

**ROLE OF MICROFINANCE IN PROMOTING WOMEN  
ENTREPRENEURSHIP: AN ENGINE OF INCLUSIVE GROWTH**

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**ABSTRACT**

*In the era of Liberalisation, Privatisation and Globalization along with I.T revolution today Indian society is changing at a surprising pace. Economic and Political transformation appear to be taking place in across region and these changes have created lot of opportunities for women to come out their traditional domain. The transformation of Indian society in terms of increased education level among women and aspiration for economic independence witnessed growing volume of self-employment. This change in the society generates a category of women entrepreneur, who own small and micro enterprises in urban as well as rural areas.*

*Women entrepreneurship has been recognized as an important source of economic growth in reform period. Any women who organizes and manages any enterprises, especially a business is called women entrepreneur. The emergence of entrepreneurs in a society depends upon economic, social, religious and cultural factors prevailing in society. The change of women from homemaker to the modern role of an entrepreneur is bound to lot of hurdles. But the most common problem faced by women entrepreneurs to start an enterprise is the shortage of finance due to lack of collateral and discriminating regulation.*

*Microfinance provides and plays a crucial role addressing the women entrepreneurs' capital needs to start up or scale up their business. Government initiated various programme including promotion of SHG, micro-enterprises, micro-credit, NBFC and skill training. SHGs*

*(microfinance) are becoming viable in their operations and cost effective way of expanding micro enterprise.*

**Keywords-** Entrepreneurship, Inclusive growth, Microfinance, Self Help Group

**Introduction-**

In the era of Liberalisation, Privatisation and Globalization along with I.T revolution today Indian society is changing at a surprising pace. Economic and Political transformation appear to be taking place in across region and these changes have created lot of opportunities for women to come out their traditional domain. Development is usually referred to as the transformation of people and societies leading to well being of every human being. The development has to be considered as social and cultural change as well as economic growth. Women's development is directly related with national development. Since the beginning of human civilization, women have been working always and everywhere in each society of the world and their skills are as old as human kind. Women in general and rural women in particular are economically under privileged thus leaving sufficient scope for their discrimination, exploitation and oppression in the male dominated society. Though the women pivotal role in social and economic development of society but development plans and supportive services have generally overlooked the need to strengthen women's productive roles.

The transformation of Indian society in terms of increased education level among women and aspiration for economic independence witnessed growing volume of self-employment. This change in the society generates a category of women entrepreneurs, who own small and micro enterprises in urban as well as rural areas. The development of small enterprises for women is an appropriate way to attack poverty in general and particularly in rural areas by generating income.

Women entrepreneurship has been recognized as an important source of economic growth in reform period. Any women who organizes and manages any enterprises, especially a business is called women entrepreneur. Women Entrepreneur It may be defined as a woman or group of women who initiate, organise and run a business enterprise. Government of India has defined women entrepreneurs as owning and controlling an enterprise with a woman having a minimum

financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women.

Women Entrepreneurs have been making a significant impact in all segments of economy of the world. Their willingness for the future is apparent in their growing confidence, in their strengths and in their desire to seek different forms of work in order to achieve a new balance between work and home. Women have owned and operated business from decades, but they were not recognized or given credit for their efforts. Women empowerment with economic independence is the central issue of global economy. As corporate sector know that women are crucial to economic growth and they recognize their contribution and as an important untapped source of economic growth.

GEM report 2012 estimated that 126 million women were starting or running new business in 67 countries around the world. In addition an estimated 98 million women were running established business. These women are not only creating job for themselves and their co-founders, but they also providing employment others. But mainstream research, policies and programme tend to be male dominated and do not address the specific needs of the women entrepreneur separately. Reports find that women entrepreneurs play an important role in the economy in both ways as their ability to create jobs for themselves and others. Furthermore, self employment represents one of the most important job opportunities for women especially in developing countries.

### **Status of Women Entrepreneur in India**

In the present context, women expect equal status from the government, organizations and the society. They seem to be right in their attitude because the model of women entrepreneurial leaders and professional executives are plenty. From managing tiny petty shop to level of chairing the position of Prime Minister of a country, one could single out substantial number of successful and entrepreneurial women. Entrepreneurship elevates the socio-economic status of women. Present Women are more willing to take up entire activities that were once considered the preserve of men, and have proved that they are second to no one with respect to contribution to the growth of the economy. Hence women-entrepreneurs have been making a considerable impact in all most all

the segments of the economy which is more than 25% of all kinds of business. In India “Entrepreneurship” is very limited amongst women especially in the formal sector.

One of the important factors which reflect the progress of women entrepreneur growth in respect of number of units registered. Table 1 shows the state wise number of units registered in India for the period of 2010. The growth of number of units registered by women entrepreneur shows greater variation across the country.

**Table-1**

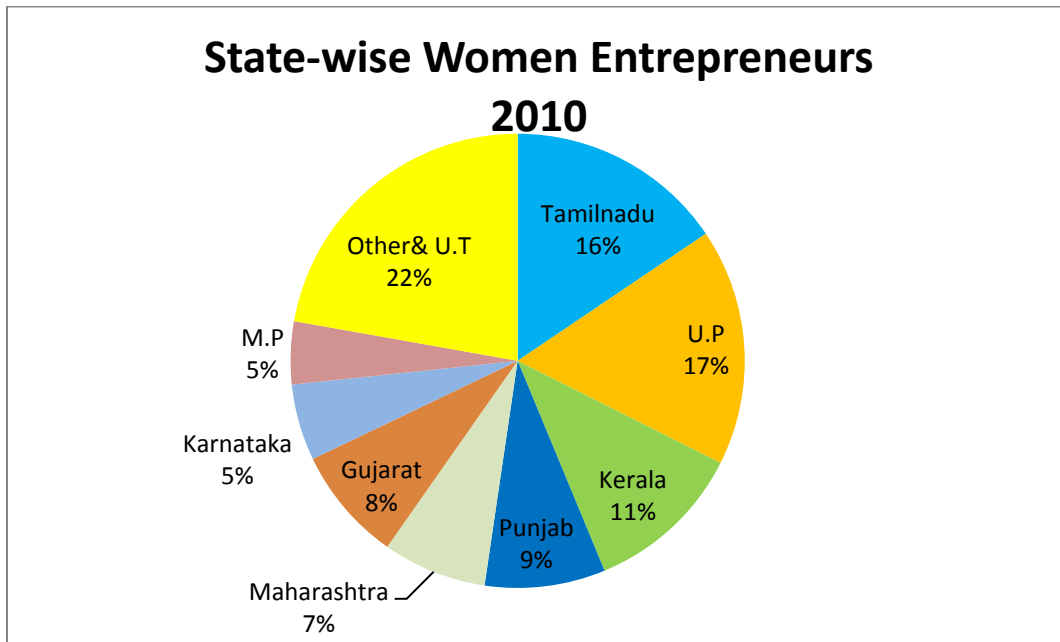
**State-wise Distribution of Women Entrepreneur in 2010**

<b>S.N</b>	<b>Name of States</b>	<b>No. of Registered Units</b>	<b>No. of Women Entrepreneur</b>
<b>1.</b>	<b>Tamilnadu</b>	9618(16.74)	2930(15.55)
<b>2.</b>	<b>U.P</b>	7980(13.89)	3180(16.87)
<b>3.</b>	<b>Kerla</b>	5487(9.55)	2135(11.33)
<b>4.</b>	<b>Punjab</b>	4791(8.34)	1618(8.58)
<b>5.</b>	<b>Maharashtra</b>	4339(7.55)	1394(7.40)
<b>6.</b>	<b>Gujarat</b>	3872(6.74)	1538(8.16)
<b>7.</b>	<b>Karnatka</b>	3822(6.65)	1026(5.44)
<b>8.</b>	<b>M.P</b>	2967(5.16)	842(4.47)
<b>9.</b>	<b>Other states &amp; U.T</b>	14576(25.37)	4185(22.20)
<b>10.</b>	<b>Total</b>	57452(100)	18848(100)

**Source:** NABARD Annual Report 2011

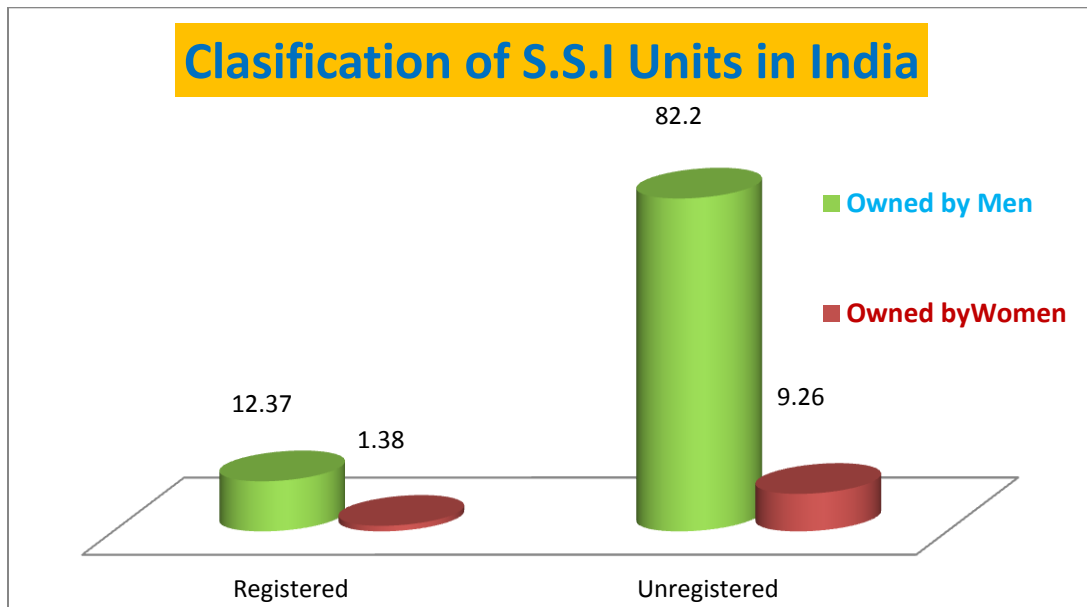
The analysis of table-1 shows that greater variation across the country of women entrepreneurs. Growth of women entrepreneurs in 2010 was higher in states of Tamil Nadu, U.P and Kerala followed by Punjab and Gujarat. But women entrepreneurs observed low in Maharashtra, Karnataka and M.P 7% and 5% respectively as depicted in figure-1

**Figure-1**



Despite, women entrepreneurship in few states relatively high but women less much likely to start a business. However entrepreneurship among women is more likely to be a result of necessity. This can be analyzed and understand by the distribution of S.S.I units.

**Figure-2**

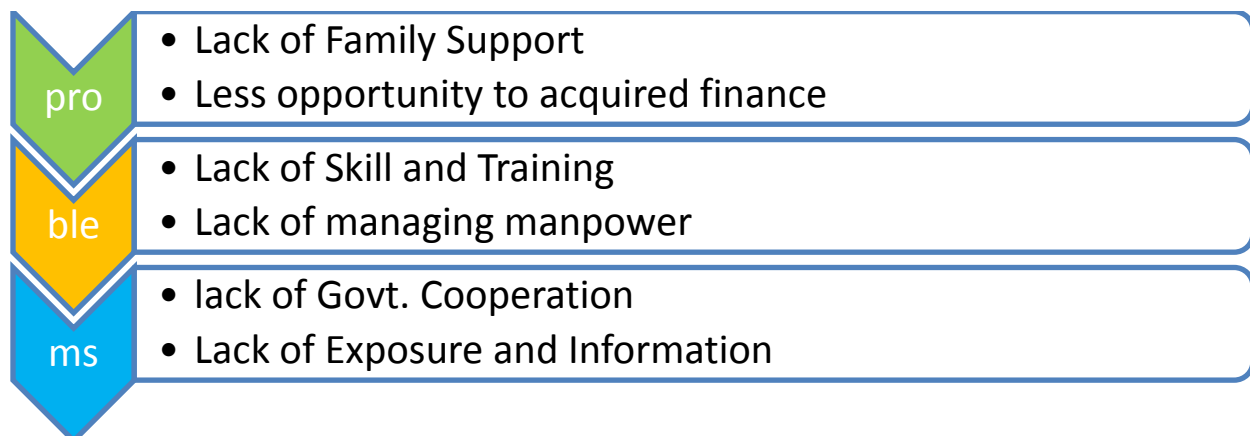


In India small scale industrial units are owned by both men and women in organized and unorganized sector which is shows in figure-2. There are 13.75 lakh SSI units registered in India, out of which 1.38 units are owned by women entrepreneur. But great majority of women engaged in unregistered SSI units. There are 9.26 lakh unregistered SSI units owned by women out of total 91.46 lakh unregistered units. Though women entrepreneurs' participation in unregistered units was high as compared to registered units but it is very low as compared to men in both groups.

#### **Problems of Women Entrepreneurs:**

Women-entrepreneurs have been making a considerable impact in all most all the segments of the economy. In India "Entrepreneurship" is very limited amongst women especially in the formal sector, which is very less as compared to men. Women entrepreneurs in general, face a host of problems and many of the problems reported for American women managers are common to those faced by Indian business women (Kitching et al, 2005). In addition to the general problems faced by women worldwide, Indian female entrepreneurs face problems attributable to social-cultural factors. Cultural and social traditions play a large role in

determining who becomes an entrepreneur and often inhibit women from starting their own businesses (World Bank, 1995). For a female business owner, the process of starting and operating new enterprise can be difficult because they often lack the skills, education, and support system that can expedite their business pursuits. According to Indian tradition, women are regarded as subordinate to men regardless of their age or educational status. The emergence of entrepreneurs in a society depends upon economic, social, religious and cultural factors prevailing in society. The change of women from homemaker to the modern role of an entrepreneur is bound to lot of hurdles. Generally, common problem which a woman faces is the non-cooperation from her husband or close family members. Majority of the time the family members do not motivate them. Besides they face other problems like mobility constraints, dual responsibility, low managing ability, risk-bearing ability etc. But the most common problem faced by women entrepreneurs to start an enterprise is the shortage of finance due to lack of collateral and discriminating regulation. The following are the problems faced by women to becoming an entrepreneur.



### **Role of Micro Finance in Women Entrepreneurship**

It is well documented that women entrepreneur facing hurdles to acquired finance for their business due to discrimination regulation and gender bias. Microfinance provides and plays a crucial role addressing the women entrepreneurs capital needs to start up or scale up their business. Government initiated various programme including promotion of SHG, micro-

enterprises, micro-credit, NBFC and skill training. SHGs (microfinance) are becoming viable in their operations and cost effective way of expanding micro enterprise.

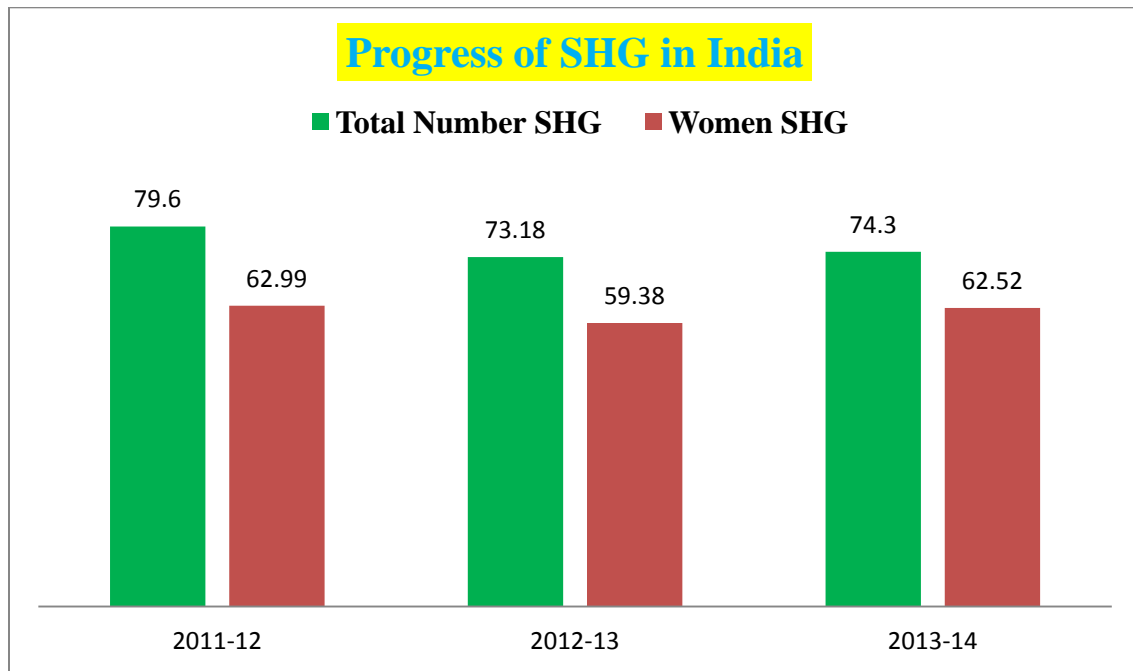
Micro Finance is a novel approach to providing financial services to the women for their needs including skill upgradation and entrepreneurship development. In this approach, bank credit is extended to women through self help groups (SHG), NGOs and credit unions at a lower transaction costs. Micro credit is the process of meeting the capital requirement of individuals and groups for the start up and sustenance of small enterprises. It has evolved as a tool of inclusive economic growth to scale up business and entrepreneurial capacity development among women.

Many research studies have found that women access to micro finance are generating multiple effect and decision making role increasing among women. According to M.Kunhaman (2012) that SHG can better promote micro enterprises, especially in rural areas. Micro finance is not just a financing system, but a tool for social change, especially for women. Indian Microfinance dominated by two operational approaches SHG and MFI. SHG Initiated by NABARD through SHG Bank Linkage Program and MFI emerged in late 1990s to harness social and commercial funds.

A self-help group is a financial intermediary comprising of a group of like-minded people especially women who come together to pool their small savings to a common fund and agree to meet their emergency needs on mutual help basis. Group is a silent revolutionary concept that is taking place in the credit delivery system. Micro-finance through SHGs offers best form of credit for reaching the unreached and the under-reached. The SHG concept has gained momentum due to active participation of banks. The progress of Self Help Group in India shows in figure-3.

**Figure-3**

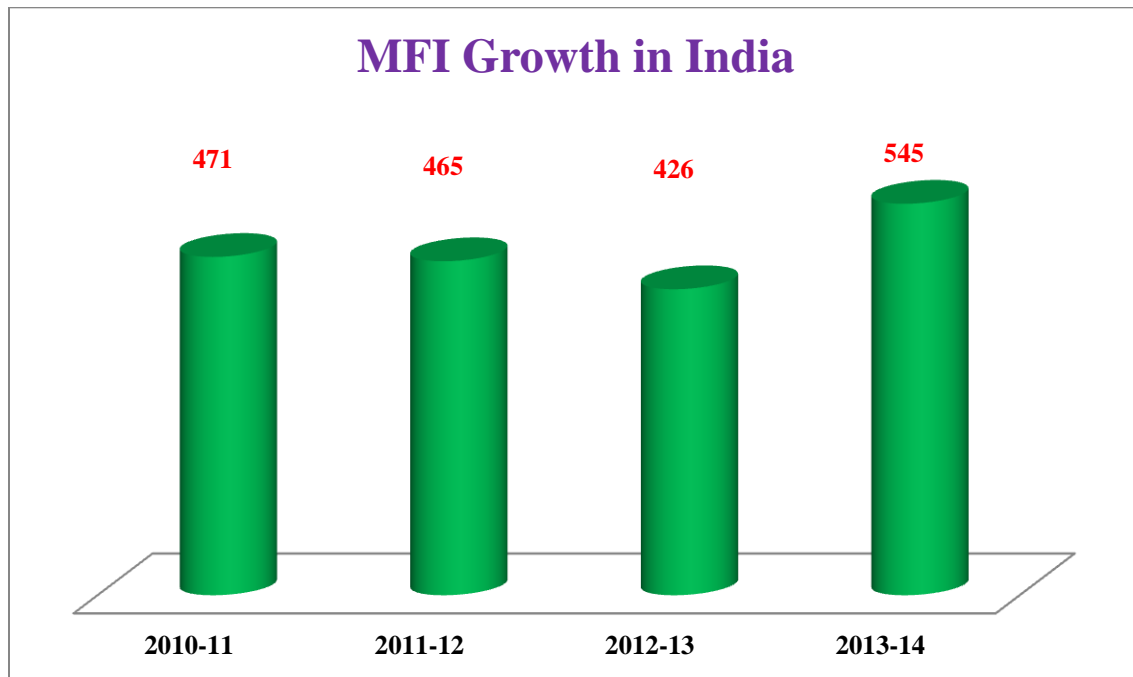




The analysis of SHG-Bank linkage progress across the country presented in figure-3 shows that SHG decline in number during 2012-13 as compared to 2011-12, but during 2013-14 it has been reversed with a marginal increase. The same trend was depicted for women SHG progress. MFI progress was on similar path during this period.

Micro Finance Institutions (MFI) act as an important agency for extending financial services to microfinance sector. There were 465 MFI in 2011-12 but it has decline in the year 2012-13 upto 426. Though MFI increased in number during 2013-14 upto 545. The progress trend of MFI has been show in figure-4.

**Figure-4**



MFIs entered the microfinance sector only after the SHG-Bank linkage programme was well established, the turnover of these institutions grew at a much larger scale than the former. They were more aggressive and innovative in reaching out to the rural poor than the formal banking system. R.B.I and NABARD has been extending finance to banks for their lending to SHG in general and women SHG to start business and providing training to women entrepreneurs. Few such success stories are appended here.

### Success Story-

J&KSRLM “Ummeed” change the life of **Nargis Bano** resident of Chantan Gulabpora village in Ganderbal District when she and her mother facing the problems after death of her father. She has stopped her study after 9<sup>th</sup> class to earn the livelihood. Nargis Bano has earned only Rs 500-600 per day which was not sufficient to fulfill their family needs. Then Nargis Bano contacted to Ummeed and joined SHG under the guidance of JKSRLM. She has taken loan from SHG to start Kashmiri Shawl making business and earned profits. Now she has expanding their business and

providing employment to other girls of her area.

**Savita**-Next example of successful women entrepreneur from Manoharpur division of Jharkhand state. A simple women Savita of Nandpur village in Manoharpur division joined “MANSHA” SHG in 2003. She has taken loan from SHG to start a Kirana Store in her village for earning because her husband income was not sufficient to fulfill family needs. Now her Kirana Store running successfully and Savita making profits from store.

**Anusaya Khopade**- She has played a crucial role in mobilizing women from Nazare village in Maharashtra state to form Jai Bhavani Mahila Bachat Ghar SHG. Anusaya demonstrated talent for meticulous book-keeping to support her group in economic activities like- stitching school uniforms and making Agarbattis. Now turnover of the group has exceeded Rs.12 lakh.

**Bindu Pallichal**- of Trivandrem district in Kerala makes a neat income by selling Ayurveda products in small fairs and has been honored with Best Entrepreneur Award by Government of Kerala.

### **Conclusion and Suggestions:**

Women’s entry into business is a new phenomenon and entrepreneurship is traced out as an extension of their activities. Both Pull and Push factor are responsible for Indian women entering into business. Those factors encourage women to start an occupation with an urge to do something independently implies pull factors. But those factors which compel women to take up their own business to tide over their economic difficulties and responsibilities with growing awareness about business refer to Push factors. There are several institutional arrangements both at the centre and the state levels which have been engaged in protecting and developing women entrepreneurs in the country.

Presently the women efforts on from all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities. Following efforts can be taken into account for effective development of women entrepreneurs.

- Promoting entrepreneurship among women is especially important to tackle the problems of under employment and unemployment in the society.
- Education has been instrumental in increasing the participation of women in entrepreneurial activities. Although it is a fact that entrepreneurship is not a special preserve for the educated women but education is a powerful tool for successful entrepreneurship.
- Establishment of proper training institutes for enhancing their level of work-knowledge, skills, risk-taking abilities and enhancing their capabilities.
- Finance is a major factor for starting any enterprises. Therefore adequate arrangements must be made for the supply of credit facility at concession rate for the women entrepreneurs in view of their growing needs.
- Creating provision of micro credit system and enterprise credit system for women entrepreneurs at local level.
- A Women Entrepreneur's Guidance Cell should be set up to handle the various problems of women entrepreneurs all over the state.
- Training on professional competence and leadership skill to be extended to women entrepreneurs.

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