Research Article

AN ASSESSMENT OF MICRO ENTERPRISE SCHEME IN URBAN LOCAL BODIES OF TIRUPUR REGION

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A R T I C L E I N F O	A B S T R A C T
	Since independence the micro, small and medium sectors have played an important role in the economic development of the country. Especially since the commencement of planning for economic growth, adequate emphasis has been given on the development of MSMEs by policy makers. This study has an aim of: Are Loan repayment, savings, Business expansion and creating next generation business the indicators for success of Micro enterprise scheme and how much?

INTRODUCTION

Since independence the micro, small and medium sectors have played an important role in the economic development of the country. Especially since the commencement of planning for economic growth, adequate emphasis has been given on the development of MSMEs by policy makers, politicians and the intelligentsia alike (Gupta, 2006; Banerjee, 2005). Indian Micro Small and Medium Enterprises (MSMEs) contribute significantly to the national priorities of employment generation, entrepreneurship promotion, backward area development and wealth distribution. In view of the fast changing economic environment, MSMEs are to be competitive is the key of success (MSMEs in India an overview, 2007). The main areas where increased levels of entrepreneurial activity can contribute significantly to specific policy outcomes are: (Jahanshahi *et al*, 2011). i) Create opportunities -Job creation, careers, and new products/services ii) Economic growth, productivity improvement, and innovation. iii) Poverty alleviation and social opportunities. iv) Create new customers and open up new markets. Dahiya, B. (2003) demonstrated the usefulness of community driven development, initiated by civil society for providing responsive basic services and improving the process of environmental management in peri-urban areas.

The following Research question is used in this paper

RQ: Loan repayment, savings, Business expansion and creating next generation business are the indicators for success of Micro enterprise scheme and how much?

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LITERATURE REVIEW

In our Constitution, matters of local public sphere are enumerated in the State List because the unit States were expected to constitute local bodies and assign them the tasks, functions and responsibilities and empower them with adequate resources so that the local bodies could look after the tasks assigned to them as per Chaubey (2004).

There are two common data-collection methods that have been used to generate data on small-scale industries in developing countries; the multiple visit survey and the one-shot business survey. Whereas early studies developed comprehensive longitudinal data sets on various developing countries, more recent studies have been based on primary data based country studies (Montes-Rojas 2006; Kevane and Wydick; Fajnzylber *et al*, 2009; Nichter and Goldmark 2009; de Mel *et al* 2008;). Reeg, C. (2013) done a meta research on the MSMEs in developing countries.

The Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) shall sheek to provide gainful employment to the Urban unemployed or underemployed poor through encouraging the setting up of self-employment ventures or provision of wage employment. This programme will rely on creation of Suitable community structures on the UBSP pattern and delivery of inputs under this programme shall be through the medium of urban local bodies and such community structures. The Swarna Jayanti Shahari Rozgar Yojana shall be funded on a 75:25 basis between the Centre and the States. The Swarna Jayanti Shahari Rozgar Yojana shall consist of two special schemes, namely- (i)   The Urban Self-Employment

Programme (USEP) ii) The Urban Wage Employment Programme (UWEP)

This paper discusses only (USEP): www.tn.gov.in/dtp/sjsry-scheme.htm

This programme will have three distinct parts:-

1. Assistance to individual urban poor beneficiaries for setting up gainful self employment ventures.
2. Assistance to groups of urban poor women for setting up gainful self employment ventures. This sub-scheme may be called "The Scheme for Development of Women and Children in the Urban Areas (DWCUA)".
3. Training of beneficiaries, potential beneficiaries and other persons associated with the urban employment programme for upgradation and acquisition of vocational and entrepreneurial skills.

Coverage: (i) The programme will be applicable to all urban towns in India. (ii) The programme will be implemented on a whole town basis with special emphasis on urban poor clusters.

Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM): To reduce poverty and vulnerability of the urban poor households by enabling them to access gainful self employment and skilled wage employment opportunities, resulting in an appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots level institutions of the poor. The mission would aim at providing shelters equipped with essential services to the urban homeless in a phased manner. In addition, the mission would also address livelihood concerns of the urban street vendors by facilitating access to suitable spaces, institutional credit, social security and skills to the urban street vendors for accessing emerging market opportunities.

A research article emphasized that neither markets alone nor governments alone are enough to eradicate poverty, especially in the Indian context. Instead, a trisectoral approach that recognizes the complementarities between the government, the private sector, and the citizens' sector and encourages these sectors to collaborate may be vital to the common goal of capacity building among India's poor Entrepreneurs' success is the rate of success of an entrepreneur over a set of firms and during a given period of time (Barreto, 2013). For instance, if a firm goes on after first five years, then it is a successful firm (Maharati & Nazemi, 2012). Rosni (1994) refers to entrepreneurs' success as the respondents scored card with reference to net profit, expenses, sales, and client served per year in comparison to previous years. According to Genty *et al* (2015) entrepreneurs' success would be referred to as the owners of micro, small and medium firms who have been in business for three or more years and have had an increase in either the number of employees, sales. This study have taken the measures of success of MSMEs. It adopt a self -administer questionnaire in a structured format. The structured questions are from Benzing *et al*. (2009) and Maharati (2010) . The instruments were considered relevant to the present study in measuring entrepreneurs' success (dependent variable) because the adopted instruments were used for entrepreneurial success in developed economies. Mean while entrepreneurs profile variables are adopted from the work of Yen (2007) and Maharati (2010) to measure demographic factors (independent variables).

In this paper loan repayment, Expanding Business, Changing Business and Encourage their son or daughter to take the career of business.

RESEARCH METHODOLOGY

Target groups According to www.tn.gov.in/dtp/sjsry-scheme.htm *is*

1. The programme shall target the urban poor, defined as those living below the urban poverty line, as defined from time to time.
2. Special attention will be given to women, persons belonging to Scheduled Castes/Tribes, disabled persons and other such categories as may be indicated by the Government from time to time. The percentage of women beneficiaries under this programme shall be not be less than 30% SCs and STs must be benefited at least to the extent of the proportion of their strength in the local population. A special provision of 3% shall be reserved for the disabled under this programme.
3. Educational Qualifications: There will be no minimum educational qualification for beneficiaries under this programme. However, to avoid an overlap with the PMRY scheme, for the self employment component, this scheme shall not apply to beneficiaries educated beyond the IX standard. As regards the wage employment component, there will be no restrictions of educational qualifications whatsoever. Where the identified activity requires skill, training of an appropriate level, as may be necessary, will be provided to the beneficiaries before extending financial support.
4. A house-to-house survey for identification of genuine beneficiaries will be done. Non-economic parameters will also be applied to identify the urban poor in addition to the economic criteria of the urban poverty line. (Detailed Guidelines are given in Annexure I). Community structures like the CDSs will be involved in this task under the guidance of the Town Urban Poverty Eradication Cell/Urban Local Body. Lists of beneficiaries finalized will be displayed at the Urban Local Body Office as also in the concerned local areas. For ease of operation if desired, the house-to-house survey and beneficiary identification can be got done by the State nodal agency through any identified body at the ULB/community level specially empowered in this behalf.

All other conditions being equal, women beneficiaries belonging to women headed households shall be ranked higher in priority than other beneficiaries. For purposes of this section, women-headed households shall mean households which are headed by widows. Divorcees, single women or even households where women are the sole earners of this scheme.

A sample of 485 people o such category selected by random sampling methods from the population record possessed by ULBs (around 3000 beneficiaries). 20% have taken as sample size and a few not responded completely from the ULBs. Percentage analysis, Chi-square test with cross tabulation are used with SPSS software 17.0.

Data analysis and interpretation

Main indicator of success of micro enterprise scheme is loan repayments on time. The following table shows the count and percentage of such thing.

Table 1 Have you ever defaulted in repayment

	Frequency	Percent	Valid Percent	Cumulative Percent
Never	322	66.4	66.4	66.4
Rarely	107	22.1	22.1	88.5
Many	56	11.5	11.5	100.0
Total	485	100.0	100.0	

It is inferred that 11.5% defaulted the loan many times. In 2006, VWS reported an on time repayment rate of 99.1% (http://www.villagewelfare.com/financials.php). But this case it is only 88.5%. Repayment frequency is more important for fiscal discipline when clients graduate to larger loans, and this potential threshold level relative to clients' income is difficult to predict. According to the study Kamanza (2014), it is inferred many reasons for defaulted loan among the microenterprise like business failures, gender roles enhanced default particularly when the loanees had competing roles which robbed of time to concentrate in money generating activities or where the loaned chooses to divert the money to be used for other domestic purposes other than the intended one. The elaborations of reasons will be discussed in forth coming chapters. Field and Pande (2008) suggested that among microfinance clients who are willing to borrow at either weekly or monthly repayment schedules, a more flexible schedule can significantly lower transaction costs without increasing client default.

Another indicator is Creation of next generation business. The following table shows the count and percentage of such thing.

Table 2 What is your advice to your son or daughter

	Frequency	Percent
To continue the same Trade	79	16.3
To get Employment	312	64.3
Others	54	11.1
No idea	40	8.2
Total	485	100.0

From the above table, it is interesting to note that only 16% respondent persuade their son/daughter to continue to his business. Many (64%) are interested to put them under an employment. It shows the success rate of the scheme is minimal. As per a foreign study (Otto, (2000)), 81% children have the similar opinion of parents about their career option. So, our study results indicate lower possibility of entrepreneurship among the youth in future.

Parental role models play a role in influencing children in the family to become entrepreneurs. Individuals who perceive that an entrepreneurial parent has been successful express a greater preference for an entrepreneurial career than those who have not had this kind of role model performance effect (Brennan *et al.*, 2003). Muofhe& Du Toit (2011) proved that there is a significant correlation between the parental role model in the choosing entrepreneur career.

Cross Tabulations and Chisquare Tests

The following table explains another indicator of enterprise success based on really wants to grow with their business.

Table 3 Is there any idea of expanding the business * Is there any idea of CHANGING the business Cross tabulation

			Is there any idea of CHANGING the business		Total
			Yes	No	
Is there any idea of expanding the business	Yes	Count	91	218	309
		% of Total	18.8%	44.9%	63.7%
	No	Count	77	99	176
		% of Total	15.9%	20.4%	36.3%
Total		Count	168	317	485
		% of Total	34.6%	65.4%	100.0%

It is interpreted as 63% people have idea to expand. It is considerably good sign. However, those wants to expand from their current business is about 44.9%. It seems alarming that 15.9% are not able to expand but wants to change their business.

Null hypothesis: *There is no association between the Intention of Expansion and Changing of business among the Micro Enterprises.*

Alternative hypothesis: *There is an association between the Intention of Expansion and Changing of business among the Micro Enterprises.*

From the below table, since sig. values are less than 0.05, the null hypothesis is rejected. So, the above inferences are meaningful. Micro enterprise schemes are not 100% success and can be said around only 50% comfortably.

Table 4 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	10.128[a]	1	.001		
Continuity Correction[b]	9.506	1	.002		
Likelihood Ratio	10.010	1	.002		
Fisher's Exact Test				.002	.001
Linear-by-Linear Association	10.107	1	.001		
N of Valid Cases	485				

The same analyses are performed ULB wise to understand geographical and environmental impact on these issues.

Null hypothesis: There is no association between the ULBs and Success indicators of Micro financing schemes.
Alternative hypothesis: There is an association between the ULBs and Success indicators of Micro financing schemes.

Table 5 ULB * Have you ever defaulted in repayment

Crosstab						
			Have you ever defaulted in repayment			Total
			Never	Rarely	Many	
ULB	Bhavani	Count	46	3	11	60
		% within ULB	76.7%	5.0%	18.3%	100.0%
	Erode	Count	46	12	2	60
		% within ULB	76.7%	20.0%	3.3%	100.0%
	Gobi	Count	42	12	5	59
		% within ULB	71.2%	20.3%	8.5%	100.0%
	Mettupalaya	Count	43	3	14	60

m	% within ULB	71.7%	5.0%	23.3%	100.0%
Pollachi	Count	16	35	17	68
	% within ULB	23.5%	51.5%	25.0%	100.0%
Thiruppur	Count	16	35	7	58
	% within ULB	27.6%	60.3%	12.1%	100.0%
Ooty	Count	60	0	0	60
	% within ULB	100.0%	.0%	.0%	100.0%
Udumalpet	Count	53	7	0	60
	% within ULB	88.3%	11.7%	.0%	100.0%
Total	Count	322	107	56	485
	% within ULB	66.4%	22.1%	11.5%	100.0%

Table 6 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	184.416[a]	14	.000
Likelihood Ratio	204.420	14	.000
Linear-by-Linear Association	1.651	1	.199
N of Valid Cases	485		

Since all sig. values are less than 0.05 (5% level of significance), the null hypothesis is rejected in favor of alternative hypothesis for success indicator (loan default/repayment). In both Pollachi and Tirupur, correct re-payers are low in number whereas Ooty this percentage is high (100%).

Table 7 ULB * Is there any idea of expanding the business

			Is there any idea of expanding the business		Total
Crosstab					
			Yes	No	
ULB	Bhavani	Count	24	36	60
		% within ULB	40.0%	60.0%	100.0%
	Erode	Count	41	19	60
		% within ULB	68.3%	31.7%	100.0%
	Gobi	Count	34	25	59
		% within ULB	57.6%	42.4%	100.0%
	Mettupalayam	Count	55	5	60
		% within ULB	91.7%	8.3%	100.0%
	Pollachi	Count	30	38	68
		% within ULB	44.1%	55.9%	100.0%
	Thiruppur	Count	28	30	58
		% within ULB	48.3%	51.7%	100.0%
	Ooty	Count	60	0	60
		% within ULB	100.0%	.0%	100.0%
	Udumalpet	Count	37	23	60
		% within ULB	61.7%	38.3%	100.0%
	Total	Count	309	176	485
		% within ULB	63.7%	36.3%	100.0%

Table 8 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	87.923[a]	7	.000
Likelihood Ratio	111.353	7	.000
Linear-by-Linear Association	8.387	1	.004
N of Valid Cases	485		

Since all sig. values are less than 0.05 (5% level of significance), the null hypothesis is rejected in favor of alternative hypothesis for success indicator (loan default/repayment). In both Pollachi and Tirupur, correct re-payers are low in number whereas Ooty this percentage is high (100%).

Table 9 ULB * Is there any idea of CHANGING the business

			Is there any idea of CHANGING the business		Total
Crosstab					
			Yes	No	
ULB	Bhavani	Count	12	48	60
		% within ULB	20.0%	80.0%	100.0%
	Erode	Count	25	35	60
		% within ULB	41.7%	58.3%	100.0%
	Gobi	Count	20	39	59
		% within ULB	33.9%	66.1%	100.0%
	Mettupalayam	Count	0	60	60
		% within ULB	.0%	100.0%	100.0%
	Pollachi	Count	5	63	68
		% within ULB	7.4%	92.6%	100.0%
	Thiruppur	Count	57	1	58
		% within ULB	98.3%	1.7%	100.0%
	Ooty	Count	0	60	60
		% within ULB	.0%	100.0%	100.0%
	Udumalpet	Count	49	11	60
		% within ULB	81.7%	18.3%	100.0%
	Total	Count	168	317	485
		% within ULB	34.6%	65.4%	100.0%

Table 10 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	255.313[a]	7	.000
Likelihood Ratio	305.719	7	.000
Linear-by-Linear Association	27.004	1	.000
N of Valid Cases	485		

Since all sig. values are less than 0.05 (5% level of significance), the null hypothesis is rejected in favor of alternative hypothesis for success indicator (changing of business). Interestingly Ooty nobody wants to change their business (as per the previous analysis all are non-defaulter to their loan). However, the Tirupur people wants to change their business due not able to repay the loan. Also the reason may be more choices of business in front of them. On contradictory, though more defaulters are available in Pollachi, their intention to change their business is low since they don't have option to go.

Table 11 Cross tabulation ULB * What is your advice to your son or daughter

			What is your advice to your son or daughter				Total
			To continue the same Trade	To get Employment	Others	No idea	
ULB	Bhavani	Count	15	43	0	2	60
		% within ULB	25.0%	71.7%	.0%	3.3%	100.0%

Erode	Count	2	47	0	11	60
	% within ULB	3.3%	78.3%	.0%	18.3%	100.0%
Gobi	Count	6	48	3	2	59
	% within ULB	10.2%	81.4%	5.1%	3.4%	100.0%
Mettupalay am	Count	0	60	0	0	60
	% within ULB	.0%	100.0%	.0%	.0%	100.0%
Pollachi	Count	1	48	13	6	68
	% within ULB	1.5%	70.6%	19.1%	8.8%	100.0%
Thiruppur	Count	0	20	36	2	58
	% within ULB	.0%	34.5%	62.1%	3.4%	100.0%
Ooty	Count	19	41	0	0	60
	% within ULB	31.7%	68.3%	.0%	.0%	100.0%
Udumalpet	Count	36	5	2	17	60
	% within ULB	60.0%	8.3%	3.3%	28.3%	100.0%
Total	Count	79	312	54	40	485
	% within ULB	16.3%	64.3%	11.1%	8.2%	100.0%

Table 12 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	395.231[a]	21	.000
Likelihood Ratio	364.867	21	.000
Linear-by-Linear Association	1.168	1	.280
N of Valid Cases	485		

Since all sig. values are less than 0.05 (5% level of significance), the null hypothesis is rejected in favor of alternative hypothesis for success indicator (changing of business). Interestingly Udumalpet parents (60%) encourages their children to opt their family business more than the other ULBs. In Tiruppur, it is not even a single person (0%) and Erode also have such low count. So, it is meaningful to come to a conclusion that Tirupur Business may move around the district beyond the ULB. Due to many dying units struggling to stay due to environmental clearance, the future of Tiruppur is still in doubt (Sandhya, 2016).

CONCLUSION

This study has attempted to find the success and performance of micro enterprise firms funded under the urban poverty elevation scheme. This study is an exploratory study and paves the scope for future research in the conclusive in nature of comparisons.

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