ROLE OF MICRO ENTERPRISE IN LIVELIHOOD PROMOTION:

A PERSPECTIVE STUDY IN INDIA

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ABSTRACT

Entrepreneurial development and management has come to be recognized as the key to rapid and sustainable economic development as well as the welfare and progress of the mankind. Traditionally, the informal sector units including micro and small enterprises(MSEs) attract a very small portion of the banks' portfolio. Banks along with other institutions, by and large, responsible for providing finance are more accustomed to dealing with more confident, literate borrowers of urban areas. Given this scenario, micro finance(MF) as a means of alleviating poverty has gained momentum in the last couple of decades across India vis-à-vis Odisha, a province fraught with the twin problems of poverty and unemployment. At the same time, MSEs contribute significantly to economic growth, social stability and equity. Assuming lot of significance for a Mao-infested Province like Odisha, these informal sector units operate under the conditions of extreme resource crunch. Besides, their qualitative and quantitative limitations due to outdated technologies result in a low level of productivity and extremely high cost.

Against this backdrop, this piece of research is an humble attempt to assess the performance of the MF sector in Odisha through a comparative study of two Micro Finance Institutions(MFIs), named as Adhikar and People's Forum(PF) both head quartered at the provincial capital. This paper aims at discussing the concepts, issues and challenges before the MF sector while examining the inclusive approach pursued by the MFIs under review. It also summarises the lessons learnt and insights gained from conducting SL research on the poor communities covered by Adhikar and PF for whom MSE activities is a key component of their livelihood strategy.

Keywords : Micro and Small Enterprise(MSE); Self Help Group (SHG) ; Sustainable Livelihood(SL); Joint Liability Group(JLG) .

1.INTRODUCTION

Micro enterprises are the heart of a region's economy. They contribute significantly to economic growth, social stability and equity. They account for as much as half of all employment in many countries. The micro enterprise sector proves to be one of the most important vehicles which help the low-income people escape poverty**.** Even, in situations of entrenched poverty, micro enterprises arguably offer women a way of supporting themselves and their families. However, micro enterprise defies a definition. Street venders, carpenters, machine shop operators and peasant farmers--micro entrepreneurs come in all types, and their businesses in many sizes. This diverse group requires a variety of support to grow and improve. Many of these men and women and their employees are poor with limited access to services. Traditionally, these informal sector units including micro and small enterprises (MSEs) are used to attract a very small portion of the banks' portfolio. Equally important, MSEs need adequate funds from the lenders by making their operations attractive and profitable. In view of this, the formal sector banks, with their dismal performance in loan recovery and the unsustainable level of non-performing assets (NPAs), have revisited their policies on priority sector lending.

Furthermore, in the process of bringing innovations in the lending policies, planners and the policy makers have received valuable inputs from the success of micro credit programmes in Bangladesh, Bolivia, Indonesia, Zambia regarding feasibility of the group-based saving and lending mechanism. The pioneering role played by Grammeen Bank in Bangladesh in reaching the poorest of the poor signifies that the poor are bankable. The tremendous impact of the micro credit program through self-help groups (SHGs) introduced by Grammen Bank have also established the usefulness of village-level institutions in poverty elimination and underdevelopment. Above all, the success of micro credit programs all over the world has received wider acceptance among the development planners to adopt this as an alternative development strategy. In a United Nations Development Programme (UNDP) workshop in Delhi, in collaboration with the World Business Council for Sustainable Development on MSEs and Eco-friendly Technology in the year 1993, World Business Council for Sustainable Development, Canada and Development Alternatives, New Delhi spelt out and demonstrated the MSEs and sustainable development linkages based on experiences of FUNDES[1], and TARA[2] . (Savyasachi Achla, 1998). The workshop recommended steps to create an institutional mechanism in India to provide finances and support services to the MSEs for promoting sustainable livelihoods and providing income-generating opportunities.

Meanwhile, in India, three major developments have taken place in the recent years with significant impact on the rural economy especially the rural poor. They include: (i) the economy experienced a robust growth (ii) National Rural Employment Guarantee Scheme (NREGS) emerged as a major programme to provide additional income to the rural poor and (iii) various initiatives taken under the National Skill Development Mission (NSDM) in order to achieve the objective of the 11th Plan(2007-12) of broad based inclusive growth. In this perspective, Strategy Paper of the Ministry of the Rural Development has envisaged a four pronged strategy to attack rural poverty comprising (i) generation of self employment in credit linked micro

[1] An institution to promote micro enterprises based in Latin America
[2] The micro enterprises arm of Development Alternatives.

enterprises (ii) wage employment under the NREGS (iii) payment of pension to elderly and vulnerable sections under National Social Assistance Programme (iv) income generation and social security programmes of other Ministries of Government of India. Taking these policy initiatives into account, the restructuring of Swarn Jayanti Gram Swarojgar Yojana (SGSY) as National Rural Livelihood Mission was conceived as a corner stone of national poverty reduction strategy[3].

In this context, microfinance as a means for alleviating poverty has gained momentum in the last couple of decades across India vis-à-vis Odisha, a province fraught with the twin problems of poverty and unemployment. While it assumes significance for a Mao-infested province like Odisha, the units in this informal MSE sector operate under the conditions of extreme resource crunch. Against this backdrop, the present paper has made an attempt to make a comparative study of two micro finance institutions (MFIs) operating in Odisha, i.e., Adhikar and People's Forum (PF) with their head quarters at Bhubaneswar, the Provincial capital city. Besides, it explores the fact whether the borrowers have an understanding and appreciation for the facility of MF being provided to them in an Indian Province, called Odisha.

2. OBJECTIVES OF THE STUDY

This paper aims at highlighting the prospects, challenges and implications of scaling up MF to the MSE sector followed by an analysis of the financial gap, if any. Keeping this in view, the objectives of this piece of research have been set as follows:

(i)To review the working of Adhikar and People's Forum.

ii.To study the financial performance of both the MFIs

iii.To assess the role of the two in empowering the members of the SHG/JLGs.

iv.To examine their role in women empowerment.

3.METHODOLOGY

The present study is based on the data collected from the primary as well as secondary sources. Primary data have been collected through meetings coupled with focus group interviews and interactions with various officials of the MFIs in question, inter alia, their beneficiaries selected at random. Methods like questionnaire survey, face- to- face interactions have been used for the purpose, while the study has collected opinions of the executives of Adhikar and PF. Besides, secondary data have been collected from their annual reports, leaf-lets and brochours, various published magazines and books. However, relevant and valuable information, to some extent, have been available from their respective websites. Certain limitations are, also, observed due to non-availability of adequate published literature material.

[3]T he SGSY Scheme, implemented in all states except *Delhi* and *Chandigarh* since 1999, was primarily designed to promote self-employment oriented income generating activities for the BPL households in the rural areas. Woven around the mechanism of SHGs, the SGSY has been designed to break the financial, technical and market constraints that the individual BPL households face to cross the threshold of poverty line The main components of the scheme include: *(i)* formation of SHGs ; *(ii)* capacity building training and skill training to take up micro-enterprises; *(iii)* strengthening thrift and credit in SHGs ; *(iv)* credit linkage with banks/other financial institutions and back ended subsidy for eligible SHGs/members to take up micro enterprises; and (vi) technology inputs for micro enterprises.

Moreover, as sustainable livelihood literature and practice are relatively new, some gaps have been realized in the course of this study.

4. MICRO AND SMALL ENTERPRISE AND LIVELIHOOD PROMOTION

An enterprise, whether in formal or informal sector, needs financial resources for working capital and investment purposes. While the formal sector is well serviced by various commercial banks and other financial institutions, informal units operate under the conditions of extreme shortage of all types of resources. These include a poor endowment of fixed capital and working capital. The low level of working capital forces small producers to buy inputs in small quantity resulting in considerable loss of time and interruption in production processes. However, small loan needs of the MSEs seem to be less attractive to traditional formal financial institutions, while micro entrepreneurs lack access to services such as marketing, training and technology transfer. Besides, formal financial institutions prefer to finance a customer with sufficient assets that can be pledged as security. Secondly, these institutions consider recovery of their portfolio as the only major factor worth considering. They are not determining the composition of the portfolio according to the needs of the financial resources of the informal sector. Thus, both qualitative and quantitative limitations of the MSEs in terms of access to outdated technologies, lead to a low level of productivity and extremely high cost.

Equally important, micro, small and medium enterprises (MSMEs) now contribute 8 per cent of the national GDP (Gross Domestic Product), while the Ministry of MSME implements the credit linked subsidy scheme for assisting these units to acquire upgraded technology. Of late, the Union Government of India has instructed the banks to give 60 per cent of the MSME advances to the micro enterprises in order to augment supply of funds to them. As aptly put by the Union Minister, MSME, "The banks have been told to allocate 50 per cent of MSME advances towards the micro enterprises in the Financial Year 2010-11, 55 per cent in 2011-12 and 60 per cent by the end of 2013."[4]Again, it is worth mentioning here that most among the nationalised banks and formal credit institutions advance loans to enterprises that have a relatively solid bottom line and sufficient financial data. This is, in fact, available to some of the well-performing small and medium enterprises (SMEs). Hence, *t*he cultural gap between the institutions and the community that needs to be bridged is wide.

Further, the formal financial institutions usually being accustomed to deal with the more confident, literate borrower of urban areas, there is another financial system: **"Microfinance."** Its targets are not only poor and low-income groups, but also micro enterprises. The main objective of MF activity is to alleviate poverty and generation of employment for those poor people who are excluded from formal financial services. Undeniably, *t*he failure of the formal banking sector to ensure financial inclusion of the poor and marginalized section has promoted an ever increasing number of MFIs to carry forward this agenda. The MFIs, indeed, create and strengthen the livelihood opportunities. Basically, they satisfy the credit needs of the people excluded from the economic, social, and political mainstream and unable to

[4] Adapted from His Speech in a Seminar, "Competitiveness Through Finance and Technology" organized by the Indian Chamber of Commerce, The Times of India, Ibid.

participate in SL activities. They also provide opportunities to move ahead by promoting the livelihoods and thus empowering the targeted and disadvantaged.

Indian perspective of microfinance, in the last few years, has witnessed an unprecedented growth and has firmly established itself as a significant and potential financial contributor to the Government and the society at large. While, more than 2.2 million SHGs are credit linked by the banks under the SHG bank linkage programme, an additional 10 million clients are served through the MFI channel. *On the lines of t*he success story scripted by Grameen Bank, Bancosol in Bolivia, Bank Rakyat in Indonesia, SEWA and MYRADA in India have been able to implement the micro-credit programmes successfully[5]. On the top of this, formal financial institutions in the country have been playing a leading role in the MF programme for more than two decades now. They have joined hands proactively with informal delivery channels to give MF sector the necessary momentum. Towards the end of the previous decade too, MF has registered an impressive expansion at the grass root level[6]. According to a banker,[7] the factor that fuelled the stratospheric rise of MFIs was the fortuitous priority sector lending clause issued by the Reserve Bank of India (RBI). Under this clause, banks have to lend 40 per cent of their total loan portfolio, out of which, 45 per cent should go to agriculture. In case of the failure to meet this target, banks were supposed to stash this cash in the bonds issued by National Bank of Agriculture and Rural Development (NABARD), which fetched a paltry 3-4 per cent interest. While the private sector banks found it difficult to meet the target for priority sector lending, MFIs became a God send for delivering 12-13 per cent interest. When the RBI insisted that MF could be treated as agriculture loans, both banks and MFIs rejoiced and business with each other started booming.

Against this backdrop, the Millennium Declaration of the UN identifies poverty alleviation as one of the most crucial challenges that the international community is facing in the 21st century. With nearly 40 per cent of the Indians living below the poverty line, top most priority is given to identify new ways and means to provide resources for better livelihoods. According to The UN Annual Millennium Development Goal (MDG) Report “India has played a crucial role in eradicating poverty from the world”[8]. The fact that India was a “major contributor” to poverty reduction has also been acknowledged in the UN Secretary General’s Report on MDGs[9]. In the wake of a global economic slowdown, the growth in India ‘s GDP during the last one decade has been commendable. The country also recorded the highest growth rate of billionaires who made it the Forbes’ list .Their number also doubled in one year to reach a figure of 55 in 2011. India’s factory sector expanded at its slowest pace in more than two years in August last as export orders shrank amid weakening weak global demand. Still, India has been one of the few countries to show growth[10]. Also, in the words of the economist, Jagdish Bhagwati, India is ready for a “revolution of perceived possibilities”, in which reforms can produce high economic returns alongwith improvements for the poor. Indian democracy to be meaningful, development has to be inclusive, comprehensive and extensive. We have to empower all the Indians by making them partners in growth and beneficiaries of development.

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[5] Meher, S., “SHGs and Poverty in Orissa (2003).
[6] Status of Micro Finance in India-2007-08, national bank for Agriculture & Rural Development, Mumbai.
[7] Business Standard, Dated 18th August, 2011.
[8] The Dharitri, Odisha, Bhubaneswar, Dated 9th July, 2011.
[9] The Times of india, Dated 14th November, 2010.
[10] The findings of A Survey of the Manufacturers in Asia’s third largest Economy, The Times of India, Sept. 5, 2011.

At the same time, on the face of the above said growth rate, the increase in the number of employed people in 2005-2010 has not been commensurate with the high GDP growth rate of 8.6 per cent during the same period.[11] Further, in the words of the Economist and Prime Minister "Grants or subsidies are far too small in macro-economic terms to do much in the face of the vastness of the problem". Government agencies and the formal sector clearly cannot absorb the entire work force. It, in fact, calls for an increasing need to promote entrepreneurship in the informal sector, particularly, the much talked about MSE sector.

5. ODISHA AND MICRO-FINANCE INITIATIVES

Odisha, along the eastern sea-bed of India is the home to nearly 41.9 million people. It has a glorious and ancient history spanning a period of over 2000 years. In ancient times, it was the proud kingdom of Kalinga. Kalinga was a major seafaring nation that controlled most of the sea routes in the Bay of Bengal. For several centuries, a substantial part of Southeast Asia, such as Kampuchea (Cambodia), Java, Sumatra, Bali and Thailand were its colonies. In fact, the name of the country "Siam" is derived from Oriya/Sanskrit Shyamadesha. The temple of Angkor Wat is a fine example of Oriya architecture, with some local variations. Bali still retains its Hindu Orissan heritage.

The economy of Odisha reflects a balanced mix of agricultural and industrial sectors.[12] As the apex industry body, Associated Chambers of Commerce and Industry of India (ASSOCHAM) Report has revealed in June, 2011, Odisha, over the last decade has registered 10.8 per cent growth rate, ahead of three other major provinces (Assam, Bihar and West Bengal) in eastern India. Besides, it has been stated as a bottom line province of the Indian Union. Its economy has registered an annual growth rate of 9.51per cent during the 10th plan and 9.57 per cent in the first three years of the 11th Plan, notwithstanding the challenges posed by the global financial crisis. The per capita income of Odisha has registered a significant increase of 112.44 per cent during the period from 2004-05 to 2010-11. However, this rate of increase has proved to be less than that of the country, which has been as high as 120 per cent, according to a Report placed before the Indian Parliament on 4th August, 2011[13].The higher growth in the economy in recent years has been contributed largely by the industrial sector followed by service sector. Though the share of agriculture sector in Gross State Domestic Product (GSDP) has been declining, the proportion of people dependent on agriculture has not been declining in the same proportion and rate.

According to the Economic Survey of Orissa, 2010-11, more than 60per cent in Odisha still depends on the agriculture and allied sectors for their sustenance. For the last 3/4 years, the socio-economic fabric of the province has been disrupted by excessive Maoist activities. As the Survey Report puts," the Provincial Government claimed reduction in poverty by 11.73 per cent between 2004-05 and 2007-08 ", the rural-urban poverty gap remaining larger than the National average. Besides, the coastal region has registered the sharpest decline of poverty according to 61st round of NSS (National Sample Survey). The extent of

[11] Excerpts taken from "The New Indian Express " dated 26 August ,2011
[12] *Economic Survey, 2010-11, Planning and Coordination Department, Government of Odisha, Bhubaneswar.*
[13] The Dharitri, Bhubaneswar, 5th August, 2011.

poverty in southern and northern regions is still very high and a matter of grave concern. It is also a fact that Odisha is prosperous in terms of huge mineral deposits underneath its soil, while witnessing abject poverty on top of its soil. Moreover, persistent Naxal activities result in a void in the socio-economic development of this region. Nevertheless, the need of the hour has been to put in extra effort for the economic development through a growing entrepreneurial class.[14] They need them for two reasons: to cash in on new opportunities and create wealth and new jobs.

Furthermore, Odisha has failed to come up to the expectation in developing small, medium and tiny industries. Thus, its Government has formulated a policy in the year 2009 for the development of medium, small and tiny industries. Its Government is all set to create a special fund for development of these enterprises in PPP mode. It also, on the face of growing unemployment and lack of quality employees, expresses serious concern for not being able to optimally exploit the benefits out of its long run and very critical industrialization drives including that of POSCO, TATA and Vedanta. This would help create employment, promote export furthering industrialization .While the fund would be operational through the The State Financial Commission (SFC), Government of Odisha and other Foreign Institutional Investors (FIIs) will invest for the fund. Especially, this is aimed at developing all the areas on the way to reduce regional disparities.

In Odisha, however, a large number of public sector banks have shown dismal performance in terms of the priority sector lending. Their performance under the Annual Credit Plan (ACP), can hardly be satisfactory, while their lending to agriculture has been mere 20 per cent of the target fixed for the first quarter of the current 2011-12 fiscal. Besides, in the 124th State Level Bankers' Committee, held on 18th August, 2011, Chief Minister of Odisha has pointed out that the per capita credit has been only 39 per cent of the national average[15].Furthermore, MF as an effective form of poverty alleviation has made significant turn over in the years under review, i.e.,2008-09 and 2009-10. MF, the provision of financial services to low income clients aims at saving the life of people from the clutches of village moneylenders lending at exorbitant rates of interest. Strikingly, SHGs/JLGs and their members are making exemplary contribution throughout the country. In the name of Rosani Yojana implemented since 2009 , the president's Estate is provided with a novel approach of conserving energy through Solar power , utilizing garbage converted compost in the Estate collected from the home-makers and SHG members utilising unwanted torn paper in making usable articles. Recently, SHG groups in Odisha, have been assigned the task of providing mid day meals for the school children, while 156 groups in its Nayagarh district are collecting electricity dues on behalf of the Central Electricity Supply Utility(CESU).

6.<u>THE CASE OF ADHIKAR AND PF</u>

[14] *Behera, B. and Behera, S., "Entrepreneurship and Employment Opportunities in Odisha with Special Reference to Tourism", Published Paper, 3rd Biennial Center for ESBM International Conference, Jan. 22-23, 2011.*

[15] The new Indian Express, Bhubaneswar, Dated 19th August, 2011.

6.1.Adhikar

Adhikar (literally meaning 'right') has been set up in 1991 by a group of young activist volunteers committed to the cause of protecting human rights of the poor in Odisha. It endeavours to prove as one of the leading institutions in Odisha in livelihood promotion dove-tailed into MF services. While undertaking a multitude of activities, it has the motive to serve the community towards its integrated development through the process of women empowerment. Its developmental initiatives include mobilization of a number of SHGs into Primary Self help Co-operatives, creation of a secondary co-operative under The Orissa State Self Help Co-operative Act,2001, financial inclusion of the BPL families under Joint Liability Group(JLG) model and a remittance programme for the migrant people. Its MF initiatives have covered 15 districts in three states with the help of 40 branches.

Since its inception, Adhikar has been involved in promoting SHGs. To include maximum house-holds in the process of financial inclusion, the organization launched the MF programme in the form of JLG in 2004. In the recent past, a Non Banking Finance Company (NBFC) has been formed under the name Adhikar Micro finance Co. LTD. This legal entity has helped boosting the confidence level of Adhikar in order to expand its activities to the neighbouring provinces like Andhra Pradesh and Gujrat. Moreover, the expansion of its activities to districts of Kalahandi, Bolangir and Koraput, popularly known as the KBK region have been need based.

Table No.1: Credit Operations by Adhikar and PFF

Loan Type	Cycle	Tenure (In Months)		Amount (in thousand Rs.)		Rate of Interest		Guarantee
	Adhikar and PF	Adhikar	PF	Adhikar	PF	Adhikar(Flat)	PF (Reducing)	Adhikar and PF
Income Generation	Ist Cycle			7	8.3	10	15	GROUP
	2nd Cycle			10	9.5	10	18	
	3rd Cycle			15	11	10	24	
	4th Cycle	12	12-18	20	12.5	10	24	
Housing Loan	Once	28	36-60				24	
Education Loan	Once	6	-	2-5		Nil	-	Relevant Documents

Source: The Annual Reports of Adhikar and PF

PEOPLE'S FORUM

People's Forum is a 21 year old development organization based in Odisha. Founded by few young students, PF is a non-profit and an apolitical organization. According to its Annual Reports, it has been working for sustainable development of the rural folks in order to strengthen the rural economy and effectively utilize the rural resources. PF is promoting SHGs both directly and through network partners covering more than 7500 groups with more than 8500 clientele. Its MF initiative is designated as Mission Annapurna. Presently, PF operates in 15 districts of Odisha through its 26 branches and 5 sub branches each having a minimum of 200 SHGs. MF in PF, however, aims at securing the economic independence and sustainability of the poor.

6.2. Performance Analysis

6.2.1Operational Performance Analysis

Adhikar has been consistently evaluating its programme in terms of quality of services and affordability of charges. The addition in outreach and reduction of the cost has supported the programme to decrease the rates of interest. Without any compromise with the quality of the programme, Adhikar has been able to position itself as a fast growing MFI nationally. Furthermore, *a*mong the three categories of loans advanced by Adhikar, income generating loan, housing loan are provided with 10 per cent flat and 24 per cent reducing rates of interests respectively. Its innovative education loan also provides opportunities to empower the poor children through education. Besides, it is quite noteworthy that Adhikar has gained name and fame for its pioneering work of providing remittance service to the migrants of Odias across the country. In tune with the demands of such migrant workers, money remittance was initiated from Gandhigram to the source area where the organization has had intervention with various community development activities. The process, however, begins with receiving money at the place of work and delivery of the same to the dependants of the migrant workers at their door steps in 48 hours. A total sum of 7.9 crores has been remitted in terms of 22380 transactions in a period of six years.

Table No.2: Operational Performance of Adhikar and PF

Particulars (in numbers)	**As on 31.03.2009**		**As on 31.03.2010**	
	Adhikar	**PF**	**Adhikar**	**PF**
SHG s	**15493**	**6693**	**18280**	**7065**
Districts Covered	**13**	**15**	**15**	**15**
Beneficiaries	**70354**	**81890**	**82728**	**87868**
Loanee members	**53859**	**36002**	**61742**	**46865**
Staff supporting MF	**160**	**102**	**162**	**102**
Branches	**35**	**22**	**40**	**35**

Source: Same as Table 1

Among the few thrust areas of PF, it provides credit to SHGs linked with various banks. The performance of PF in respect of its lending has shown that agricultural loan, loan for petty business and micro enterprises constitute 67 per cent, 16 percent and 17 per cent respectively. It offers attractive credit products in terms of accessibility, simplicity, and timely delivery while offering suitable loan periods and sizes. Moreover, the organization mobilizes its own resources, providing safe and attractive returns on the savings promoting voluntary withdrawal and providing doorstep collection services**.** It offers suitable products, e.g., passbook savings, fixed deposits and savings certificates. In order to ensure proper pricing, PF also covers its costs from the margin by setting appropriate interest rates at all levels of institutions involved. It, however, covers the cost of funds, administrative costs, loan losses and allows for a profit margin. The organization takes inflation into account while offering attractive real returns on savings.

Mangement Information System

Adhikar by playing a formidable role as an MFI in Odisha and elsewhere has been able to overcome its lapses with strict monitoring mechanism, computerized MIS and with stringent internal-external audit system.PF also practises the manual record keeping and data processing. Auditors are engaged to keep such financial records. However, the effort is on to develop a suitable MF software package to introduce software base on the system

Client- Support Services

Adhikar makes continuous interaction and consultations with the officials looking into the co-operative activities at the district and the state level for sensitizing them and generating positive response in order to create a favourable climate for promotion of self help co-operatives under The Self Help Co-operative Act, 2001. Continuous counseling and mobilization processes are going on with different NGOs, Community based Organisations (CBO) and SHGs in their operational area.

PF, on the other hand, has earned cooperation with like-minded agencies to provide add-on services in its operational areas. It has shaped a long term professional relationship with government organizations, NGOs and SHG Federations. For service sustainability, the organization has established service centers. PF has presently a microfinance staff of 102 with 99 volunteers who are responsible for promotion, management and tracking of SHGs as well as their credit utilization. While believing in result oriented works, it recruits and trains good staff providing them with training, skill and motivation along with practical exposure

6.2.2 Financial Performance Analysis

As it is revealed from Table No.3, the financial indicators reflect a mixed performance in case of both the organizations. On all counts except the loans to women members in the year, 2009-10, Adhikar exhibits comparatively a better picture than PF. In the period under comparision between both the MFIs, general. fund in case of Adhikar is found to be safer than PF. But the former has reduced its PLL over the period, while the latter has increased the same.

Table No. 3 :Financial Performance of Adhikar and PF(in lakhs Rs.)

Particulars	**2008-09**		**2009-10**	
	Adhikar	**PF**	**Adhikar**	**PF**
General Fund	23.12	6.55	31.79	22.19
Excess of Income over expenditure	9.52	**6.54**	**12.06**	5.90
Provision for loan loss(PLL)	**6.00**	**0.04**	**4.53**	**2.20**
Fixed assets	**7.30**	**3.72**	**11.90**	**6.50**
Loan advanced to women members	**314.88**	**87.54**	**228.31**	**238.49**

Source:SameasTable.1

However, both have increased their investment in fixed asset adding strength to their existence, whereas PF has put enough funds towards its loan for the women members in contrast to a fall in case of its counterpart, Adhikar. This may be attributed to the fact that the NBFC status received later by PF in the year, 2009-10 has prompted it to advance more loans to its women beneficiaries.

7. WOMEN EMPOWERMENT

Women Empowerment is defined as the processes, by which women take control and ownership of their lives through expansion of their choices It also enables them to define goals and act upon them, and be aware of gendered power structures, self-esteem and self-confidence. Undeniably, women have incredible strength and endurance and can express life in countless colors, fields and subject. Adhikar and PF as well have given women a special attention. Focusing on their socio-economic upliftment, most of the SHGs /JLGs associated with the two MFIs are women based. Often family members of these women are encouraged to take decisions based on their experience during entrepreneurship development and various capacity building programs. PF has also set up both a family counseling centre and help line in Mao-infested district of Malkangiri in order to solve cases related to family disturbances, domestic violence, marital conflicts, etc. On similar lines, Adhikar has been running a legal aid counseling centre to provide relief to the victims who are not in a position to get legal services easily. However, the following objectives have been laid down by the MFIs for the cause of women empowerment.

a.To ensure the socio-economic status of the women.

b.To create awareness among the women about their rights and privileges.

c.To protect them against domestic violence and groom them to live with self-respect and self dignity.

Besides, both provide a wider range of MF services in order to improve ability of more than a lakh of poor women.

8.CONCLUSION

SMEs are a major contributor to the GDP of any country in general and developing countries in particular. They are even larger contributor to exports and employment. Their role gets magnified in a developing country like India, where they are the catalysts of growth with significant contribution to the manufacturing and service sector. This paper while presenting an SL approach in the context of enterprise, particularly, MSE development, it aims at summarising the lessons learnt and insights gained from conducting SL research on the poor communities in Odisha for whom MSE activities has been a key component in case of their livelihood. As revealed from the foregoing discussion, credit being a powerful development tool, its effectiveness depends on its use. Also, the most important element of a credit institution while working with the MSE sector is to demonstrate that the credit to this informal sector is financially viable. Without honest and sincere effort, credit cannot by itself resolve all of the structural and functional problems.

Here, it is worth mentioning that the literature available on the impact of SHG-based micro credit programmes demonstrates, “The groups maintain a high degree of solidarity, while practicing a culture of self help and self management. An MF programme can prove to be a magic wand only when it adopts accountability, transparency and the firm determination to eradicate poverty.” Further, SHGs/JLGs have features, such as non-collateral loans and mutual guarantee in the group. Besides, there exists a "financial gap", not covered by both the financial systems already discussed. Undoubtedly, the enterprises, which belong to this gap, have a potential to grow and create employment, even though they are small in size. Confronting the difficulties in raising funds from commercial banks, they also face a dilemma in that MF loans are not enough to meet their capital demand. As a result, they are forced to raise funds from informal finance such as the loans shark or relatives borrowings. In this study, the results indicate that majority of the borrowers have a tendency to misutilise the funds borrowed. They treat MF funding as just another source for meeting personal expenses. The research has identified this as serious concern for the Institutions, like Adhikar and PF dealing with MF activities.

However, in India, a rewarding feature of its economic development has been the impressive growth of its entrepreneurs, particularly in modern small-scale industries (SSIs). Its rural economy has been subject to rapid technological advancements. Rural landscape in the country, inter alia, Odisha have started undergoing dramatic changes in terms of road connectivity, electrification, data connectivity. For millions, low- end mobile phones have proved to be a boon. In fact, financial inclusion has been easier due to mobile as well as core banking. They have democratized communication and empowered the underclass. Yet, the bottleneck behind inclusive finance revolution has been the lack of financial awareness among the people mostly in rural areas.

Under these adverse circumstances, Adhikar and PF have been reasonably successful while rendering MF services over the last decades. As earlier mentioned, they have been instrumental in promoting women SHGs to be an effective vehicle for transformation of developmental ideas and effective tool for programme implementation. Various SHGs/JLGs intermediated by Adhikar and PF while showing positive impacts have played important roles in reducing the vulnerability of the poor women through asset creation, provision of emergency assistance and above all women empowerment. Both the MFIs are intervening in the semi urban and rural economies of Odisha through their poverty intervention (MF) programs. In Odisha, growing unemployment, particularly the phenomenon of educated unemployment, has been persistently one of the baffling problems. With a rural population of approximately 85 per cent, the funding activity in Odisha has picked up few years back, but there is lack of proper training to the MF beneficiaries.

Further, it is evident from the study that credit is a condition that is necessary, though it is not sufficient for the development and transformation of small-scale informal production. Thus, a credit programme, viz., MF needs be designed keeping in mind the needs, aspirations, skills and the existing social, economic, cultural and political system. This research has tried to study the issues which contribute in success of micro enterprise and MF in India vis-a vis Odisha. Adhikar and PF have also made long strides since their inceptions through the SHG/JLGSs for women- driven community development. According to the study, given time and support, women can do wonders with their pious service orientation. In Odisha, their magic hands have been borrowed through the SHGs in programs like Mid Day Meal, micro farming, Public Distribution, etc. Moreover, the impressive role of the MFIs in question to promote SHGs among the poor while providing financial services offers opportunities to the beneficiaries through the novel SL approach. It is expected that such studies would eventually reveal the application of the entrepreneurial mindset development model in MFI like organizations, in relation to the viability of small/micro businesses and their growth strategies.

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