skills, etc. while starting the activity.

A majority SHG members invested SHG loan on existing household activity. However, majority joint families and OCs have taken up new enterprises. The women have major control over the enterprises than husband and other household members. The household members got more self-employment within the household enterprises than providing employment to others. Small number of SHG entrepreneurs was attended skill development trainings, and got financial assistance from government for enterprise promotion.

CHAPTER-5: FEASIBILITY AND VIABILITY OF ENTERPRISES

The present section of the report mainly analyses the feasibility and viability of SHG member household enterprise activities. Firstly, it discusses how much is the initial capital, sources of funds, does the households mortgaged any assets to mobilize initial capital and what is the contribution of SHG in the initial capital. Secondly, it discusses the working capital per annum. Thirdly, it analyses the annual net profit of enterprises. Further, it analyses the profitability of the most prevailing activities in the urban slums.

5.1 Initial investment

The sample households have made an initial investment of Rs. 861.36 lakhs, an average of Rs. 1.44 lakh per enterprise. Table-5.1 shows that majority of the households initially invested up to Rs. 1 lakh followed by Rs. 1-2 lakhs, Rs. > 3 lakh and Rs. 2-3 lakh. But majority of the households' initial investment is less than Rs. 50,000 in Khammam, Miryalaguda and Palwancha when compared to other municipalities.

Table-5.1: Initial Investment on Enterprises(% of activities)

S. No.	Amount Rs. in '000	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1.	< 50	50.7	16.0	17.3	36.0	52.0	52.0	8.0	21.3	31.7
2.	51 -100	24.0	21.3	28.0	30.7	17.3	22.7	34.7	26.7	25.7
3.	101-150	5.3	14.7	25.3	21.3	6.7	8.0	21.3	33.3	17.0
4.	151-200	9.3	17.3	8.0	5.3	4.0	5.3	9.3	8.0	8.3
5.	201-250	2.7	4.0	9.3	1.3	5.3	1.3	2.7	0.0	3.3
6.	251-300	0.0	6.7	2.7	2.7	2.7	5.3	5.3	5.3	3.8
7.	> 300	8.0	20.0	9.3	2.7	12.0	5.3	18.7	5.3	10.2
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The average initial investment on enterprise is high in Warangal with Rs. 2.07 lakh and low in Palwancha with Rs. 0.95 lakh when compared to Mahabubnagar (Rs. 0.98 lakh), Suryapet (Rs. 1.23 lakh) Miryalaguda (Rs. 1.27 lakh), Khammam (Rs. 1.43 lakh), Kothagudem (Rs.1.57 lakh) and Siricilla (Rs. 1.97 lakh). It is high in BCs with Rs.1.54 lakh and low in STs with Rs. 1 lakh when compared to SCs (Rs. 1.27 lakh), Minorities (Rs. 1.28 lakh) and OCs (Rs. 1.44 lakh). The average initial investment is high in manufacturing activities with Rs. 1.7 lakh and low in agri-allied activities with Rs.1.2 lakh when compared to service (Rs. 1.4 lakh) and trade activities (Rs. 1.5 lakh).

S. No.	Particulars	Households		Amount Rs. in lakhs		
		N	%	Total	Average	%
1	Own funds	490	81.7	354.20	0.72	41.1
2	SHGBLP	310	51.7	136.50	0.44	15.8
3	SHG & SLF	148	24.7	40.63	0.27	4.7
4	Stree Nidhi	308	51.3	75.23	0.24	8.7
5	Bank loan (p)	18	3.0	30.15	1.68	3.5
6	NGO MFIs	4	0.7	4.60	1.15	0.5
7	Friends & relatives	129	21.5	133.78	1.04	15.5
8	Money lenders	66	11.0	74.67	1.13	8.7
9	Others	10	1.7	11.60	1.16	1.3
Total		600	100.0	861.36	1.44	100.0

To initiate enterprise activities, the households have mobilized funds from multiple sources, ranged between 1 and 5. Table-5.2 shows that majority households capitalized own funds followed by funds from SHGBLP, Stree Nidhi, SHGs & SLFs, friends & relatives, money lenders, personal loans from banks, NGO-MIFs and others. Of the total fund, large portion is own funds followed by SHGBLP, friends & relatives, Stree Nidhi, money lenders, SHGs & SLFs, banks and others. But the average amount mobilized from friends & relatives, money lenders, NGO-MIFs is more than double when compared to own funds, SHGBLP, Stree Nidhi, SHGs & SLFs. Of the external funds, major portion is from formal financial institutions (31%) followed by traditional credit sources (26%) such as money friends & relatives (16%) and money lenders (9%).

5.2 Assets mortgaged

S. No.	Particulars	Households		Amount Rs. in lakhs		
		N	%	Total	Average	%
1	House	09	1.5	30.40	3.38	39.41
2	Land	03	0.5	4.50	1.50	5.83
3	Gold	48	8.0	41.83	0.87	54.23
4	Others	01	0.2	0.40	0.40	0.52
Total		61	10.2	77.13	1.33	100.00

To mobilize initial investment, about 10% of households mortgaged 1 to 2 assets for Rs. 77.13 lakh with an average of Rs. 1.33 lakh per household. Table-5.3 shows that majority households have mortgaged gold followed by house, land and others. The rate of interest charge on loans borrowed

by asset mortgage is ranging between Re.1 and Rs. 4 per month per hundred rupees.

5.3 One time investments on physical infrastructure

Table-5.4 shows that about 81% of the households have made one time investment of Rs. 459.58 lakh with an average of Rs. 94,564 per household to improve physical infrastructure like building, machinery, furniture, roads, land etc. Of the sample households, majority have spent on one infrastructure facility (51%) followed by two (24%), and three (6%). But 19% of the household have not made any investment on physical infrastructure improvement. The majority households have made investment on machinery followed by furniture, buildings and others. Of the amount capitalized, large portion is on machinery followed by furniture, buildings and others. However, the average amount spent on land is comparatively more than all other things.

S. No.	Particulars	Households		Amount in Rs.		
		N	%	Total in lakhs	Average	%
1	Buildings	102	17.0	57.65	56,515	12.54
2	Machinery	356	59.3	322.77	90,667	70.23
3	Furniture	222	37.0	59.98	27,019	13.05
4	Roads	3	0.5	0.25	8,333	0.05
5	Land	3	0.5	2.90	96,667	0.63
6	Others	23	3.8	16.03	69,696	3.49
Total		486	81.0	459.58	94,564	100.00

5.4 Working capital per annum

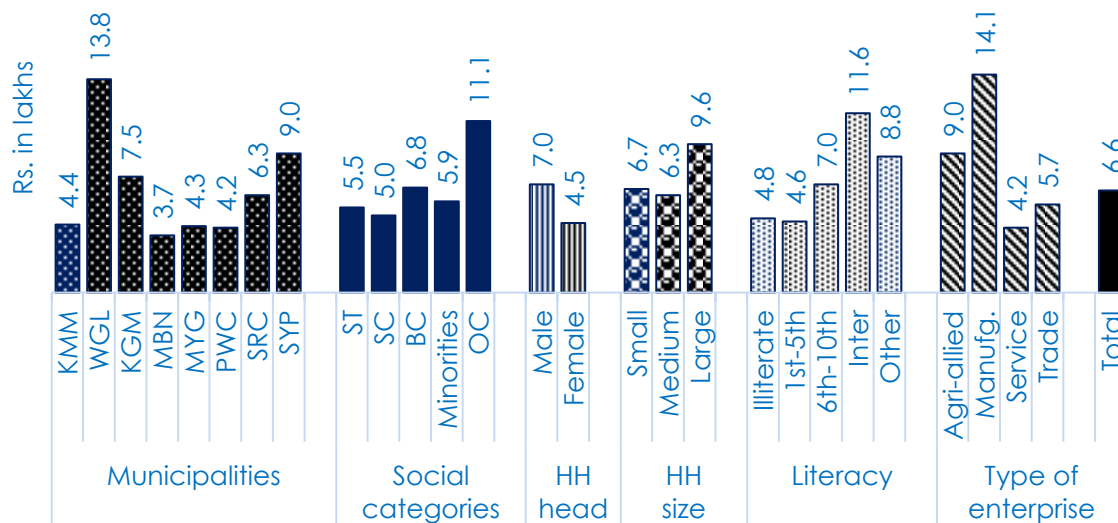
The annual working capital includes house rent, electricity charges, material cost, labour, transportation, telephone charges, marketing cost, maintenance, advertisements, interest paid on loans, depreciation cost of

S. No.	Amount Rs. in lakhs	Agri-allied	Manu-facturing	Service	Trade	Total
1	01-05	60.4	47.8	78.6	61.9	65.8
2	06-10	18.7	26.1	12.0	26.5	20.0
3	11-15	5.8	13.0	3.6	6.3	5.8
4	16-20	4.3	2.2	2.1	1.3	2.3
5	21-25	2.2	6.5	1.0	0.9	1.7
6	> 25	8.6	4.3	2.6	3.1	4.3
Total		100.0	100.0	100.0	100.0	100.0

machinery & buildings, taxes, payments made to the authorities, insurance and others. Table-5.6 shows that Rs. 39.88 crores is the annual working capital of 600 enterprise activities. It ranges between Rs. 3,600 and Rs. 3.26 crores with an average of Rs. 6.64 lakh per enterprise. Table-5.5 shows that in majority enterprises, it is less than Rs. 5 lakhs (66%) followed by Rs. 6-10 lakhs (20%), Rs. 11-15 lakh (6%), Rs. > 25 lakh (5%), Rs. 16-20 lakh (2%) and Rs. 21-25 lakh (2%). The percentage of enterprises' working capital is less than Rs. 5 lakh is in majority of agri-allied, trade and service activities. But in majority manufacturing activities working capital is more than Rs. 5 lakhs.

Figure-5.1 shows that the average working capital per enterprise is high in Warangal and low in Mahabubnagar when compared to other municipalities. It is low in service based enterprises and high in manufacturing activities when compared to trade and agri-allied activities. It is more than double in OCs (Rs. 11.12 lakhs) when compared to

Fig-5.1: Average Annual Working Capital Per Enterprise



STs (Rs. 5.45 lakhs) and SCs (Rs. 5.03 lakhs). It is more than double in the activities taken up by the members who studied intermediate than the activities taken up by the illiterate. The average working capital is more in male headed households' enterprise activities than female headed households' enterprises. Further, it is higher in large families than small and medium size households' enterprise activities. It shows that the working capital of enterprises is varying across municipalities, social category & literacy of entrepreneurs, household head & size and types of enterprises.

Table-5.6 shows that of the total working capital, major portion is on material cost followed by labour, transportation, house rent, depreciation of goods, etc.

Table-5.6: Details of Working Capital Per Annum

S. No.	Particulars	households		Amount		
		N	%	Total Rs. in lakhs	Average	%
1	House rent	196	32.7	117.43	59,915	2.84
2	Electricity	388	64.7	44.06	11,356	1.07
3	Material cost	571	95.2	3,396.14	594,770	82.19
4	Labour	185	30.8	293.44	158,618	7.10
5	Transportation	496	82.7	129.72	26,154	3.14
6	Telephone charges	434	72.3	9.37	2,158	0.23
7	Marketing cost	14	2.3	1.97	14,036	0.05
8	Maintenance	388	64.7	27.53	7,094	0.67
9	Advertisements	136	22.7	2.19	1,612	0.05
10	Interest paid on loans	526	87.7	33.60	6,387	0.81
11	Depreciation	386	64.3	54.46	14,109	1.32
12	Taxes	100	16.7	7.94	7,945	0.19
13	Payments	31	5.2	2.44	7,871	0.06
14	Insurance	49	8.2	6.83	13,939	0.17
15	Others	29	4.8	4.82	16,638	0.12
	Total	600	100.0	3,988.44	664,740	100.00

5.5 Turnover per annum

The total annual turnover of 600 enterprises is Rs. 58.58 crores with an average of Rs. 9.8 lakh per enterprise. Table-5.7 shows that the annual turnover of many enterprises is less than Rs. 5 lakhs followed by Rs. 5-10 lakhs, Rs. 11-15 lakhs, > Rs. 25 lakhs, 16-20 lakhs and 21-25 lakhs. The

Table-5.7: Types of Enterprises and Turnover Per Annum (% of HHs)

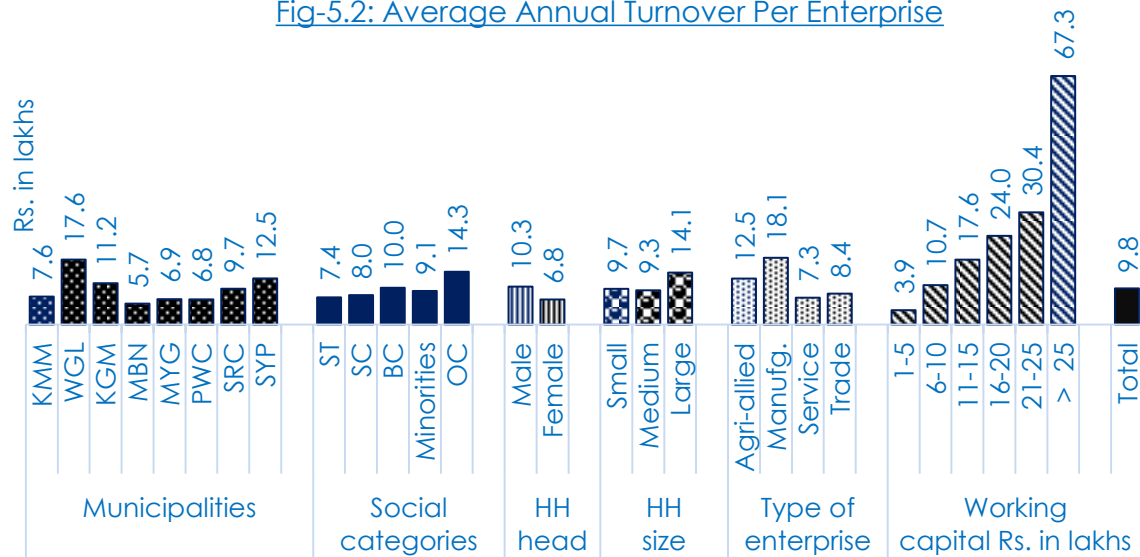
S. No.	Amount Rs. in lakhs	Agri-allied	Manu-facturing	Service	Trade	Total
1	01-05	44.6	39.1	61.5	42.2	48.7
2	06-10	21.6	19.6	19.8	34.1	25.5
3	11-15	12.9	19.6	7.8	13.1	11.8
4	16-20	5.8	10.9	4.2	4.5	5.2
5	21-25	3.6	4.3	0.5	1.3	1.8
6	> 25	11.5	6.5	6.2	4.9	7.0
	Total	100.0	100.0	100.0	100.0	100.0

turnover of majority service based enterprises is less than Rs. 5 lakhs. But majority enterprises of agri-allied, manufacturing and trade activities turnover is more than Rs. 5 lakhs. The percentage of enterprises' turn over

more than Rs. 25 lakhs is high in agri-allied activities than manufacturing, service and trade activities. It indicates that most enterprises are micro in size in terms of annual turnover irrespective of their category.

Figure-5.2 shows that the average annual turnover of enterprises is high in Warangal and low in Mahabubnagar when compared to other municipalities. Of the social categories, it is high in OCs and low in STs. The average turnover of male headed households' enterprises is higher than the female headed household enterprises. The size of the family and annual turnover of the activity are positively correlated: family size increases the turnover also increases. It is high in manufacturing activities and low in service based enterprises when compared to agri-allied and trade. Further, there is a positive relationship between the annual working capital on an enterprise and annual returns on it. The above discussion indicates that the annual turnover of activities are varying between municipalities, social categories of the entrepreneurs, household head & household size and enterprise category and annual working capital.

Fig-5.2: Average Annual Turnover Per Enterprise

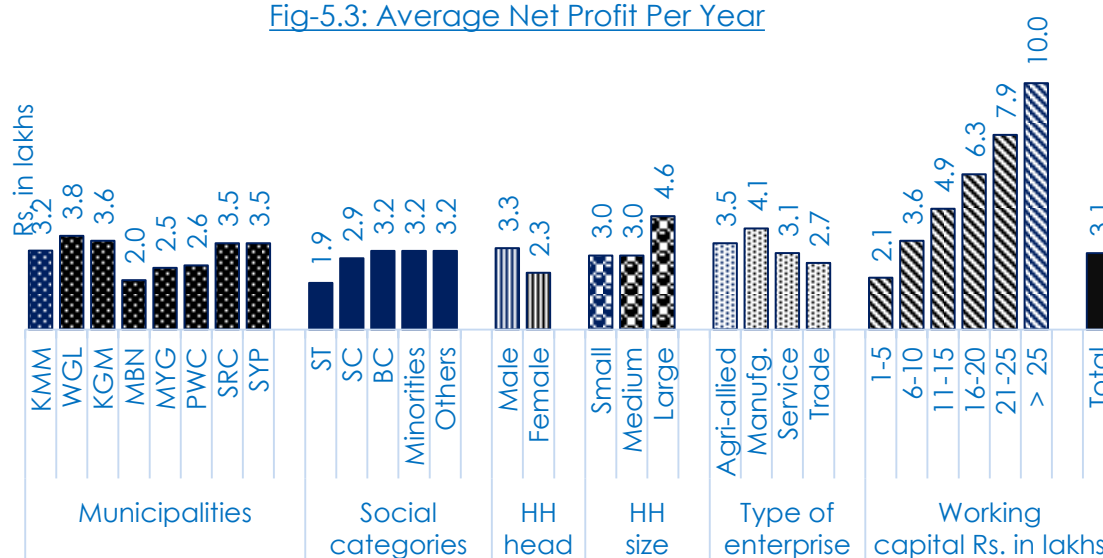


5.6 Net profit per annum

The annual net profit of enterprises is Rs. 18.69 crores with an average of Rs. 3.11 lakh per enterprise. Of the 600 enterprise activities, many enterprises net profit per year is less than Rs. 2 lakh (49%) followed by Rs. 2-4 lakh (33%), Rs. 4-6 lakh (9%), Rs. 6-8 lakh (4%), > Rs. 10 lakh (105) and Rs. 8-10 lakh (2%).

Figure-5.3 shows that the average net profit per year is high in Warangal and low in Mahabubnagar when compared to other municipalities. The social categories of the entrepreneurs and the average net profit per year are positively correlated. It is higher in the male headed households' enterprises than female headed households' enterprises. Similarly, it is

Fig-5.3: Average Net Profit Per Year



higher in large families than small and medium families. The profit per year is high in manufacturing activities and low in trade activities when compared to agri-allied and service based activities. The amount of working capital and net profit per year are positively correlated: working capital increases net profit also increases. It indicates that the net profit per year is varying between municipalities, social category of entrepreneurs, household size & head, type of enterprise and working capital.

5.6.1 Popular enterprises and the net profit

Table-5.8: Popular Enterprises vs. Net Profit Per Annum						
S. No	Name of enterprise	Enterprises		Avg. Amount Rs. in lakhs		
		N	%	WC	TO	NP
1	Tailoring	51	8.5	0.92	2.51	1.60
2	Cloth business	48	8.0	4.25	6.54	2.29
3	Kirana shop	41	6.8	3.67	5.68	2.00
4	Auto/taxi	35	5.8	2.00	4.19	2.19
5	Food processing	29	4.8	9.96	14.25	4.29
6	Dairy	24	4.0	4.26	6.00	1.74
7	Veg. & fruit vending	21	3.5	9.59	12.93	3.34
8	Mutton/chicken shop	20	3.3	14.94	18.99	4.05
9	Food vending	19	3.2	4.17	6.86	2.69
10	Fancy shop	18	3.0	2.36	3.90	1.54
11	Hotel	16	2.7	9.68	13.87	4.19
12	Welding shop	13	2.2	7.90	10.67	2.76
13	Push cart vender	11	1.8	3.38	5.06	1.68

Note: N – No. of cases; WC-Working capital; TO-Turnover; NP-Net Profit

To understand the net profit of most widespread enterprises analysed the working capital, turnover and net profit per annum of enterprises that have more than 10 cases each. Table-5.8 shows that the net profit per annum ranges Rs. 1.5 to 4.3 lakhs. Out of 13, 3 enterprises namely food processing, hotels and mutton/ chicken shops have good profits, more than Rs. 4 lakhs per annum. Welding works, food vending, cloth business, running an auto/taxi, kirana shops have moderate profits, between Rs. 2 to 4 lakhs and dairy, push cart vending, tailoring and fancy shops have between Rs. 1.5 to 1.7 lakhs of profit per annum. Though tailoring, cloth business, kirana shops and running an auto/taxi are numerically dominant, the net profit per annum is comparatively lower than others because of high working capital and competition among the entrepreneurs of similar activity.

5.6.2 Magnitude of net profit and the enterprises

To understand the activities that are more profitable, all the enterprises divided into six groups based on the average net profit per year. The details are as follows.

<u>Net Profit Rs. in</u>	<u>Name of enterprise (numbers indicates no. of cases)</u>
• > 5 lakhs	: House paintings shop-1; Waste material collection-1; Music band party-2; Pets shop-1; Leaf/paper plate making-4; Supply of mineral water-1; Mobiles repair shop-7; Pipes & bends manufacturing-2; Tyres shop-1; Leather works-3; Metal works-7; Pottery-5; and Weaving-7;
• 4-5 lakhs	: Internet/Xerox center-8; Juice vending-8; Private school-1; Screen printing-2; Medical shop;-5 Iron metal shop-5; Marble stone cutting-1; Tea powder selling-1; Tea stall-5; Fruits & vegetables shop-3; Food processing-29; Hote-16l; Poultry-1; and Mutton / Chicken shop-20;
• 3-4 lakhs	: Detergents/ phenol making-1; Flowers / Bouquet shop-7; Air filling machine-2; Hair cutting saloon-7; Watch shop-1; Power tiller-1; Optical shop-1; Marriage bureau-1; Manufacturing of sweets packing boxes-1; Pan shop-8; Cable services-2; Electrical shop-8; Construction material shop-5; Nursery-1; and Rice shop-5;
• 2-3 lakhs	: Carpentry-8; Stationary shop-4; Vessels selling-3; Sofa making-1; Bricks making-2; Painting works-2; Electrical goods repairing-5; Printing press-3; Maintaining ladies hostel-2; Welding shop-13; Food vending-19; Electronic

shop-3; Photo framework-1; Tender coconuts business-2; Livestock rearing-4; Air coolers manufacturing-1; Maintenance of construction workers-3; Toys selling-5; Electrical works-7; Cloth business-48; Broomsticks making-1; Beedi rolling-1; Photo & video studio-6; Craft works-3; Tent house-4; and Kirana shop-41;

- 1-2 lakhs : Gunny bags business-2; Egg center-3; RO water plant-5; Carton boxes manufacturing-4; Auto mobile repair shop-2; RMP clinic-1; Dairy-24; Push cart vending-11; Rickshaw pulling-1; Flour mill-7; Beauty parlour-5; Tailoring-51; Fancy shop-18; Laundry services-6; Cycle repair shop-3; Pickle making-2; and CDs business-1;
- < 1 lakh : Mat weaving-3; Basket making-1; Ice cream shop-1

It reveals that the enterprises that are addressing the emerging needs of people have generated large profits when compared to other enterprises.

5.7 Goods & services have demand in urban areas

S. No.	Name of Enterprise	Entrepreneurs		Demand (in %)		
		N	%	Moderate	Good	High
1	Internet/Xerox center	272	45	30	66	4
2	Medical shop	154	26	19	80	1
3	e-seva/meeseva	119	20	31	67	2
4	Hotel/Tea stall	71	12	30	61	10
5	Mobile repair shop	55	9	33	67	0
6	Fast food center	53	9	40	55	6
7	Hair cutting saloon	43	7	33	60	7
8	Tutorial center	41	7	44	56	0
9	Laundry services	30	5	43	43	13
10	Flour mill	29	5	24	76	0
11	Auto mobile repair	23	4	43	43	13
12	Leather workers	16	3	25	63	13
13	Beauty parlour	15	3	33	53	13
14	Plumber	13	2	38	62	0
15	Tent house	10	2	30	40	30
16	Security services	7	1	0	100	0
17	Business correspondents	5	1	20	60	20
18	College	5	1	0	100	0
19	Photo studio	4	1	25	75	0
20	Food vending	3	1	33	33	33
21	Gas repair center	3	1	0	100	0
22	Printing press	2	0	50	0	50
23	Computer training center	1	0	100	0	0

To identify the goods & services those have demand & feasible, gathered the opinion of respondents by using a three point scale: i) success up to

50%, ii) 51% to 75% and iii) 76% to 100%. Table-5.9 shows that the SHG members have identified several service based enterprises that have demand at present. The most demanded service activities are internet/xerox center, medical services, e-seva, restaurants & tea stall and mobile repair shops. The SHG members felt that the success rate of these activities is high (51% to 75%) to very high (76% to 100%). It also indicating that some activities would have high success rate though there is less request from the SHG members.

Table-5.10: Goods Having Demand in the Study Area						
S. No.	Name of enterprise	Entrepreneurs		Demand (in %)		
		N	%	Moderate	Good	High
1	Vegetables & fruits shop	280	47	31	62	8
2	Kirana shop	139	23	37	55	7
3	Mutton/chicken shop	106	18	39	57	5
4	Bakery shop	93	16	29	70	1
5	Milk & milk products	82	14	45	52	2
6	Rice business	80	13	23	76	1
7	Fancy /Ladies corner	61	10	31	61	8
8	RO Water plant	55	9	16	75	9
9	Cloth business	49	8	14	76	10
10	Juice center	35	6	26	69	6
11	Electrical shop	28	5	29	68	4
12	Stationary shop	20	3	15	55	30
13	Sweets shop	17	3	18	82	0
14	Tailoring material	17	3	41	59	0
15	Welding shop	12	2	50	42	8
16	Curry point	10	2	50	50	0
17	Ice cream parlour	8	1	38	63	0
18	Paper plate making	7	1	57	43	0
19	Black salt	6	1	0	100	0
20	Steel vessels shop	6	1	33	50	17
21	Flowers shop	5	1	20	60	20
22	Puja material	5	1	20	80	0
23	Carpentry/Furniture shop	4	1	100	0	0
24	Tender coconut shop	4	1	50	0	50
25	Fertilizer shop	3	1	67	33	0
26	Gold shop	3	1	0	100	0
27	Pickle making	3	1	0	100	0
28	Cement /sanitary ware	2	0	0	100	0
29	Garlic /Turmeric shop	2	0	50	50	0
30	Candle making	1	0	100	0	0
31	Poultry	1	0	0	0	100

Table-5.10 shows that many activities seem to have a demand. The food products such as vegetables & fruits, kirana shops, mutton/chicken shop, milk & milk products, rice business, mineral water plant have more demand. But less number of entrepreneurs felt that other goods too have high demand. Further, the success rate of most proposed activities is high

(51% to 75%) to very high (76% to 100%). The demand for the goods & services is varying from one municipality to the other (Annexure-5).

5.8 Changes experienced in the activity

The SHG member households have experienced several changes in their activities during the last 5-10 years. Many members have reported multiple changes related to demand, working capital, skill improvement, marketing, infrastructure, employment etc. The changes experienced by the SHG member households are as follows:

<u>Aspects</u>	<u>Changes (number indicate % of members reported)</u>
• Demand	: 52% - Demand has increased for goods & services; 16% - More sales / turnover and stable income; 8% - Another unit/ shop opened; 1% - closed the activity due to less demand/loss;
• Capital	: 31% - Working capital has increased; and 2% - Stock increased;
• Skill improvement	: 22% - Gained experience in managing the activity; 9% - Acquainted with new technologies & designs; 3% - Reduced dependency on others; and 1% - Reduction in wastage;
• Marketing	: 16% - Increased linkages with stakeholders; 9% - More number of products and / or items; 7% - Increased competition between shop keepers; 3% - Customers got habituated; 2% - Knowledge on sources of raw material/ goods; 1% - Gained publicity about the activity; and 1% - Moved to middle of the town.
• Infrastructure/ machinery	: 2% - New machinery purchased; 1% - More mechanization; and 1% - Setup own shop;
• Employment	: 6% - More employment to the household members.
• Others	: 2% - Profits decreased; and 1% - Debt burden decreased

The above changes indicate that most enterprises have been moving towards sustainability.

5.9 Conclusions

The initial investment is varying from one enterprise to the other, and it has been depended on the nature of activity and socio-economic conditions of the entrepreneurs. Own fund is the major initial investment followed by

SHG and informal credit sources. Small number of households was mortgaged assets to mobilize initial investment. Majority households have spent largely on physical infrastructure improvement such as machinery, furniture and buildings.

The working capital is varying from one enterprise to the other. Material cost, maintenance, interest paid on loans, depreciation on machinery, transportation & communication charges and electricity are the common costs found across the enterprises. Material cost is the major portion of all working costs of enterprises.

Most enterprises are micro enterprises in terms of their annual turnover. It is varying among the activities, across types of enterprises and socio-economic conditions of entrepreneurs. Further, there is a positive correlation between the annual working capital and turnover of enterprises.

The enterprises have earned significant amount of annual net profits. But there is a wide range in it across the types of enterprises and socio-economic conditions of entrepreneurs. The annual net profits are high in manufacturing enterprises and low in trade enterprises when compared to agri-allied and service based enterprises.

The most requesting goods & services seems mostly related to basic necessities such as food, housing, clothing, education and health besides newly emerging needs.

CHAPTER-6: ENTERPRISES - ISSUES AND CHALLENGES

In running any enterprise there may be some problems or issues. These may be at different levels and in different intensities. The problems of some of the members may not be the same as of others. The problems at the beginning may not be the same as at the end. The entrepreneurs may face the problems at the beginning of the activity, in establishing infrastructure, procuring raw material or goods, hiring labour, mobilizing funds, accessing credit, marketing of good & services and in skill up-gradation. This section discusses the problems faced by the SHG entrepreneurs while running the enterprise activities.

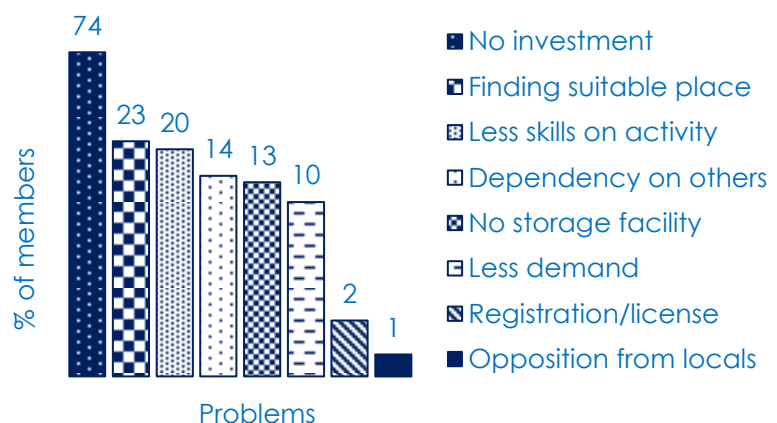
6.1 Problems reported by the SHG members

6.1.1 Problems in starting the activity

The SHG members have reported multiple problems encountered before and/or at the time of starting the enterprise activities. The details are as follows.

- a) **No investment:** Figure-6.1 shows that 74% of SHG members have reported that they have faced problems in mobilizing initial investment at the beginning of the activity to purchase machinery or equipment, to pay advances, to procure raw material and to maintain minimum stock.

Fig-6.1: Problems in Starting the Enterprise Activity



- b) **Finding a suitable place:** Location of the enterprise plays an important role in the success of an activity, especially in marketing the goods and services. Figure-6.1 shows that 23% of SHG members faced difficulties in finding the suitable place for the activity.

- c) **Less skill on the activity to be taken up:** The quality of the human resources influences the management of the enterprise, quality of good & services affects growth of the activity. As a result

dependency on others increases which affects production cost. Figure-6.1 shows that 21% of SHG members have reported that they faced problems because of low skill on the activities taken up.

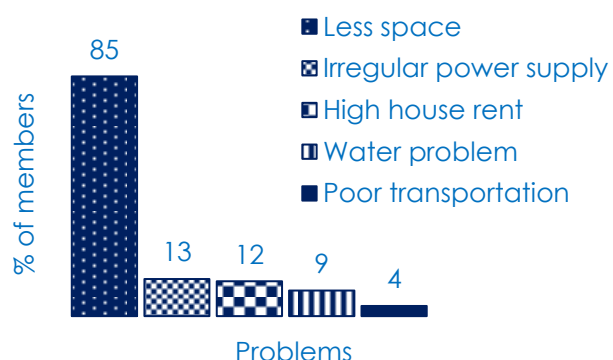
- d) **Dependency on others:** About 14% of the members have reported that they were dependent on others because of low level of skills, investment, less demand for the goods & service during the initial days of the activity.
- e) **No storage facility:** As majority of the enterprises started within the house, about 13% of the households were confronted with shortage of space in storage of goods, especially the General Store Keepers.
- f) **Less demand:** About 10% of the SHG members have reported that there is a less demand for their goods & services at the beginning of the activity.
- g) **Registration / license:** A small number of SHG members were confronted with the registration or license issuing authorities (2%) while registering the activity.
- h) **Opposition from locals:** Few members were mentioned about the opposition from the locals (1.3%). The people who are dominant in the locality, who felt that the activity to be started would decrease their business in future created problems in finding the place, procuring infrastructure facilities and bad propagation about their goods & services.

6.1.2 Problems related to infrastructure

Figure-6.2 shows that of all the infrastructure problems, less space is the major constraint followed by irregular supply of power, high house rents & advances. Following are the problems relating to infrastructure:

- a) **Less space:** About 85% of the members have reported space is the main problem to maintain stock and to expand the business as majority of the enterprise activities located within the house (52%).
- b) **Irregular supply of electricity:** About 13% of the members have reported about the irregular supply of power which influences the activity.

Fig-6.2: Problems Related to Infrastructure

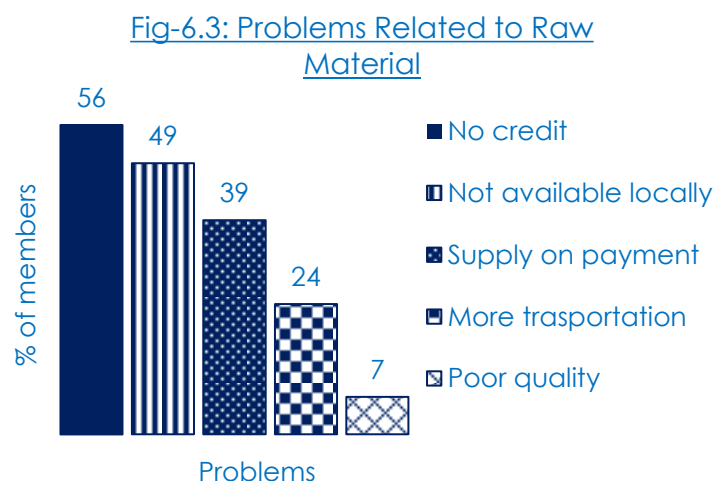


To run some of the activities like, ice cream parlour, kirana shop with beverages and dairy products, flour mill, hotel etc. power is very much needed.

- c) **High house rent and advances:** About 12% of the members felt that the house rent is very high in their locality. The house rent is very high in the areas like centrally located places, business areas, public places and so on. This affects operational cost of the activity.
- d) **Water problem:** About 9% of the members have reported that water is the major problem especially for running a hotel, RO plant, dairy and agriculture.
- e) **Poor transportation:** A small percentage of SHG members have reported about poor transportation (4%) in marketing their produce.

6.1.3 Problems in procuring material

The problems in procuring raw material are multiple and diverse. Of all the problems, many have reported about supply of raw material on payment /no credit followed by non availability of raw material locally, more transportation cost and poor quality raw material.



- a) **No credit or supply on payment:** Figure-6.3 shows that majority of the members have said that the whole sale dealers are unwilling to supply goods and/or raw material on credit basis (56%) or supply on payment (39%). These problems are because of low investment. As a result, the shop-keepers are unable to maintain variety of goods & stock even though there is a demand for those goods.
- b) **Material not available locally:** About 49% of the members have reported that the raw material or the goods are not available locally or within the slum. The slums are mostly located at outskirts of the town. But the whole-sale dealers normally located in the core areas. Further, majority slum entrepreneurs are retailers. To procure material they spend good amount of time and transportation cost.

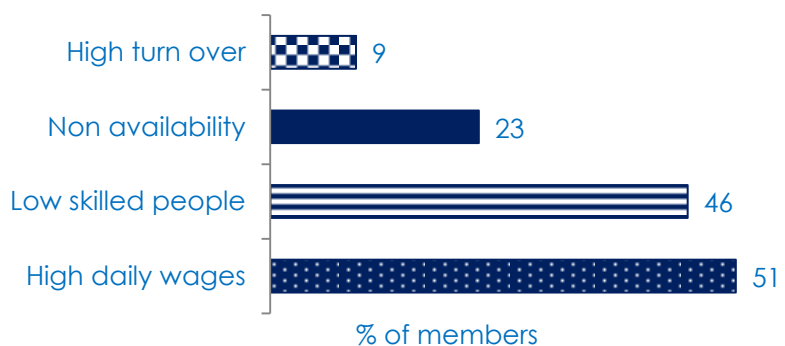
- c) **More transportation cost:** About 24% of the members have reported that the transportation cost is high in procuring the raw material as the slums and the whole sale dealers are located far away to each other.
- d) **Poor quality:** Small number of members has reported that the material or goods available locally are comparatively poor in quality. Therefore, there is a less demand for those goods.

6.1.4 Problems in hiring labour

Of the problems relating to labour, majority have reported about high daily wages followed by low skilled people, non-availability and high turnover. The details are as follows.

- a) **High daily wages:** Figure-6.4 shows that majority of the members have informed that the daily wages of workers is very high. It could be because of less availability of skilled workers locally. During focus group discussions the SHG members have said that the daily wage ranges between Rs. 300 and 600 depending on the nature of work and the skills required.

Fig-6.4: Problems Related to Labour

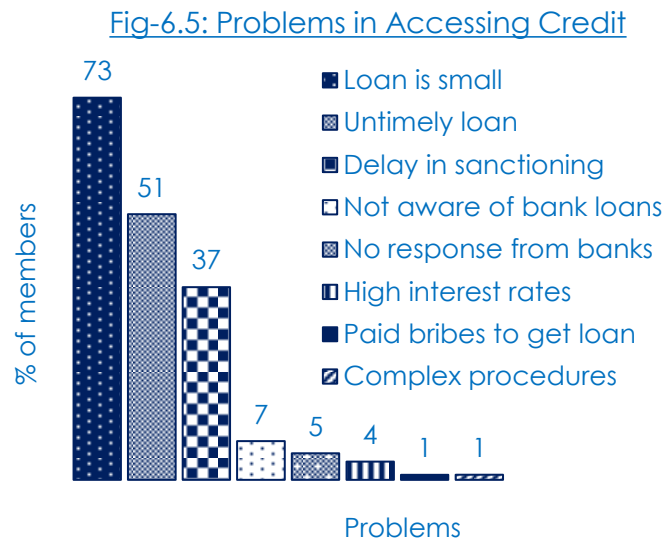


- b) **Low skilled people:** About 46% of the members have stated that low skilled people are available locally and they expect high wages.
- c) **Scarcity of human resources / workers:** In some of the slums getting laborers is an issue. About 23% of the members said that there is a problem in getting workers locally.
- d) **High turnover:** About 9% of the members have mentioned about high turnover of workers. It could be because of low daily wage and / or poor performance of workers owing to low skill. .

6.1.5 Problems in accessing credit

Of the problems accessing credit, majority members told that 'loan is small' followed by untimely loan, delay in sanctioning and others. Following are the details of problems faced with credit agencies.

a) **Loan is small:** Figure-6.5 shows that nearly three quarters of SHG members felt that the loan is small to take up the enterprise. The Stree Nidhi loan is between Rs. 10,000 and 25,000. To start any new enterprise one needs a minimum of Rs. 50,000. Therefore many invested loan on existing household economic activities



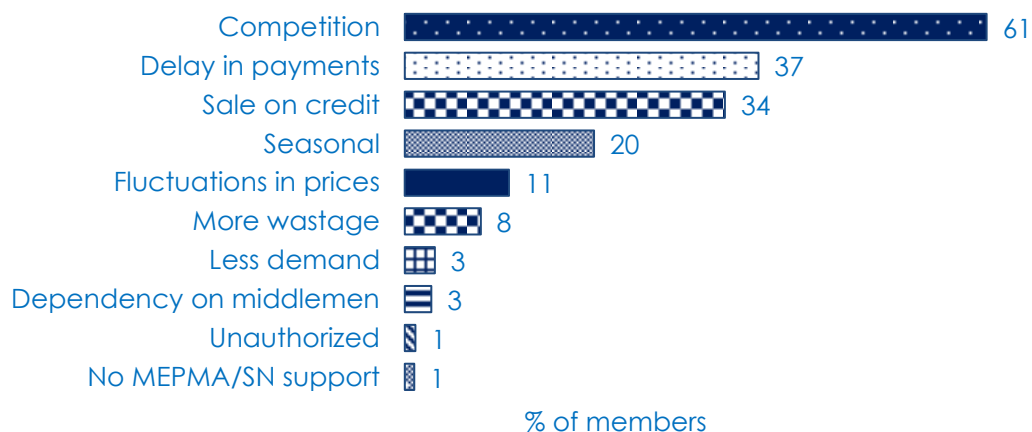
- b) **Loan is untimely:** More than one of the members has felt that the loan is untimely (51%) especially the SHG bank linkage loans.
- c) **Delay in sanctioning:** About 37% of the members felt that there is a delay in sanctioning the loan. Though there is no procedural delay in sanctioning Stree Nidhi loans, there is a delay in withdrawal due to cash crunch, absence of bank branch manager, SHG leaders and MEPMA staff.
- d) **Not aware of bank loans:** About 7% of the members are not aware that the banks extend loans to slum dwellers to promote enterprise or livelihood activities.
- e) **No response from bankers:** even though some SHG members (5%) approached banks for personal loan, and made repeated visits, there is any response from the bankers.
- f) **High interest rates:** Though Stree Nidhi charges lower interest rates (11.75%) when compared to banks (14%) some of the members felt that the rate of interest charged by Stree Nidhi is high because interest on Stree Nidhi loans not reimbursed to SHGs under interest free loans /interest subvention scheme.
- g) **Complex procedures & payments:** Few members paid bribes to get loan (1%), and another 1% of members felt that the loan procedure is complex.

6.1.6 Problems in marketing

The SHG members have faced several problems in marketing their goods & services. Of all, competition among the entrepreneurs is the major problem followed by delay in getting receipts in case of sale on credit, seasonality and fluctuations in prices and so on.

- a) **Competition:** Figure-6.6 shows that 61% of members have reported that there is a high competition among the entrepreneurs in selling their goods & services
- b) **Delay in receivables:** To avoid competition, as business improvement strategy, provide goods on credit to the customers who are regular and repay monthly. Figure-6.6 shows that 37% of the members have reported that there is a delay in recovering credit from the customers.
- c) **Sale on credit:** About 34% of the members supply goods & services on

Fig-6.6: Problems in Marketing



credit basis especially to the salaried people. As a result, daily cash flows diminish.

- d) **Seasonal:** About 20% of the members have reported that their activities are seasonal and that there is fluctuation in prices (11%).
- e) **Other problems:** Some of the members mentioned about wastage of produce or goods (8%), less demand (3%), dependency on middlemen (3%), unauthorized (1%) and no support from promoter in marketing the produce (1%).

6.1.7 Issues in skill up-gradation

Of the issues in skill up-gradation, information about the agencies that provide training on skill improvement is an important problems followed by

awareness on skill development programmes, access and affordability of the programme by the SHG members.

- a) **No information about the agencies:** About 58% of the members have reported that though they are keen in skill improvement, but they don't know about those institutions that provide training.
- b) **Unawareness on skill development programmes:** About 46% of the members have reported that they don't know that there are various kinds of skill development training programmes
- c) **Programmes are not in reach:** About 13% of the members have revealed that the institutions that provide skill improvement trainings are not in their reach or located at far off places.
- d) **The training programmes are expensive:** About 11% of the members stated that the skill development training programmes are expensive. Hence, the members are not interested to attend trainings even though they are aware of agencies that provide skill development trainings.
- e) **No government programmes:** About 12% of the members felt that the government is not designing and conducting the skill development programmes that are useful to them.

During focus groups discussions, out of 40 SLFs/TLFs, majority felt that there is a need of up-grading of product (70%), process (58%), function (55%), market (90%) and intra chain (50%) for capturing new opportunities.

6.2 Problems reported by the SHGs

During the focus group discussions, the SHG members have identified the following problems in running the enterprises.

- a) **Financial:** includes i) small loan (28%), ii) no/ low investment (24%), iii) high interest rate on loans (21%), iv) high house rent (9%) and v) absence of credit (5%).
- b) **Infrastructure:** i) less space (20%) and ii) no storage facility (17%).
- c) **Material procurement:** i) raw material not available locally (5%).
- d) **Marketing:** i) competition (11%), ii) decreasing demand for some goods & services (7%), iii) linkages with shops (5%), iii) fluctuations in prices due to seasonality (3%), iv) high transportation cost (3%), v) delay in paying bills (3%), vi) problems with middlemen (1%) and vii) less business due to new products (1%).
- e) **Legal aspects:** i) not allowing on roadside (5%), ii) fines from municipal authorities (1%) and iii) no registration /license (1%).

- f) **Skill up-gradation:** i) no trainings on enterprise activities (10%).
- g) **Social problems:** i) family problems (1%).
- h) **Environmental problems:** i) Air pollution due to the activity (1%).

The above discussion reveals that the SHGs have reported the more or less the same problems reported by the SHG members.

6.3 Problems reported by the SLF/TLF office bearers

During focus group discussions, the office bearers of SLF /TLF were listed the following in addition to the problems accounted by the SHG members in running the enterprises.

- a) **Infrastructure:** i) problem in up-grading machinery or adoption of latest technology, ii) loss of production assets like livestock, damage of machinery etc. and iii) finding a suitable place in busy localities such bus and railway stations, commercial areas.
- b) **Raw material:** i) frequent hike of material prices and ii) shortage of raw material /fuel (coal).
- c) **Marketing problems:** i) Emergence of big shopping malls, ii) frequent changes in designs and trends, iii) absence of social networking or linkages, iv) emergence of new shops in the locality and v) less demand for traditional varieties.

6.4 Problems reported by the banks

During individual interviews with the bank branch managers, they reported the problems in running the enterprises as:

- a. There is no insurance in case of death of a loan borrower and/or asset loss;
- b. Low marketing skill among SHG women entrepreneurs;
- c. Less entrepreneurial skills among SHG women; and
- d. No trainings on micro enterprises to SHG women.

6.5 Conclusions

The SHGs members have faced several problems at all stages in managing enterprises. At the beginning, SHG entrepreneurs primarily confronted initial investment mobilization. Of all the infrastructure related issues, space is the biggest problem. The terms and conditions such as no credit and supply of goods /material on payment of cash are the major problems in procuring raw material. Again these are because of low working capital. Non-availability of material locally is another problem which escalates transportation costs.

High daily wages and low skilled workers are major issues in hiring the workers. Of the problems in accessing credit, small volume of loans is the major concern of SHG entrepreneurs. The SHG members have several problems in marketing their goods & services. Of all, competition among the similar entrepreneurs is the major issue. The major issue in skill up-gradation is unawareness among the members on skill development programmes and the agencies that provide training.

During FGDs, the SHGs and SLF & TLF office bearers have added some more problems to the members' list: emergence of big shopping malls, air pollution, problems with municipal authorities and absence of social networking etc. Whereas bankers have highlighted the issues like insurance in case of death or asset lose, low entrepreneurial and marketing skill among women and absence of micro enterprise trainings to women. In summary there are multiple problems at all stages from the beginning of the enterprise activity and in marketing of good & services.

CHAPTER-7: LENDING PROCEDURES OF FINANCIAL INSTITUTIONS

This part of the report primarily talks about the lending procedures & the bottlenecks of financial institutions in SHG financing for enterprise or livelihood activities. Firstly, it describes the lending procedures of SHGs, SLFs, banks and Stree Nidhi with reference to the loan appraisal, lending norms, loan disbursement and recovery. Secondly, it analyses the performance of SHGs credit linked to Stree Nidhi with a locus on 'panchasutras'. Thirdly, it elucidates the problems encountered by the financial institutions in financing SHGs.

7.1 Procedures in financing SHGs

a) Lending norms: Need-based lending is common. However, equal distribution was found in case of SHG bank linkage loans. Lending is only to their group members not to other SHG members and non-members. There are two types of loans- i) large loans for income generation activities, and ii) small loans for consumption and emergency expenses. A member could have more than one loan. Loan purposes vary from one credit source to the other. The SHGs provide loans for consumption, social needs and income generation activities; SLF for social needs and income generation activities; whereas, the bank and Stree Nidhi provide loans primarily to take up income generation activities (see table-7.1).

Loan volume varies from Rs. 500 to Rs. 50,000 depends on cumulative savings of the member, repaying capacity, purpose of loan and availability of group funds. Occasionally the groups provide large loan, up to Rs. 1 lakh, in case of marriages, housing and serious health issues if the funds are available in the group. There is a positive relationship between cumulative savings of a member and loan size. If the repaying capacity is high, she is eligible for large loan. The study team has observed that in all the SHGs comparatively better off members have borrowed large number of loans and larger amounts.

The 'loan term' varies from 3 to 60 months depends on loan volume. If loan size is small (< Rs. 5,000) repayment period is less than 12 months. If the loan is more than Rs. 25,000, the repayment period should be between 24 and 36 months. Generally, in case of large loans, the repayment is fixed at Rs. 2,000 per month as loan installment.

Majority groups charge Re. 1 per month per hundred rupees (12% per annum) on its loans to members. Banks charge 12 to 14 percent per annum on group lending. But the Dept. of Rural Development, Govt. of Telangana reimburses the interest paid on loans to bank under

'Vaddilenirunalu' (VLR) programme. Of all the external credit sources, Stree Nidhi charge lower interest rate than banks and SLF.

Though the groups have a norm of repayment of both principle and interest every month, the study team has found some flexibility in practice with regard to loans from SHG own funds. Repayment of interest on loan is compulsory, whereas, repayment of principal is optional.

Table-7.1: Financial Institutions and the Credit Norms				
Lending norms	SHGs to members	External agencies to SHGs		
		Slum Level Fed.	Bank-SHGBLP	Stree Nidhi
1. Loan term	6 to 36 months depends on loan purpose and size	6 to 12 months depends on loan size	12-36 months depend on loan size	12-24 months depends on loan size
2. Loan volume	Rs. 500 to Rs. 1 lakh depends on purpose of loan and availability of funds	Rs. 20,000 to Rs. 2 lakhs depends on purpose of loan and availability of funds in SLF	Rs. Rs. 50,000 to Rs. 5 lakh depends on credit doses	Rs. Rs. 50,000 to Rs. 2.5 lakhs depends on purpose of loan and credit doses
3. Loan purposes	Consumption, social needs and income generation	Income generation activities as bride loan, social needs	Income generation activities	Income generation activities
4. Type of lending	Need based; 1 to 5 members in a group	Need based; 2 to 5 members in a group	Equal distribution; all members	Need based; 4 to 6 members in a SHG
5. Installment frequency	1-12 months depends on household income flows	Monthly installments	Monthly; rarely quarterly	Monthly installments
6. Rate of interest	Re.1 to Rs. 2 pm; diminishing rate of interest	Re. 1 to Rs. 2; diminishing rate of interest	Re. 1 to Rs. 1.20 pm; diminishing rate of interest	Rs. 1.05 pm on diminishing rate of interest
7. Mode of repayment	Both principle and interest; Interest is compulsory	Both principle and interest	Both principle and interest; some-times fixed amount	Both principle and interest;
8. Surety/ collateral	No collateral ; loan > Rs. 5000 promissory note on court stamp paper from HH members	No collateral; membership in SLF; savings and share capital in SLFs	No collateral; Inter-say-agreement;	No collateral; Inter-say-agreement;

There is no collateral in any loans. Some SHGs collect promissory note from members. Banks collect inter-say-agreement from SHGs. However, banks maintain large funds in SHG saving bank account informally by not allowing withdrawals, promoting recurrent savings accounts and fixed deposits to reduce risk in case of defaulting.

b) Appraisal: Appraisal is the triggering step for the entire loan process. Utmost care is taken during appraisal as it forms the basis for good recovery. Following are the procedures followed by SLF, Stree Nidhi and Banks in appraisal of applicants. In case of lending from SLF, the procedure starts with request from the SHG during the SLF meeting on behalf of the member applying for loan. The request is made formally with a "Teermanam" from the group. It contains information on savings, previous repayment, SHG meetings, and attendance and so on. The OBs look at all these details before sanctioning loan. Additionally, they look at the amount and purpose requested. In addition to the previous repayment, current repayment capacity of the individual is assessed based on the individual's / family's source of livelihood. It is preferred if the member has her own source of livelihood; member / her family member has business; request made for emergencies like health or wedding.

The procedure is almost similar for a bank loan. Upon receiving loan application from SHGs, bankers look at the details of savings, previous repayment, minutes of SHG meetings, internal lending. In order to take the process further all the members have to be present at the bank for a personal interaction with the bankers. These meetings focus on coordination between the members and group dynamics.

To access Stree Nidhi loan, first of all the applicants put forth their application in an SHG meeting. It is then taken forward where applicants who require a loan amount of Rs.25,000 submit an application at SLF level which is then passed on to Stree Nidhi staff. In addition to the application, a promissory note is collected from the applicant. The data is then uploaded through IVRS.

If the applicants request for a higher amount like Rs.50,000 or Rs.1,00,000 they have to submit Household Livelihood Plan (HLP). This forms the basis for approving the application. In this case the applicants have to approach CO / CC to submit their HLP. The data is then uploaded online to trigger the process. Appraisal of higher amounts mainly depends on this plan.

c) Disbursement: SLF, Stree Nidhi and banks have their own procedures for disbursement of loans. As mentioned earlier, to avail loan from SLF, the entire process starts at SHG level, after teermanam is made at SHG level, the application is passed on to SLF on the day of SLF meeting. Upon

completion of appraisal process, SLF OBs issue a cheque in the name of the SHG on the same day. If the bank account of the SHG and SLF is the same, the cheque is processed within one working day.

It takes three to four days to process loan applications in case of bank loans, if all the documents are in order. The possible chances of delay in credit linkage include absence of member for personal interactions, problems with ID proofs, delay in municipal office or gaps in application form.

For Stree Nidhi loans the process of disbursement of Rs. 25,000 is comparatively easier and takes 48 hours to process. The amount is deposited into the group's account which is then given to the individual members. In case of higher amount, the entire process takes up to 15 days.

d) Recovery: The federations, banks and Stree Nidhi followed multiple recovery strategies. These strategies can be divided into two: Pre and post defaulting. Regular interactions during SHGs' visit to bank and continuous follow up & review with Bank Mithras and promoters are the major strategies during pre-defaulting stage. Regular communication to promoters on loan repayment, awareness, awareness creation on the advantages of regular repayment and loan subsidy portion required as a fixed deposit are other strategies. Of the post defaulting strategies, joint visits of bankers & promoters and sharing of defaulters list in monthly review meetings of federations and SHPIs are the most common. In addition, the backing of Bank Mithras, CRPs, and federation loan recovery Committees is immensely important in the recovery of loan overdues. Some of the banks have even resorted to renewal of loans; large loans in the subsequent doses and adjustment of group savings to recover the overdues.

The federations have been following more or less similar strategies of banks to ensure recovery and collection of overdues. However, there are a few strategies that are exclusive to federations: i) exclusion of default members from voting in annual general body meetings, ii) meeting with bankers and iii) threats of no loan in future.

In case of Stree Nidhi loans, the managers have mentioned that there is 99% recovery. Members are eligible to apply for fresh loans only after the previous loans are cleared. Hence this acts as an effective mechanism for good recovery.

Table-7.2: Recovery Strategies of Banks, Stree Nidhi and SLFs

Preventive	Default Management
<p>a. Banks</p> <ul style="list-style-type: none"> • Regular interactions during SHGs' visit to bank • SHGs forming well - regular meetings, savings, internal lending, loan repayment and up-dation of books • Regular follow up/ reviews with Bank Mitra and promoters • Regular communication to promoters on loan repayment • Awareness about interest subvention under SHGBLP • Promotion of FDs & RDs • Fund transfers from savings to loan account • Keeping large funds in SHG SB accounts • Priority to the SHGs taking up income generation activities with Micro Credit Plan 	<ul style="list-style-type: none"> • Joint visits of bankers and promoters to SHGs • Sharing of defaulters list with MEPMA and SLFs • Assistance of Bank Mithras, CRPs and Loan Recovery Committees • Renewal of loans • Large repeat loans to recover earlier loan • Adjustment of savings to loan • Adjustment of Govt. input subsidies deposited in personal accounts • Peer pressure from other group- delaying loan to eligible group to put pressure on default groups • Issue legal notices and in some cases file legal suite.
<p>b. Stree Nidhi</p> <ul style="list-style-type: none"> • SHG Grading - loan only for A-grade SHGs • Preparation of Household Livelihood Plan if the loan is more than Rs. 25,000 • Monthly reviews & regular monitoring by using technology • Asset and loan insurance • Linking of loan repayment with staff performance appraisals • Top priority in paying Stree Nidhi loan monthly installments in case of multiple external loans 	<ul style="list-style-type: none"> • Sharing of overdues list with Stree Nidhi and MEPMA staff at district, municipality and slum level. • Discussion on overdues in monthly meetings, and action to be taken up against defaulters.
<p>c. Federations</p> <ul style="list-style-type: none"> • Loan Committee appraises the loan request of SHGs; • Monitoring Committee verify whether the loan is used for intended purpose or not/ verify the assets • Preference to the SHGs have been following 'panchasutras' • Preference to the SHGs who can repay the loan regularly • Least preference to migrants 	<ul style="list-style-type: none"> • Collect penalty from the defaulters • Discuss in monthly review meeting • exclusion of default members from voting in annual general body meetings • Meeting with bankers • Threats of no loan in future.

7.2 Performance of SHGs credit linked to Stree Nidhi

a) Meetings: Monthly meetings are common (98%) across the municipalities and municipal corporations. A few SHGs (1.5%) have fortnightly meetings (1.5%) and no meeting schedule (0.5%). Table-7.3 shows that majority SHGs (72%) have conducted 100 percent of meetings followed by 75-99 percent (19%) and < 75 percent of meetings. There is no much difference in regularity of SHG meetings between municipal corporations and municipalities. However, the SHGs conducted 100 percent meetings is high in Warangal (100%) and low in Miryalaguda (40%) when compared to other municipalities. The percentage of SHGs conducted < 75 percent of meetings are higher in older SHGs than younger SHGs. It could be because of monotony and low capacity building inputs in case of older SHGs.

S. No.	% of meetings	Up to 5 years	6-10 years	11-15 years	> 15 years	Total
1	< 75	0.0	7.0	11.9	10.7	9.5
2	75-99	28.6	17.5	17.8	17.9	18.5
3	100	71.4	75.4	71.4	71.4	72.0
	Total	100.0	100.0	100.0	100.0	100.0

The average member attendance in group meetings is 83%. There is no much difference in members' attendance in group meetings between municipal corporations and municipalities. However, it varies between municipalities: high in Siricilla with 88% and less in Miryalaguda with 78%. The group age and member attendance in meetings are negatively correlated: high member attendance in younger groups (87%) than older groups (82%).

b) Savings: Monthly savings is common across the municipalities. However, a small number of SHGs (2%) have weekly collection of savings in Khammam, Miryalaguda and Warangal.

Savings per month per member is varying between Rs. 100 and Rs. 300 with an average of Rs. 120. It varies across the municipalities: high in Mahabubnagar with Rs. 154 and less in Palwancha with Rs. 101 when compared to other municipalities (Siricilla, Rs.106; Suryapet, Rs. 108; Miryalaguda, Rs. 110; Warangal, Rs.111; Kothagudem, Rs. 128; Khammam, Rs. 138). The savings per month per member is higher in older SHGs (Rs. 130) than younger SHGs (Rs. 115). Table-7.4 shows that majority SHGs collect Rs. 100 per month per member (73%) followed by Rs. 101 to Rs.150, Rs. 151 to Rs. 200 and > Rs. 200. The SHGs collect savings more than Rs. 150 is high in

Mahabubnagar (36%) followed by Khammam (32%) and Kothagudem (24%). It could be because of long history of SHG movement in the districts.

S. No.	Amount In Rs.	Corporation			Municipality					Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	100	60.0	72.0	60.0	44.0	80.0	96.0	80.0	88.0	72.5
2	101-150	8.0	24.0	16.0	20.0	20.0	4.0	20.0	8.0	15.0
3	151-200	28.0	4.0	24.0	24.0	0.0	0.0	0.0	4.0	10.5
	> 200	4.0	0.0	0.0	12.0	0.0	0.0	0.0	0.0	2.0
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The SHGs have a total regular savings of Rs. 2.32 crores with an average of Rs. 1.16 lakh per SHG and Rs.11,472 per member. About 84% of the SHGs have made special savings of Rs. 11.56 lakh with an average of Rs. 6,920. Further, the SHGs have savings in Stree Nidhi: total of Rs. 13.1 lakh with an average of Rs. 6,549 per SHGs. The SHGs have promoted savings with SLFs sum of Rs. 27.96 lakhs of savings, an average of Rs. 13,981 per SHG. About Rs. 2.13 lakhs is collected as share capital in SLFs; and 3% of SHGs have fixed deposits of Rs. 85,900 in banks. It reveals that the members have been promoting savings with multiple organizations such as SHGs, SLFs, banks and Stree Nidhi.

c) Internal lending: There is no internal lending with own funds in majority of the sample SHGs (53%). However, majority SHGs have disbursed loans in Mahabubnagar (84%), Siricilla (84%) and Warangal (68%) municipalities. It is almost absent in Suryapet municipality (96%). About 47% of the SHGs have disbursed loan sum of Rs. 1.07 crores with an average of Rs. 1.17 lakh per group. Rs. 68.86 lakhs is the loan outstanding with the members, an average of Rs. 74,039 per group and Rs. 13,344 per member.

Particulars	SHG	SLF	SHGBLP	Stree Nidhi
1. No. of SHGs (in %)	47	62	88	94
2. loan disbursed (Rs. in lakhs)	109.07	94.32	930.00	290.75
3. Avg. loan disbursed (Rs. in lakhs)	1.17	0.76	5.28	1.55
3. Loan outstanding (Rs. in lakhs)	68.86	48.19	480.31	153.23
4. SHGs reported default (in %)	2.5	0.5	3.0	1.5
5. Avg. no. of members taken loan	6	3	10	6

Table-7.5 shows that majority SHGs have loans currently with SLFs, banks and Stree Nidhi. Of the current loans disbursed, major portion is from banks (65%) followed by Stree Nidhi (20%), SHG own funds (8%) and SLFs (7%). The

average loan per SHG is varying from one source to the other: It is high in SHGBLP and low in SLF when compared to Stree Nidhi. The percentage of loan outstanding with the members is high in case of SHG own funds (63%) when compared to SLF (51%), bank (52%) and Stree Nidhi (53%). The SHGs, bankers and Stree Nidhi staff reported defaulting is negligible across the credit sources. Need based lending is found in case of SHG own funds, SLF and Stree Nidhi loans; but, equal distribution is common in SHG bank linkage loans.

d) Book keeping: The quality & up-to-date maintenance of group records is one of the indicators to assess SHG performance. During interactions the study teams have observed that the sample SHGs have been maintained the books prescribed for SHGs. But the records are not up to date except minutes book. Further, there are many gaps in the information.

e) Leadership rotation: About 75% of the SHGs have reported leadership change, 1 to 5 times over a period of time. However, there is no leadership rotation in majority SHGs of Miryalaguda (52%) followed by Warangal (48%). Table-7.6 shows that the SHG age and incidence of leadership rotation are positively correlated. However, it is a concern in SHGs more than 10 year old (28%).

S. No.	Rotation of leaders	Up to 5 years	6-10 years	11-15 years	> 15 years	Total
1	No rotation	35.7	22.8	28.7	7.1	24.5
2	Rotation	64.3	77.2	71.3	92.9	75.5
	Total	100.0	100.0	100.0	100.0	100.0

f) Fines & penalties: About 83% of the SHGs don't have the practice of collecting fines. But, 17% of the SHGs have the norm of collecting 1 to 3 types of fines from members if there is a delay in paying savings (5%), delay in attending meetings (11%), quarreling in meetings (1%) and delay in paying monthly loan installment (11%). The amount of fine varies from one SHG to another, and it ranges a minimum of Rs. 5 to 10 and maximum of Rs. 50 to Rs. 300.

g) Support provided to SHG entrepreneurs by the SHGs: The SHGs were supported the SHG entrepreneurs in multiple ways. The details are as follows:

- Trainings: About 49% of the SHGs have reported that they have discussed about various livelihood activities in their group meetings as one of the agenda point for the group members.

- Credit mobilization: All SHGs accessed credit under SHGBLP and provided loans to their members for livelihoods or enterprise promotion. Besides, the SHG assisted their members to access SLF and Stree Nidhi loans (67%).
- Material purchases: About 20% of SHGs provided information to their members about the market places (18%), where the material is available, about the whole sale dealers (3%) and encouraged collective marketing (3%).
- Monitoring: About 31% of SHGs personally visited the enterprise activity whether the loan borrower invested loan on the intended purpose or not.
- Loan repayment: The SHGs helped the entrepreneurs in multiple ways in loan repayment - reminders about the loan installment (33%), flexibility in repayment (10%), hand loan in case of difficult times to repay loan (5%) and adjustment of loan installment from group funds (4%) in case of delay in repaying loan installment.
- Marketing: About 27% of SHGs motivated their group members to purchase necessary goods & services from the shops managed by their own group members.

6.3 Problems in livelihood financing to SHGs

a) Self-help groups: During FGDs the members have reported the following are the major issue at SHG level:

- No internal lending: In many groups there is no internal lending with group funds primarily as the bankers not allow SHGs to withdraw savings.
- Defaulting: SLF office bearers, bank branch managers, MEPMA staff have reported multiplicity of reasons for defaulting. Internal conflicts, poor record keeping and misuse of funds are the major reasons for defaulting at group level. Misuse of funds by the group members or SHPI staff, political promises of local leaders, delay in repeat linkage, migration, death of loan borrower are some of the reasons at member level. Besides, there is no follow up and continuous monitoring by the SHPIs, banks and SHGs on loan utilization and repayment of loans.

b) Bank linkage: Following are the problems in SHG credit linkage with banks:

- Delay in SHG credit linkage with banks: During interactions, the SLF & TLF office bearers, bankers and project staff have reported multiple reasons for the delay of SHG bank credit linkages. They are broadly categorized

into three groups: SHGs, promoters and banks. The reasons from the SHG side includes poor book keeping, group dynamics such as absence of many members at the time of credit linkage, misuse of funds within the group, absence of leader; poor loan repayment track record, migration, no internal lending, less savings or funds in SHG savings account.

From the bankers end, the most important reason is other priorities (32%) and inadequate human resources (32%); the other factors causing delay are attitude of bankers, low awareness among bankers on SHGBLP, other priorities, inadequate human resources and staff transfers – branch manager and officer in-charge for SHG programme. From the SHPIs end, it is because of delay in submitting loan documents.

- Small volume of loan: The SHG members felt that the average loan per SHG and member is too small. During discussions the members said that that the minimum loan should be of Rs. 3 lakhs and the maximum should be of Rs. 7 lakhs.
- Loan volume not based on micro credit plan (MCP): During FGDs, the SHGs have mentioned that the banks decide loan size based on group savings, group quality and number of linkage, but not on the basis of micro credit plans. Thus, most of the SHGs prepare MCPs based on the instructions of bankers and / or promoters to avoid further delay in loan sanctioning. MCPs did not add any value in SHGBLP as the banks and SHGs are not concerned about it.
- Banks insist SHGs for fixed deposits and recurring deposits: Banks have been insisting SHGs for fixed deposits and recurrent deposits at the time of loan sanctioning. Fixed deposits were mostly demanded if the groups don't have large amount of funds in their SB accounts.
- Large amount of bribes – During discussions, the members have stated that, paying Rs. 2-5 thousands to the leaders, RPs and COs to get the credit linkage is a compulsion.
- Delay in transferring amount from loan account to SB account – some bank branches take 10-15 days to transfer the amount. But they charge interest from the date of loan sanctioning.
- Burden of defaulters on regular members – If one or two members in a group defaults with any reason, the other group members are burdened to repay the loan overdue of the defaulters to avoid delay in getting the subsequent loan.

- No VLR or delay in getting interest subsidy - Many SHG members including leaders are unaware of the details of PV – amount eligible and received. In some bank branches it is adjusted to loan instalments.

c) Stree Nidhi: Following are the problems with Stree Nidhi:

- One of the intension of Stree Nidhi is to reduce SHG members' dependency on MFIs and traditional money lenders by providing timely loans at door steps. Most of the SN loan borrowers irrespective of social categories, region and member's position in a group have reported that the loan was sanctioned timely. However, few members have reported as untimely due to delay in passing the information from SLF to SHG to SHG member.
- Busy schedule and/or unavailability of office bearers and Staff: As the leaders are not available because of varied reasons causes delay in withdrawal of loan amount from bank.
- However, during focus group discussions, some of the SLF & TLF office bearers have reported that if both bank and Stree Nidhi loans are available, their choice would be to Stree Nidhi even though VLR is not applicable to it because of the following reasons:
 - Loan will be sanctioned in 2 or 3 days – no waiting & timely
 - Loans are need-based unlike equal distribution in SHGBLP
 - Stree Nidhi charges low rate of interest when compared to banks
 - Zero defaulting or regular repayment of Stree Nidhi loan due to regular monitoring and clear books of accounts
 - No indirect costs on the name of travel & other miscellaneous expenses
 - There is no delay in getting next dose of credit

d) Slum Level Federations: Following are the problems with SLFs

- SLF loans are mostly accessed by the leaders – In most of the groups both leaders availed large loans from SLF. The members' access to credit from SLFs is comparatively low.
- No proper recovery mechanism - There is a good recovery mechanism observed in Kothagudem municipality as the Municipal commissioner reviews the progress of bank linkages, recovery, overdue, etc. with the bank staff, project staff and RPs, but it is not appeared in other districts.
- Federations at slum and town levels are managed by RP and Staff.
- Irregular meetings and poor member attendance in SLF and TLF meetings. The project staff attends SLF meetings rarely, if there is any important agenda from the project side.

e) Reasons for underperformance of women enterprises: During focus group discussions, the SHG members have revealed some of the possible reasons for the underperformance of women in enterprises compared to that of men. They are as follows:

- Women enterprises are mostly involved in less productive works;
- The initial investment and working capital is comparatively less and consequently they have smaller enterprises;
- Due to restricted mobility, access to market is limited in case of women;
- Most women enterprises are located within the household or within slum which restricts their scope of business.

7.8 Conclusions

The quality of SHGs credit linked to Stree Nidhi is good as it provides loan only to A-grade SHGs. However, some of the SHGs are not functioning well: irregular meetings & low member attendance, no internal lending with own funds, no up to date books of accounts, no leadership rotation and no norms of collecting fines & penalties. Bank is the major external credit source to SHGs followed by Stree Nidhi and SLFs. The SHGs and SLFs have played a key role in credit mobilization, but their support to SHG entrepreneurs is insignificant especially in establishment of enterprise, procuring material, marketing, providing skill development training etc.

There are some similarities and differences among SLF, bank and Stree Nidhi in SHG quality assessment procedures, loan terms & conditions, loan disbursement and recovery mechanisms.

There are many issues in financing SHGs for livelihood / enterprise activities. No internal lending is the major concern at SHG level; small volume of loan, delay in loan disbursement, linking of loan volume with recurrent deposit or fixed deposit, attitude of bankers towards lending to SHG members are the problems at bank level; and small volume of loan, loan to limited number of members in a group and dependency of SHG members on SN/MEPMA staff are the problems at Stree Nidhi level.

CHAPTER-8: CONCLUSIONS AND RECOMMENDATIONS

I KEY FINDINGS

The present study is aimed to map the existing livelihood activities / enterprises in urban areas, their feasibility and viability, problems in mobilizing financial resources for livelihood activities and the processes followed by financial institutions in financing urban SHG livelihood activities. The study was covered 600 members and 200 SHGs in 40 slums of 2 corporations & 6 municipalities in 5 districts of Telangana State. The major findings are as follows.

- 1.1 The urban SHG member households engaged in a wide range of economic activities. Majority households have been engaged in multiple activities to eke out their livelihood. Of the savings with multiple sources, major portion is with private individuals and SHGs. All the households have debts with multiple sources. However, majority households indebted to SHGs only.
- 1.2 Trade and service related activities are the most predominant enterprises of SHG members followed by agri-allied and manufacturing enterprises. The SHG members got motivation from multiple ways: primarily self-inspired followed by household members and others. The members have taken into account many aspects such as regularity of income, demand for the goods & services, skills, etc. while starting the activity.
- 1.3 A majority SHG members invested SHG loan on existing household activity. However, majority joint families and OCs have taken up new enterprises. The women have major control over the enterprises than husband and other household members. The household members got more self-employment within the household enterprises than providing employment to others. Small number of SHG entrepreneurs was attended skill development trainings, and got financial assistance from government for enterprise promotion.
- 1.4 The initial investment is varying from one enterprise to the other, and it has been depended on the nature of activity and socio-economic conditions of the entrepreneurs. Own fund is the major initial investment followed by SHG and informal credit sources. Small number of households was mortgaged assets to mobilize initial investment. Majority households have spent largely on physical infrastructure improvement such as machinery, furniture and buildings.

- 1.5 The working capital is varying from one enterprise to the other. Material cost, maintenance, interest paid on loans, depreciation on machinery, transportation & communication charges and electricity are the common costs found across the enterprises. Material cost is the major portion of all working costs of enterprises.
- 1.6 Most enterprises are micro enterprises in terms of their annual turnover. It is varying among the activities, across types of enterprises and socio-economic conditions of entrepreneurs. Further, there is a positive correlation between the annual working capital and turnover of enterprises.
- 1.7 The enterprises have earned significant amount of annual net profits. But there is a wide range in it across the types of enterprises and socio-economic conditions of entrepreneurs. The annual net profits are high in manufacturing enterprises and low in trade enterprises when compared to agri-allied and service based enterprises.
- 1.8 The most requesting goods & services seems mostly related to basic necessities such as food, housing, clothing, education and health besides newly emerging needs.
- 1.9 The SHG entrepreneurs have been facing multiple problems at all stages in managing their enterprises. Lack of initial investment, getting space in suitable location, small volume of bank / Stree Nidhi loan, competition, skill up-gradation, insurance in case of death of loan borrower or asset loss are the major problems reported by the SHG entrepreneurs.
- 1.10 The quality of SHGs credit linked to Stree Nidhi is good as it provides loan only to A-grade SHGs. However, some of the SHGs are not functioning well. Bank is the major external credit source to SHGs followed by Stree Nidhi and SLFs. The SHGs and SLFs have played a key role in credit mobilization, but their support to SHG entrepreneurs is insignificant especially in establishment of enterprise, procuring material, marketing, providing skill development training etc.
- 1.11 There are some similarities and differences among SLF, bank and Stree Nidhi in SHG quality assessment procedures, loan terms & conditions, loan disbursement and recovery mechanisms.
- 1.12 There are many issues in financing SHGs for livelihood / enterprise activities. No internal lending is the major concern at SHG level; small volume of loan, delay in loan disbursement, linking of loan volume with recurrent deposit or fixed deposit, attitude of bankers towards lending to SHG members are the problems at bank level; and small volume of loan, loan to limited number of members in a group and

dependency of SHG members on SN/MEPMA staff are the problems at Stree Nidhi level.

II RECOMMENDATIONS

Based on the study findings, following recommendations were made to Stree Nidhi, MEPMA and banks for the effective implementation of SHG as well as Stree Nidhi programme.

2.1 **Feasible and viable enterprises identified for livelihoods promotion:**

The study team has identified the following activities as feasible and viable enterprises based on the net profits earned annually and the demand that the goods & services have locally.

- a) Service based enterprises: 1) fast food center, 2) tea stall, 3) tailoring, 4) cloth business, 5) internet & xerox center, 6) medical services, 7) screen/flexes printing, 8) tutorial center for children, 9) auto mobile repair shop, 10) mobile repair center, 11) hair cutting saloon, 12) beauty parlour and 13) carpentry.
- b) Trade based enterprises: 1) Kirana shop, 2) supply of tailoring material, 3) food vending, 4) rice business, 5) bakery shop, 6) fancy shop/ ladies corner, 7) pottery, 8) RO water plant, 9) cement & sanitary ware / construction material shop, 10) e-seva / meeseva center and 11) pet animals business.
- c) Manufacturing enterprises: 1) Welding shop, 2) paper plates making, 3) metal working and 4) manufacturing of carton boxes for packing.
- d) Agri-allied enterprises: 1) food processing, 2) mutton & chicken shop, 3) vegetables & fruits vending, 4) weaving, 5) milk & milk products, 6) tender coconuts business, 7) flowers & bouquet shop, 8) flour mill, 9) tent house and 10) pickle making.

2.2 **Loan size should be increased:** The average Stree Nidhi loan per member is Rs. 15,895. On an average 5.51 members accessed Stree Nidhi loans in a group. The average initial investment of SHG entrepreneurs is Rs. 1.44 lakhs. Large portion of it is own funds and from informal credit sources. Further, about 10% of households mortgaged assets in mobilizing initial investment. The annual working capital and turnover and net profit are positively correlated. So, it would be worthwhile to increase loan volume up to Rs. 5,00,000 per SHG to reduce dependency on informal credit sources whose interest rates are exorbitant, and to make the enterprises more profitable by providing more working capital.

- 2.3 **Organize skill up-gradation training programmes and exposure visits:** About 57% of SHG members have taken up existing activity as enterprise. Majority members are unaware about the changes happened in the sector, and they would like to know them. Out of 600 SHG entrepreneurs, only one-third were trained irrespective of existing and new entrepreneurs. Besides, majority SHG members are unaware of the agencies that provide skill development trainings. Further, the training agencies and the programme cost are not in their reach. It would be more helpful to SHG entrepreneurs if the promoting agencies conduct skill up-gradation trainings periodically at TLF level in collaboration with livelihood promotion and skill development agencies
- 2.4 **Expand Stree Nidhi operations to GHMC:** About one-third of urban SHGs in Telangana are in Greater Hyderabad Municipal Corporation area. The enterprise promotional opportunities especially service and trade based livelihood activities have more demand in these areas. Therefore, Stree Nidhi can expand its operations in GHMC for SHG enterprise promotion.
- 2.5 **Preference to SHG entrepreneurs in allotting space / shops on nominal rent in government owned commercial complexes:** About 40% of SHG members have reported that finding a suitable place in busy center and high house rent & advance are the major concerns in managing enterprises. To support SHG enterprises, the municipal authorities would give some preference in allotting shops /space with nominal rent and advances to SHG entrepreneurs
- 2.6 **Market linkages & linkage with government initiatives:** Facilitating linkages with markets is critical for the sustainability and profitability of their enterprises. Most importantly, such entrepreneurs require larger scale of finance which may not be serviced by the SHGs. In such cases, linking these entrepreneurs to the banks to access individual loan is important, by converting with the other government initiatives such as social mobilization & institution development (SM & ID), training & capacity building (CBT), employment through skills training and placement (EST & P), self-employment programme (SEP), support to urban street vendors (SUSV) and Pradhan Mantri Mudra Yojana (PMMY) for enterprise promotion
- 2.7 **Provide identity cards to street vendors:** Nearly 30% of entrepreneurs have been managing their activities on roadside, roaming in a particular geographical area, near bus stands and railway stations. They don't have any license or permission from the municipal authorities; as a result, have been paying bribes & challans and

facing harassment from traffic police and municipal authorities. Thus, it is advisable that the municipal authorities would issue identity cards to the street vendors to carry out their livelihood activities legally.

- 2.8 **Link life & asset insurance with loan sanctioning:** The death of a loan borrower or loss of asset procured with SHG loan is one of the reasons for loan defaulting. It has much implications on household, SHG and bank. To support the diseased SHG member household during distress, to avoid burden of repaying the loan outstanding of diseased by other SHG members and to ensure loan repayment to bank, it is needed to link life & asset insurance with loan sanctioning.
- 2.9 **Capacity building to SHGs, SLFs and TLFs:** Stree Nidhi extends loan to A-grade SHG only. The sample SHGs are good in quality as they are credit linked to Stree Nidhi. However, some of the SHGs are not functioning well. Therefore, there is a need for conducting capacity building training on 'panchashatras' and 'financial management' and 'livelihood/enterprise management' at SHG, SLF and TLF levels.
- 2.10 **Encourage internal lending with SHG own funds:** There is no internal lending in 53% of sample SHGs with own funds because of varied reasons. The banks have been diverting SHG savings as recurring deposit or fixed deposits and special savings in the name of promotion of diverse savings products, and large loans. It disrupts the very purpose of self-help groups. Therefore, banks and MEPMA should encourage internal lending with SHG own funds rather than hijacking SHG savings in the name of loans.
- 2.11 **SLFs and TLFs should focus more on livelihoods / enterprise promotional activities:** The SHGs, SLF and TLFs supported SHG entrepreneurs mostly in accessing credit. But their backing in livelihoods promotion is negligible. So, SLF and TLF should focus more on skill up-gradation trainings, procurement of raw material especially on collective marketing and market linkages.
- 2.12 **Trainings and exposure visits to financial institutions that are financing SHGs on SHGBLP:** During individual interviews, the study teams were realized that the bank branch managers, SLF & TLF office bearers, resource persons of Stree Nidhi especially who have recently recruited in urban areas, have limited understanding on the concept of SHG, SHG bank linkage, cash credit limit (CCL), interest subvention etc. MEPMA should facilitate trainings & exposure visits to bankers in collaboration with NABARD and Lead bank in the districts to enhance their understanding on community based microfinance.

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ANNEXURES

Annexure-1: Stree Nidhi Operations in Urban Telangana

S. No.	Name of district	Name of the ULB	No. of TLFs	Total no. of SHGs	No. of SHGs accessed SN loans	Amount disbursed Rs.in crores
1	Adilabad	Adilabad	1	1,735	1,095	20.16
2	Komaram Bheem	Kagaznagar	1	956	730	11.44
3	Mancherial	Bellampally	1	769	562	11.13
4	Mancherial	Mancherial	1	1,138	851	16.16
5	Mancherial	Mandamarri	1	828	626	9.90
6	Nirmal	Nirmal	1	1,243	482	6.00
7	Jagitial	Jagityal	1	1,707	435	6.53
8	Karimnagar	Karimnagar	2	3,288	1,329	21.90
9	Rajanna	Sircilla	1	1,840	1,211	25.07
10	Badradi	Palwancha	1	1,420	758	15.48
11	Badradi	Kothagudem	1	1,299	632	12.97
12	Badradi	Manuguru	1	721	365	8.42
13	Badradi	Yellandu	1	647	470	9.36
14	Khammam	Khammam	3	5,476	1,244	21.95
15	Khammam	Sattupalli	1	630	372	8.03
16	Mahabubnagar	Mahabubnagar	1	1,991	1,011	11.22
17	Medak	Medak	1	723	457	10.17
18	Sangareddy	Sadasivpet	1	670	181	2.47
19	Sangareddy	Sangareddy	1	1,006	647	13.83
20	Sangareddy	Zaheerabad	1	938	337	6.29
21	Siddipet	Dubbak	1	538	77	1.10
22	Siddipet	Gajwel	1	550	185	2.59
23	Siddipet	Siddipet	2	2,429	1,545	31.42
24	Nalgonda	Miryalaguda	2	1,956	1,209	23.38
25	Suryapet	Suryapet	2	1,839	1,096	23.66
26	Yadadri Bhongir	Bhongir	1	970	367	3.17
27	Kamareddy	Kamareddy	1	917	522	7.39
28	Nizamabad	Armoor	1	689	362	3.57
29	Nizamabad	Bhodhan	1	1,154	751	12.67
30	Nizamabad	Nizamabad	3	4,428	1,082	14.83
31	Vikarabad	Tandur	1	924	343	5.54
32	Vikarabad	Vikarabad	1	772	376	7.12
33	Warangal (R)	Narsampet	1	715	640	12.68
34	Warangal (U)	Kazipet	1	1,451	808	16.68
35	Warangal (U)	Warangal (U)	7	7,425	3,901	73.04
36	Warangal (U)	Hanmakonda	2	2,606	1,342	26.05
37	Jangoan	Janagaon	1	903	668	12.71
Total		37	52	59,291	29,069	526.08

Annexure-2: Sampling Units and Sample Size

Name of district	Name of municipality	Name of Slum Level Federations	No. of SHGs	No. of Mem bers	FGDs with SLFs	FGDs with TLFs	Ban kers
Khammam	Khammam	Naibrahman colony	5	15			
	Khammam	Saradhinagar	5	15			
	Khammam	Medari Bazar	5	15	4	1	1
	Khammam	Prakash Nagar	5	15			
	Khammam	Pakabanda Bazar	5	15			
Badradri Kothagudem	Kothagudem	Madhura Basthi	5	15			
	Kothagudem	Hanuman Basthi	5	15			
	Kothagudem	Ramavaram-14	5	15	4	1	1
	Kothagudem	New Gollagudem	5	15			
	Kothagudem	Coolie Line-B	5	15			
Badradri Kothagudem	Palwancha	Soniya Nagar	5	15			
	Palwancha	Gatti Gudem	5	15			
	Palwancha	Bapuji Nagar	5	15	4	1	1
	Palwancha	Seetharampatnam	5	15			
	Palwancha	Oddugudem	5	15			
Mahabubnagar	Mahabubnagar	Vaddera Basthi	5	15			
	Mahabubnagar	Hanumanpura	5	15			
	Mahabubnagar	Old Mothinagar	5	15	4	1	1
	Mahabubnagar	Ramaibouli	5	15			
	Mahabubnagar	Patha Thota	5	15			
Nalgonda	Miryalaguda	Bapuji Nagar	5	15			
	Miryalaguda	Muhireddy Kunta	5	15			
	Miryalaguda	Prakash Nagar	5	15	4	1	1
	Miryalaguda	Seetharampuram	5	15			
	Miryalaguda	Vinohba Nagar	5	15			
Suryapet	Suryapet	Chandranna Kunta	5	15			
	Suryapet	Annadurai Nagar	5	15			
	Suryapet	Harijanawada-2	5	15	4	1	1
	Suryapet	Gopalapuram	5	15			
	Suryapet	Kotamaisamma	5	15			
Rajanna Siricilla	Siricilla	Bai Nagar	5	15			
	Siricilla	Nehru Nagar	5	15			
	Siricilla	Saddulawada	5	15	4	1	1
	Siricilla	Padma Nagar	5	15			
	Siricilla	Ambica Nagar	5	15			
Warangal (u)	Warangal (u)	Thummala Kunta	5	15			
	Warangal (u)	Rangasaipet	5	15			
	Warangal (u)	Kreembad	5	15	4	1	1
	Warangal (u)	Laxmimipruam	5	15			
	Warangal (u)	Harijanawada	5	15			
Total= 5	8	40	200	600	32	8	8



Annexure-3: Data Collection Formats
A STUDY ON FEASIBLE MICRO ENTERPRISES IN MEPMA AREA
(Study conducted by Sadhikaratha Foundation, Hyderabad)

Format-1 for SHG Member

Schedule No. _____

A Identification details of individual members

Mobile No.: _____

A1 Name of district: _____ A2 Municipality: _____

A3 Name of slum: _____ A4 Name of SLF: _____

A5 Name of SHG: _____ A6 Name of the SHG member: _____

B Socio-economic profile of member consultation

B1 Age of the SHG member :* _____ (completed years)

Codes: 1- 18-30 years 2- 31-40 years 3- 41-50 years 4- 51-60 years 5- 60 plus

B2 Marital status *: _____

Codes: 1- Married 2- Widowed 3- Divorced 4 -Separated 5 -Unmarried

B3 Educational status*: _____

Codes: 1- Illiterate 2- 1st -5th 3- 6th-10th 4- Intermediate 5- Other

B4 Social category *: _____

Codes: 1- ST 2- SC 3- BC 4 -Minority 5- Others

B5 Religion *: _____

Codes: 1- Hindu 2- Muslim 3- Christian 4 -Sikh 5- Others

B6 Type of family: Codes: 1- Simple/nuclear family 2- Joint family *: _____

B7 Head of the family: Codes: 1- Male headed 2- Female headed *: _____

B8 Total number of members in the household: _____ (Total of 8.1 + 8.2 + 8.3)

8.1 No. of adult male: _____ 8.2 No. of adult female: _____ 8.3 No. of children: _____

B9 Type of house *: _____

Codes: 1- Hut/tent 2- Thatched 3- Tiled/asbestos 4- Pucca/RCC 5- Other

B10 Is it your own house or rented? Codes: 1- Own 2- Rented *: _____

B11 Are you an immigrant? Codes: 1- Yes 2- No *: _____

B12 Are you elected to any local body/office? Codes: 1- Yes 2- No *: _____

C Membership with SHG and SHG federations

C1 How long you have been associated with SHG? : _____ (in completed years)

C2 Position in the group *: _____

Codes: 1- Member 2- Leader 3- Ex-leader 4- Book keeper 5- Leader & Book keeper

C3 Position in Slum/Town Level Federation *: _____

Codes: 1- President/Vice 2- Secretary/Joint 3- Treasurer 4- Member 5- Not applicable

D Details of household economic activities, income, savings and debt status

D1 What are the economic activities of your household?

	<u>Household members</u>	<u>(a) Activity-1*</u>	<u>(b) Activity-2*</u>	<u>(c) Activity-3*</u>
1.1	SHG member	_____	_____	_____
1.2	Husband	_____	_____	_____
1.3	Other HH member-1	_____	_____	_____
1.4	Other HH member-2	_____	_____	_____
Codes:	1- Daily wage workers	2-Domestic workers	3-Construction workers	
	4-Dairy	5- Waste material collection	6-Private Job	
	7-Govt. Job	8-Mobile repair shop	9-Kirana shop	
	10-Cycle repair shop	11-Motor cycle repairs	12-Driver-monthly basis	
	13-Hair –cutting shop	14-Beauty parlour	15-Cobbler/leather worker	
	16-Mutton/Chicken shop	17-Tailoring	18- Vegetable & fruit vender	
	19-Push cart vender	20- Food venders	21-Electrical worker	
	22-Plumber	23-Carpenter	24-Music Band Party	
	25- Laundry Services	26-Electrical shop	27-Basket making	
	28-Metal workers	29-Craft work	30- Flowers/Bouquet shop	
	31- Auto/taxi driver	32-Juice venders	33-Cloth merchant	
	34-Vessel sellers	35-Hotel	36-House –painters	
	37- Money lending	38-Disposable Goods shop	39- Screen printing	
	40-Leaf plate making	41-Pickle making	42-Detergents /Phenoil	
	43-Tent house	44-Photo & Video studio	45-Fancy shop	
	46-Ele. Goods repair shop	47-Cable services	48-Food processing	
	49-Construction material	50-Toiletries unit	51-NTFP selling	
	52-Nursery	53-Fruits & vegetable shop	54- Stationary shop	
	55-Tea stall	56-Flour Mill	57-Poultry	
	58-Agriculture	59-Internet/Xerox café	60-Pottery	
	61-Brick making	62-Poultry	63-Medical shop	
	64-Water Plant	65-Other _____	66-Other _____	

D2 Details of source-wise household savings

2.1 SHGs :Rs. _____	2.2 Banks :Rs. _____	2.3 Fixed deposits: Rs. _____
2.4 Post office :Rs. _____	2.5 Chits :Rs. _____	2.6 Others : Rs. _____

D3 Details of household **current loans as on April 2018**

	<u>Loan source</u>	<u>(a) Loan amount</u>	<u>(b) Loan repaid</u>	<u>(c) Loan outstanding</u>
3.1	SHG	Rs. _____	Rs. _____	Rs. _____
3.2	SLF	Rs. _____	Rs. _____	Rs. _____
3.3	SHG Bank linkage	Rs. _____	Rs. _____	Rs. _____
3.4	Stree Nidhi	Rs. _____	Rs. _____	Rs. _____
3.5	Bank (personal)	Rs. _____	Rs. _____	Rs. _____
3.6	NGOs	Rs. _____	Rs. _____	Rs. _____

3.7 Chits Rs._____ Rs._____ Rs._____

3.8 Money lenders Rs._____ Rs._____ Rs._____

3.9 Friends & relatives Rs._____ Rs._____ Rs._____

3.10 Others_____ Rs._____ Rs._____ Rs._____

D4 Give the details of *economic activities taken up* with loans and assets created if any

<i>Activity</i>	<i>(a)Code (See Q.No.D1)</i>	<i>(b) Asset-1*</i>	<i>(c) Asset-2*</i>
4.1 _____	_____	_____	_____
4.2 _____	_____	_____	_____
4.3 _____	_____	_____	_____
<i>Codes: 1- Cattle</i>	<i>2- Sheep/goat</i>	<i>3- Auto</i>	<i>4- Taxi</i>
<i>5- Rickshaw</i>	<i>6- Bullocks & cart</i>	<i>7- Shop/Bunk</i>	<i>8- House plot/flat</i>
<i>9- Agriculture land</i>	<i>10- Machinery</i>	<i>11-Push cart</i>	<i>12-Own shop</i>
13_____	14_____	15_____	16_____
17_____	18_____	19_____	20_____

E Details of enterprise/most important activity taken up with SHG loan

E1 Name of the enterprise/ activity (*see Q. Nos. D1 & D4*) :* _____

E2 When did you start the activity? (specify in completed years) : _____

E3 Who motivated you to start this activity? ** :3.1_____ :3.2_____ :3.3_____

Codes: 1- Family members 2-Friends 3-Relatives 4- SHG/SLF/TLF
5- Print media 6-Electronic media 7-Wall posters 8- Bankers
9-MEPMA 10-Seeing others 11- Own idea 12- Other

E4 What are your strengths to take up the activity? ** :4.1_____ :4.2_____ :4.3_____

Codes: 1-Family activity 2-Trained on it 3-Education 4- Talkative
5-Low investment 6-Low risk 7-Regular income 8- Local network
9-Other_____

E5 Who is looking after the activity? ** :5.1_____ :5.2_____

Codes: 1-Self 2-Husband 3-Son 4-Daughter
5-Brother 6-Sister 7-Son -in-law 8-Daughter-in-law
9-Group of members 10- Other (specify) _____

E6 Is it a new activity or existing activity :* _____

Codes: 1-New activity 2- Existing activity

E7 Is it an artisan or Production based activity :* _____

Codes: 1-Artisan 2- Production 3-Not applicable

E8 Is it a seasonal or perennial activity? 1- Seasonal 2-Perinial :* _____

E9 Does the activity provide stable income over the year? 1-Yes 2-No :* _____

E10 Is there a growing or decreasing demand for the activity? :* _____

Codes: 1-Growing 2-Stable 3-Decreasing

- E11 Where is it located? :* _____
 Codes: 1-Own house 2- Local market 3- Roadside 4- Bus/Rly station
 5- Weekly markets 6- Religious centers 7- Door delivery 8- Mobile
 9-Any other _____
- E12 No. of household members fully engaged in the activity : _____
- E13 No. of household members partially engaged in the activity : _____
- E14 No. of other than HH members engaged for the activity : _____
- E15 Where do you get your material? :* _____
 Codes: 1-Within slum 2-Within town 3-Other towns 4-Rural areas 5-Other state
- E16 How do you access the market for selling your goods /services? :* _____
 Codes: 1-Within slum 2-Within town 3-Other towns 4-Rural areas 5-Other state
- E17 Have you undergone any training before starting the activity? 1- Yes 2-No :* _____
 17.1. If yes, name of the organization : _____
 17.2. Period of training in months : _____
 17.3. Amount paid during training if any in Rs. : _____
- E18 Do you access any govt. entitlements? : 1- Yes 2-No :* _____
 18.1 If yes, name of the programme : _____
 18.2 Amount accessed : _____
 18.3 Loan/Interest subvention if any : _____
 18.4 Loan status :* _____
 Codes: 1-Loan cleared 2-regularly repaying 3-Have over dues
- E19 Legal status of the activity/enterprise :* _____
 Codes: 1-Registered 2- Not registered 3-Not applicable
- E20 Name the agencies that you have linkages in connection with the enterprise activity? ** :20.1___ 20.2___ 20.3___ 20.4___
 1 _____ 2 _____
 3 _____ 4 _____

F Details of investment and earnings

F1 Details of funds mobilized from various sources for initial investment

	<u>Fund Source</u>	<u>(a) Amount</u>	<u>(b) Interest per month</u>
1.1	Own funds	: Rs. _____	: _____ NA _____
1.2	Friends & relatives	: Rs. _____	: Rs. _____
1.3	Money lenders	: Rs. _____	: Rs. _____
1.4	SHG & SLF	: Rs. _____	: Rs. _____
1.5	SHG bank linkage	: Rs. _____	: Rs. _____
1.6	Stree Nidhi	: Rs. _____	: Rs. _____
1.7	Bank loan (personal loan)	: Rs. _____	: Rs. _____

1.8	NGO MFIs		: Rs._____		: Rs._____						
1.9	Others		: Rs._____		: Rs._____						
F2	Details of assets mortgaged, if any (amount in Rs.)										
2.1	House	:	_____	2.2	Land	:	_____				
2.3	Fixed deposits	:	_____	2.4	Gold	:	_____				
2.5	Any other _____	:	_____								
F3	Details of one time investments/physical infrastructure (amount in Rs.)										
3.1	Buildings	:	_____	3.2	Machinery	:	_____				
3.3	Furniture	:	_____	3.4	Roads	:	_____				
3.5	Land	:	_____	3.6	Other_____	:	_____				
F4	Details of working capital (WC) (amount in Rs.)										
	<i>Particulars</i>		<i>(a) No. of units</i>		<i>(b) Unit cost</i>		<i>(c) Per day</i>		<i>(d) Per month</i>		<i>(e) per year</i>
4.1	House rent		NA		NA		NA		_____		_____
4.2	Electricity		NA		NA		NA		_____		_____
4.3	Material cost		_____		_____		_____		_____		_____
4.4	Wages/Labor		_____		_____		_____		_____		_____
4.5	Transportation		_____		_____		_____		_____		_____
4.6	Telephone		NA		NA		NA		_____		_____
4.7	Marketing		_____		_____		_____		_____		_____
4.8	Maintenance		NA		NA		NA		_____		_____
4.9	Advertisement		NA		NA		NA		_____		_____
4.10	Interest paid on loans		NA		NA		NA		_____		_____
4.11	Depreciation		NA		NA		NA		NA		_____
	a. Machinery		NA		NA		NA		NA		_____
	b. Buildings		NA		NA		NA		NA		_____
4.12	Taxes		NA		NA		NA		NA		_____
4.13	Payments		NA		NA		NA		_____		_____
4.14	Insurance		NA		NA		NA		NA		_____
4.15	Any other		_____		_____		_____		_____		_____
	Total WC		NA		NA		_____		_____		_____
F5	Details of amount earned										
5.1	Details of income										
	<i>(a) Particulars</i>		<i>(b) No. of units</i>		<i>(c) Unit cost</i>		<i>(d) Per day</i>		<i>(e) Per month</i>		<i>(f) Per year</i>
	1_____		_____		_____		_____		_____		_____
	2_____		_____		_____		_____		_____		_____

	3_____	_____	_____	_____	_____
	4_____	_____	_____	_____	_____
	Total	_____	_____	_____	_____
5.2	Total turnover as per the respondent	__NA__	__NA__	_____	_____
5.3	Net profit as per the respondent	__NA__	__NA__	_____	_____

G Problems faced while running the activity

- G1 Problems in starting the activity**: 1.1_____ 1.2_____ 1.3_____
- Codes: 1- No investment 2-Less skills on activity 3-Dependency on others
4-Less demand 5-No storage facility 6-Finding suitable place
7-Opposition from locals 8-Registration/License 9-Other_____
- G2 Problems related to infrastructure**: 2.1_____ 2.2_____ 2.3_____
- Codes: 1-Less space 2- Irregular electricity 3-Water problem
4-High rent/advances 5-Poor transportation 6-Other_____
- G3 Problems related to raw material**: 3.1_____ 3.2_____ 3.3_____
- Codes: 1-Not available locally 2-More transportation 3-Supply on payment
4-Poor quality 5-No credit 6-Other_____
- G4 Problems related to labour**: 4.1_____ 4.2_____ 4.3_____
- Codes: 1-Non-availability 2-High daily wages 3-High turn over
4-Low skilled people 5- Other_____
- G5 Problems in accessing loans/credit**: 5.1_____ 5.2_____ 5.3_____
- Codes: 1-Loan is small 2-Untimely loan 3-Delay in sanctioning
4-Paid bribes to get loan 5-Complex procedures 6-High interest rates
7-No response from banks 8-Not aware of bank loans 9-Any other (specify)___
- G6 Problems in marketing goods/services**: 6.1_____ 6.2_____ 6.3_____
- Codes: 1-Seasonal 2-Fluctuations in prices 3- Competition
4- Less demand 5-Dependency on middlemen 6-More wastage
7-Sale on credit 8-Delay in payments 9-Unauthorized
10-Emergence of Malls 11-No support from MEPMA/SN 12-Other_____
- G7 Problems in upgrading skills**: 7.1_____ 7.2_____ 7.3_____
- Codes: 1-No govt. programmes 2-Prog. not in reach 3-Expensive
4-Unaware of programs 5-No info about the agencies 6-Other_____
- G8 Do you want skill upgrading or new skill training? 1- Yes 2-No *:_____
- G9 If yes, what are those skills? :9.1_____ 9.2_____ 9.3_____
- 1_____ 2_____
- 3_____ 4_____

H Future plans about the current enterprise or activity

- H1 What would boost the income of your activity** :1.1_____ 1.2_____
- 1_____ 2_____
- 3_____ 4_____
- H2 How can expenditure be reduced? ** :2.1_____ 2.2_____
- 1_____ 2_____
- 3_____ 4_____
- H3 What opportunities are realistic to implement** :3.1_____ 3.2_____
- 1_____ 2_____
- 3_____ 4_____
- H4 How can the problems and risks be mitigated? ** :4.1_____ 4.2_____
- 1_____ 2_____
- 3_____ 4_____
- H5 What changes you have experienced in your activity over the past 5 to 10 years** 5.1_____ 5.2_____ 5.3_____ 5.4_____
- 1_____ 2_____
- 3_____ 4_____
- H6 What changes do you expect in future? ** 6.1_____ 6.2_____ 6.3_____ 6.4_____
- 1_____ 2_____
- 3_____ 4_____
- H7 Support from SHG/SLF for running the activity. ** 7.1_____ 7.2_____ 7.3_____ 7.4_____
- Codes: 1-Training/skill development 2-Credit services 3-Material purchase
4-Infrastructure 5-Monitoring 6-Loan repayment
7-Marketing 8-Knowledge sharing 9-Other_____

I Demand and supply assessment of goods and services in the locality

- I1 Details of goods in demand
- 1.1 Goods demand in the household** 1.1a_____ 1.1b_____ 1.1c_____
- 1_____ 2_____ 3_____
- 1.2 From where you are purchasing 1.2a_____ 1.2b_____ 1.2c_____
- Codes: 1- Within slum 2-Within the town 3- Within district 4-Other district
- 1.3 Distance from your locality in kms: 1.3a_____ 1.3b_____ 1.3c_____
- 1.4 Success rate if started* 1.4a_____ 1.4b_____ 1.4c_____
- Codes: 1- < 25% 2-26 % to50% 3-51% to 75% 4- 76%-100%
- I2 Details of services in demand
- 2.1 Services in demand in the area** 2.1a_____ 2.1b_____ 2.1c_____
- 1_____ 2_____ 3_____

- 2.2 From where you are procuring** 2.2a____ 2.2b____ 2.2c____
Codes: 1- Within slum 2-Within the town 3- Within district 4-Other district
- 2.3 Distance from your locality **in kms:** 2.3a____ 2.3b____ 2.3c____
- 2.4 Success rate if started*: 2.4a____ 2.4b____ 2.4c____
Codes: 1- < 25% 2-26 % to50% 3-51% to 75% 4- 76%-100%

J Researcher's observations:

Date:_____ Signature of Research Associate Signature of the Team Leader



A STUDY ON FEASIBLE MICRO ENTERPRISES IN MEPMA AREA
(Study conducted by Sadhikaratha Foundation, Hyderabad)

Format-2: SELF HELP GROUPS

*Schedule No.*_____

A Identification details of individual members

Mobile No.:_____

- A1 Name of district: _____ A2 Municipality: _____
A3 Name of SLF: _____ A4 Name of Slum: _____
A5 Name of SHG: _____ A6 SHG Leader: _____

B Profile of SHGs and Members

- B1 When did you form into a group? 1.1 Date_____ 1.2 Month_____ 1.3 Year_____
- B2 How many members are there in your group at present: _____
- B3 What is the social composition of your SHG members?
3.1 ST_____ 3.2 SC_____ 3.3 BC_____ 3.4 Minorities _____ 3.5 OC_____
- B4 No. of dropouts, if any: _____ B5 Current grade of SHG*: _____ (1-A; 2 -B; 3-C)

C Functioning of group

- C1 How often do you collect savings?* : _____
Codes: 1- Weekly 2-Fortnightly 3- Monthly 4-Irregular /No schedule
- C2 How much do you collect per month per member? Rs. _____
- C3 How much savings does your group have with these institutions?
3.1 Regular savings: Rs. _____ 3.2 Special savings: Rs. _____
3.3 Savings in SLF: Rs. _____ 3.4 Share Capital in SLF: Rs. _____
3.5. Fixed Deposits Rs.: _____ 3.6 Stree Nidhi: Rs. _____
- C4 How often do you meet? * : _____
Codes: 1- Weekly 2-Fortnightly 3- Monthly 4-Irregular /No schedule
- C5 Details of meetings & attendance during the last six months (Nov 2017 to Apr 2018)
5.1 Meetings scheduled____ 5.2 Meetings held____ 5.3 Avg. member attendance____
- C6 How many times have leaders changed in your SHG? : _____
- C7 For what do you have the norm of collecting fines and penalties?
7.1 Delay in paying savings Rs. _____ 7.2 Delay in attending meetings Rs. _____
7.3 Quarreling in meeting Rs. _____ 7.4 Delay in paying loan ins. Rs. _____
7.5 Others (specify) _____

D Details of external sources of funds

D1 Details of external funds *(Since inception of the group including present loan)*

<u>Source</u>	<u>(a) No. of times</u>	<u>(b) Total amount</u>
1.1 SHG-Bank linkage	: _____	: _____
1.2 Slum Level Federation	: _____	: _____
1.3 Stree Nidhi	: _____	: _____
1.4 Other (specify) _____	: _____	: _____

D2 Give the details of revolving fund and the amount reimbursed under interest free loans (VLR).

2.1 Amount of revolving fund received: Rs. _____

2.2 How many times Pavala Vaddi /VLR paid to your group: _____

2.3 Amount reimbursed so far: Rs. _____

D3 Have you prepared SHG-Micro Credit Plan to get loan from bank ? 1. Yes 2. No:* _____

D4 4.1 If yes, estimated cost Rs. _____ 4.2 Amount sanctioned: Rs. _____

D5 For what activities

5.1 _____ 5.2 _____ 5.3 _____

5.4 _____ 5.5 _____ 5.6 _____

D6 Give the details of current loans borrowed from SHGs, bank, SLF and Stree Nidhi.

<u>Loan details</u>	<u>(a) SHG</u>	<u>(b) Bank</u>	<u>(c) SLF</u>	<u>(d) SN</u>
6.1 Amount of loans in Rs.	: _____	: _____	: _____	: _____
6.2 Loan outstanding in Rs.	: _____	: _____	: _____	: _____
6.3 No. of members have loan outstanding	: _____	: _____	: _____	: _____
6.4 No. of defaulters	: _____	: _____	: _____	: _____

E Support from SHGs to SHG members in taking up enterprise activities

E1 Support extended from SHGs to members

<u>Activity</u>	<u>Nature of support</u>	
1.1 Training	(a) _____	(b) _____
1.2 Credit mobilization	(a) _____	(b) _____
1.3 Material purchase	(a) _____	(b) _____
1.4 Infrastructure	(a) _____	(b) _____
1.5 Monitoring	(a) _____	(b) _____
1.6 Loan repayment	(a) _____	(b) _____
1.7 Marketing support	(a) _____	(b) _____

E2 What are the problems in running the enterprise? 2.1 _____ 2.2 _____ 2.3 _____ 2.4 _____

1 _____ 2 _____

3 _____ 4 _____

5 _____ 6 _____

Date: _____

*Signature of
Research Associate*

*Signature of
Research Supervisor*

Annexure-4: Fieldwork Schedule

Date	Municipality / Corporation		Activity
	Team-1	Team-2	
19 .05 2018	MAS Office	MAS Office	Orientation on study design & tools
20.05 2018	MAS Office	MAS Office	
21.05.2018	Warangal	Mahabubnagar	Field testing
22.05.2018	Warangal	Mahabubnagar	Feedback on tools
23.05.2018	Warangal	Mahabubnagar	Interaction with SN Staff;
24.05.2018	Warangal	Mahabubnagar	Data collection
25.05.2018	Warangal	Mahabubnagar	Data Collection
26.05.2018	Suryapet	Miryalaguda	Data Collection
27.05.2018	Suryapet	Miryalaguda	Data collection
28.05.2018	Suryapet	Miryalaguda	Data Collection
29.05.2018	Suryapet	Miryalaguda	Data collection
30.05.2018	Kothagudem	Palwancha	Editing of formats
31.05.2018	Kothagudem	Palwancha	Interaction with SN Staff;
01.06.2018	Kothagudem	Palwancha	Data collection
02.06.2018	Kothagudem	Palwancha	Data Collection
03.06.2018	Siricilla	Khammam	Data Collection
04.06.2018	Siricilla	Khammam	Data collection
05.06.2018	Siricilla	Khammam	Data Collection
06.06.2018	Siricilla	Khammam	Data collection
07.06.2018	MAS Office	MAS Office	Editing of formats
08.06.2018	MAS Office	MAS Office	Coding of Open ended questions
			TER Submission

Annexure-5: Municipality-wise Goods & Services Having Demand

S. No	Goods / Service	Corporation				Municipality				Total
		KMM	WGL	KGM	MBN	MYG	PWC	SRC	SYP	
1	Vegetables & fruits shop	31	34	36	40	40	46	33	20	280
2	Internet/Xerox cafe	44	12	29	44	36	62	19	26	272
3	Medical shop	41	9	4	24	28	35	2	11	154
4	Kirana shop	17	18	23	13	11	18	16	23	139
5	e-seva/meeseva	22	10	5	11	24	37	4	6	119
6	Mutton/chicken shop	5	5	22	10	6	23	13	22	106
7	Bakery shop	29	4	3	6	18	22	5	6	93
8	Milk & milk products	8	3	12	21	17	5	10	6	82
9	Rice business	23	2	2	16	15	15	5	2	80
10	Hotel/Tea stall	11	12	13	8	10	10	3	5	72
11	Fancy /ladies corner	8	8	15	7	5		7	11	61
12	Fast food center	18	2	4	6	4	17	1	1	53
13	Cloths business	6	8	5	3	5	9	11	2	49
14	Saloon	7	7	6	3		2	10	8	43
15	Tutorial center	5	4	6	8	4		6	8	41
16	Mineral Water	14			12	10	2	2		40
17	Juice center	2	11	9	1	1		5	6	35
18	Mobile repair shop	3	5	3	5	5	2	4	4	31
19	Flour mill	7	1	1	8	8	3	1		29
20	Mobile repair shop	8	1			8	11	1		29
21	Electrical shop	1	7	3	1	2		12	2	28
22	Laundry services	1	3	3	4	3	3		6	23
23	Stationary shop		3	1	4	1	3	4	4	20
24	Auto mobile repair shop		5	5	2			4	2	18
25	Tailoring material		5	6	1	1		1	3	17
26	Sweets shop	6		1	3	2	4	1		17
27	Leather /chappals shop		5	2				6	4	17
28	RO plant	3	3	1	3		5		1	16
29	Saloon/Beauty parlour	1	1	5	3			2	3	15
30	Plumber		1	3				7	2	13
31	Welding shop			3				7	2	12
32	Curry point	1		5	1	1		2		10
33	Tent house			2	1		1	5	1	10
34	Ice cream parlour	5	1		2					8
35	Laundry services		1		1			3	3	8
36	Paper plate making		3	1				1	2	7
37	Security services	4				3				7
38	Black salt				4	2				6
39	Steel vessels shop		2					4		6
40	Flowers shop		2	1					2	5
41	Puja material	1			3			1		5
42	College		2						3	5
43	Business correspondents		2			3				5
44	Auto mobile shop	1			2			1		4
45	Photo studio				1			2	1	4
46	Tender coconut shop		1	1			1		1	4
47	Carpentry/Furniture		1		3					4
48	Food vending			2					1	3
49	Gold shop	2							1	3
50	Fertilizer shop		1			1		1		3
51	Gas repair center			1	1		1			3
52	Pickle making		1			2				3
53	Garlic /Turmeric shop		1		1					2
54	Cement /sanitary ware		1						1	2
55	Printing press			1		1				2
56	Candle making		1							1
57	Poultry			1						1
58	Computer training center				1					1
59	Auto mobile service center		1							1



Sadhikaratha Foundation

Sadhikaratha Foundation, a not-for-profit Company, was incorporated on 13 January 2012 under Section 25 of the Companies Act, 1956 (No.1 of 1956). It derives its vigour and proficiency from its parent organization, APMAS (for more details visit www.apmas.org).

Sadhikaratha Foundation has expertise in the areas of Poverty Alleviation – Rural and Urban, Education, Gender Equity, Rights-based Advocacy, Watershed Development, Natural Resource Management, Climate Change, Renewable Energy, Livelihoods Promotion and in the areas where development interventions are required.

For more details visit www.sadhikaratha.org; info@sadhikaratha.org; Ph.: +91 08413 403118 / 20

