



## MICRO FINANCE AND EMPOWERMENT OF WOMEN ENTREPRENEURSHIP IN INDIA

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### ABSTRACT

An attempt has been made to know about the role of microcredit in income generating activities of women and its impact on their socio-economic empowerment. Women should realize that they have constitutional rights to good quality health care, financial security, and access to knowledge, information, education and equal opportunities for the girl in the society. Empowerment signifies a change from a status of failure to recognition and success. Empowerment also systematizes their lives and resources. Microfinance sector has grown rapidly over the past two decades and has helped women to gain economic empowerment and improve quality of their life. Microfinance has occupied centre stage as a promising channel for extending financial services to unbanked sections of population. The emergent women entrepreneurs and their contribution to the nation's economy is root to their empowerment. However there are also tendencies towards women's disempowerment, in which women have become even more subjugated after receiving loans. From a societal point of view, the groups have in many ways improved the local communities that they are active in, but less so from formal political positions. Microfinance programs have significant potential for contributing to women's economic, social and political empowerment in developed and developing countries. Today agencies like Government as well as Nongovernment Organizations are involved in micro-finance development initiatives.

**Key words:** women empowerment, micro-entrepreneurship, microcredit, socio-economic empowerment, population, financial services, developed and developing countries.

### Introduction:

“Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services.” Microfinance is not just about giving micro credit to the poor rather it is an economic development tool whose objective is to assist poor to work their way out of poverty. It covers a wide range of services like credit, savings, insurance, remittance and also non-financial services like training, counseling etc. The unique feature of microfinance program me is that it focuses on women for development. The basic idea is to empower women by providing them financial assistance and allowing them to earn an independent income, contribute financially to their households and generate self-employment. This economic independence is expected to generate increased self-respect, self-esteem, self-confidence, involvement in decision making and empowerment of women. Generate increased self-respect, self-esteem, self-confidence, involvement in decision making and empowerment of women.



Microenterprises foster the economic status of women as an effective means to eradicate poverty. The income generating activities to meet the livelihoods of the poor women are massively promoted. Canteens /Catering units, IT units, Foot ware unites, condiments unites, umbrella unites, Building materials unites, Horticulture unites, electronic unites, readymade garments unites, soap powder unites toys unites, grocery shops, are some of the examples of micro enterprises that are undertaken by poor women. Women entrepreneurs are given training in entrepreneurship development, performance improvement by the entrepreneurship development institute of India.

### **Review of Literature**

Few studied are available on SHG and micro-finance and women empowerment. The researcher has tried to review the following. Osman (2000) in his article remarked that micro-finance schemes loan cannot alleviate poverty. The battle for total eradication of poverty requires combining micro-finance schemes with parallel, complementary programmes addressing the social and cultural dimensions of want, privation, impoverishment and dispossession. Kapur (2001) in her study tried to discuss, analyse and answer the challenging questions as to why despite all the efforts and progress made, still there continues to be undertaken to achieve the expected goal of empowerment. She opined that women's empowerment is much more likely to be achieved if women have total control over their own organizations, which they can sustain both financially and managerially without direct dependence on others. Malhotra (2004) in her book has examined how women entrepreneurs affect the global economy, why women start business, how women's business associations promote entrepreneurs, and to what extent women contribute to international trade. It explores potential of micro-finance programmes for empowering and employing women and also discusses the opportunities and challenges of using micro-finance to tackle the feminisation of poverty. According to her, the micro-finance programmes are aimed to increase women's income levels and control over income leading to greater levels of economic independence. They enable women's access to networks and markets, access to information and possibilities for development of other social and political role. They also enhance perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues leading to greater expenditure on women's welfare. Greene et.al. (2003), evaluate the research & publication contribution in the area of women entrepreneurship. The study categorized various journal & resources of research on the basis of certain parameters concerned with women entrepreneurship like gender discrimination, personal attributes, financing challenges, business unit, context and feminist perspectives. Singh, (2008), identifies the reasons & influencing factors behind entry of women in entrepreneurship. He explained the characteristics of their businesses in Indian context and also obstacles & challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social un-acceptance as women entrepreneurs, family responsibility, gender



discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs. He suggested the remedial measures like promoting micro enterprises, unlocking institutional frame work, projecting & pulling to grow & support the winners etc. The study advocates for ensuring synergy among women related ministry, economic ministry & social & welfare development ministry of the Government of India.

### **Objectives:**

1. To study the growth of Micro Finance Institutions and women entrepreneurship.
2. To study the impact of Microfinance Institutions on women decision Making.
3. To study the impact of Microfinance Institutions on women socio Economic Settings.

### **Micro Finance:**

The Government initiated the Integrated Rural Development Programme (IRDP) in 1980-81 with the objective of directing subsidized loans to poor self-employed people through the banking sector. NABARD was established in 1982. In the same year, the Government also introduced the Development of Women and Children in Rural Areas (DWCRA) scheme as a part of IRDP. In 1991, India faced a balance of payment crisis. The foreign currency reserves fell to low levels, affecting the country's ability to meet foreign debt obligations. The crisis, however, propelled the government to introduce structural changes in the economy, commonly referred to as the Economic Reforms of 1991, gradually resulting in greater autonomy to the financial sector. As a result, new generation private sector banks such as UTI Bank, ICICI Bank, IDBI Bank (all established in 1994) and HDFC Bank (early 1995), emerged. The Narsimhan Committee report of 1991 also recommended phasing out interest rate concessions and around the same time, the Brahm Prakash Committee recommended reducing the state involvement in cooperative banks. It was around this time that the first self-help groups (SHGs) started emerging in the country, mostly as a result of non-governmental organization (NGO) initiatives. The Mysore Resettlement and Development Agency (MYRADA) was one of the pioneers of the concept of SHGs in India. These SHGs were large enough for the banks to have transactions with, and were also very responsive and flexible to the needs of their members. While MYRADA did not directly intervene in the credit market for the poor, it facilitated 'banking with micro institutions established and controlled by the poor.' These early initiatives were largely responsible for the emergence of the modern MF sector in India.

Some of the Microfinance Institutions are as follows:

1. Association for Sarva Seva Farms (ASSEFA)
2. Bandhan (Society and NBFC)
3. SKS Microfinance Ltd (SKSMPL)
4. SpandanaSphoorty Financial Ltd (SSFL)
5. ShriKshetraDharmasthala Rural Development Project (SKDRDP)



## 6. Self Help Women's Association (SEWA)

### **Development of the microfinance sector in Andhra Pradesh:**

Andhra Pradesh is considered as the capital state of Microfinance in India. Andhra Pradesh is one of the leading states in terms of SHG and MFI growth, with the largest MFIs based in the state. The outreach of MFIs in the State as on 31 March 2010 is 6.3 Million clients (23 per cent of All India). In terms of loan portfolio, MFIs in Andhra Pradesh have a loan outstanding of Rs.521 crores (28 per cent) as on 31.3.2010. The major NBFCs viz., SKS, SPANDANA, SHARE microfinance, etc are operating in almost all the districts of the State. The demand or need for micro finance comes from the disadvantaged sections of the society, who are without access to services of formal sector financial intermediaries and are typically excluded from the formal banking system for lack of collaterals. In short, they are the poor and the very poor. The effective financial services for the poor should entail mechanisms to turn savings into lump sums for a wide variety of uses. There has been a growing consensus among Micro Finance practitioners that, in addition to credit, the poor need an entire range of financial services including savings, insurance, and fund transfers. Savings and, to an extent, insurance are mechanisms which allow the poor, individually or in groups, to save and build a resource pool which can be drawn upon during times of need. They enable the poor to smoothen their cash flows across time and space. The Micro-finance institutions have started to move beyond micro credit, micro enterprise loans, and savings products to insurance, housing, infrastructure and micro leasing loans. The demand is high for finance for purchase of land, infrastructure, and housing loan finance for shelter-related investments that is rarely made available for the poor households from the formal commercial sector.

### **Features of Microfinance:**

Borrowers are from the low income group

Loans are of small amount called as micro loans

Short duration loans

Loans are offered without Collateral

High frequency of repayment

Loans are generally taken for income generation purpose.

Microfinance is facing a crucial time when it hopes to become part of the financial delivery system in India and be part of the financial inclusion agenda.

### **Status of Microfinance in 2013:**

Major trend is RBI being able to put forward a very significant set of regulatory guidelines which seem to have given hope to the sector that orderly growth is possible.

Big NBFC MFIs have regained market confidence and picked momentum in client outreach and loans outstanding. Bank credit eased for MFIs and SHGs as well.

Emergence of new forms of partnerships (SHGs – MFIs-government banks-tech companies – BCs) has been encouraging.



Compound annual growth rate – Suffered after 2010 for both SBLP and MFIs.

### **Empowerment:**

The concept of power, ideology, patriarchy and gender, we should be clear about the notion of empowerment. Empowerment is defined as the process and its result whereby the powerless or less powerful members of the society gain greater access and control over material and knowledge resources, and challenge the ideologies of discrimination and subordination, which justify this unequal distribution.

Women's empowerment is the transformation of the structures of subordination, including changes in the law, civil order, property and inheritance rights, and control over women's bodies and labour, and the social and legal institutions that endorse male control. The subject of empowerment of women is deeply rooted in the globally determined and accepted goals of equality, development, and peace for all. An empowered woman will be one who is self-confident, who critically analyses her environment and exercises control over decisions that affect her life. It also enables women to look at problems differently, analyze environment and situations, recognize their strengths, and alter their self-image, access information and knowledge. Empowerment, women require a set of assets and capabilities at the individual level, such as health, education, and employment, and at the collective level to organize and mobilize, and take action in order to solve their problems.

### **Women Entrepreneurship:**

Entrepreneurship refers to the act of setting up a new business or reviving an existing business so as to take advantages from new opportunities. Entrepreneurship has been a male-dominated phenomenon from the very early age, but time has changed the situation and brought women as today's most memorable and inspirational entrepreneurs. It is estimated that women entrepreneurs presently comprise about 10% of the total number of entrepreneurs in India, with the percentage growing every year.

### **Status of women entrepreneurs in India:**

Entrepreneurship is considered as one of the most important factors contributing to the development of society. India has been ranked among the worst performing countries in the area of women entrepreneurship in gender-focused global entrepreneurship survey, released in July 2013 by PC maker Dell and Washington based consulting firm Global Entrepreneurship and Development Institute (GEDI).

At present, women's entrepreneurial role is limited in the large scale industries and technology based businesses. But even in small scale industries, the women's participation is very low. As per the third all-India census of Small Scale Industries, only 10.11% of the micro and small enterprises were owned by women, and only 9.46% of them were managed by women. While the Number of women operating their own business is increasing globally; women continue to face huge



obstacles that stunt the growth of their businesses, such as lack of capital, strict social constraints, and limited time and skill.

### **Challenges faced by women entrepreneurs**

- i. Conflicts between Work and Domestic Commitments:
- ii. Gender gaps in education
- iii. Lack of finance
- iv. Legal constraints in family law
- v. Heavy household responsibilities
- vi. Lack of family support
- vii. Lack of capital
- viii. Lack of confidence and faith

### **Suggestions:**

1. Basic education and training among the members of the self help groups is essential, so that they have the same level of expertise or understanding capacity which empowers the group members.
2. Training to the women entrepreneurs can be provided for the better performance of their business activities.
3. The field officers at the Government level and NGOs have to participate actively in improving the economic and social conditions of the women entrepreneurs at each district.
4. Since the repayment of loan among the members of the self help groups is quick; therefore, the banks may reduce the rate of interest on such a loan.
5. The Government may announce presentations and awards to the best Performing group at the district and state level.

Women entrepreneurship development is an essential part of human resource development women entrepreneurs have started showing more interest because it provides them an opportunity to be one's own boss the challenges they want to face and the chance of making more money. A women entrepreneur has a complete understanding of the basic principles governing the Industry or trade activity to evaluate the available information and materials and a sense of social and economic responsibility. Courage to carry out plans continuing insistence on innovation and adaptability and ability to judge values comparison with persons time and energy women to procure the required qualifications and have been reported as being similar to men in leadership behaviors Problem solving enactment and managerial capabilities.

### **Future of Microfinance and Empowering Women:**

Developing women's leadership is important to deliver the promise of microfinance in alleviating poverty in the continent. Increasing women representation in microfinance and helping women develop the leadership skills to become innovators in their sector is the key to moving microfinance to a new level. The high illiteracy rate among women in India requires governments and microfinance



institutions to be proactive in organizing forums for educating women about their rights. To get fully empowered economically, women need to do more than just access finance. They need gender parity, insurance, education, healthcare and housing to help them spiral upwards. There underlies the course of a good approach to solving the incapacitation of the poor women in rural and disadvantaged areas of India to move out of poverty.

### Conclusion:

The Indian microfinance sector has grown by leaps and bounds during the first decade of the twenty first century. A lot of changes have been seen during the last ten years on how the microfinance institutions function. Many transformed to for-profit legal forms and MFIs overall continue their efforts to become more efficient and productive. At present, these MFI across the country is under stress. The Reserve Bank of India has set up a committee under the chairmanship of Mr. Y. H. Malegam to examine the issues confronting the microfinance industry, including their interest rate structure and suggest recommendation. While working on this direction of bringing awareness among public, the Government should focus on creating an environment by Providing public infrastructure, Encouraging completion, Focusing on rules, Using quality.

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