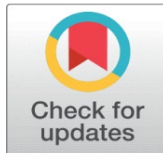
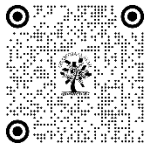


# ROLE OF MICRO FINANCE IN PROMOTING WOMEN ENTREPRENEURSHIP: A CASE STUDY OF VINDHYACHAL MANDAL

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## ABSTRACT

The concept of ‘micro loans’, created by Muhammad Yunus, changed the lives of millions of Bangladeshis and earned himself Nobel Prize. He even started granting loans to beggars. He had the idea that when beggars are going from house to house to beg, they can also go from house to house offering something, a product. Micro Finance is growing as a powerful instrument for poverty alleviation in the new economy. A majority of the microfinance programmes has come up with the clear goal of reducing poverty and empowering women. In addition, an increasing number of microfinance institutions (MFIs) prefer women members as they believe that they are more responsible and trustworthy. Microfinance programs like the Self Help Bank Linkage Program in India have been progressively promoting for their positive economic impact and the belief that they empower women. The SHG Programme has come up with a new system of saving and lending that is group lending and liability as a way of delivering microfinance to its predominantly female members. Research has shown that investing in women offers the most effective means to improve health, nutrition, hygiene, and educational standards for families and consequently for the whole of society. Thus, a special support for women in both financial and non-financial services is necessary. Many leading public and private sector banks are offering schemes exclusively designed for women to set up their own ventures. Even the unorganized sector has been heading into microfinance movement. The present work is an attempt to study the role of microfinance as an effective instrument in promoting women entrepreneurship in India.



## 1. INTRODUCTION

Microfinance involves providing low-interest loans to individuals in rural areas who otherwise would not have access to them because of legal hurdles and the absence of security that makes repayment of these loans extremely difficult, if not impossible. One of the most relevant ways microfinance programs help women is by empowering them. (Minai *et al.*, 2021) Women who gain from economic empowerment programs are more likely to experience gains in respect, self-confidence, and other areas of personal agency. Microfinance institutions (MFIs), in particular, exist to satisfy the development needs of under- or unserved markets by providing them with the financial services they require. One aspect of this is helping people out of poverty; another is giving women and various other marginalized groups the tools they need to start their own businesses and generate revenue on their own. (Tariq, 2019)

Entrepreneurship is a powerful tool for generating employment possibilities in every nation, and women entrepreneurs are vital to any nation. An entrepreneur is someone who takes the initiative to launch a business, sees it through to completion, and continues to do so even when faced with setbacks, according to (Nawaz, 2018) So, to sell a product or service to the public, entrepreneurs must devise, launch, and oversee the operations of a brand-new company. Hence, one definition of an entrepreneur is someone who, instead of working for someone else, decides to establish and run their own organization, typically a business, typically with a high degree of inventiveness and risk. The one real drawback of the entrepreneurial culture, as pointed out by the International Labor Organization, is the underrepresentation of women among entrepreneurs, who make up the vast majority. Unless their abilities have been overlooked and

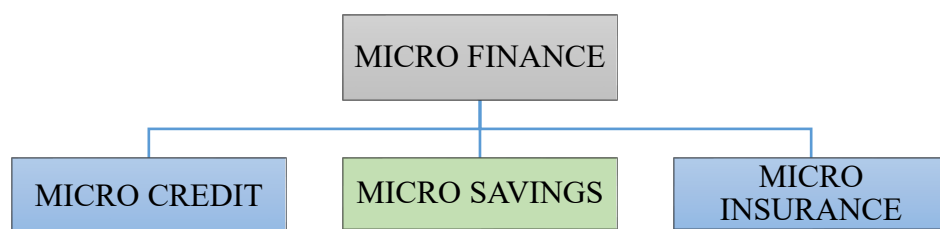
underappreciated, women's entrepreneurial talents have gone unused. So, gender inequality in developing nations stunts economic progress and development, and women bear the burden of poverty in these nations. The relevance of empowering women to participate in the small business sector in achieving inclusive development, sustainable wealth creation, and employment is now more recognized than ever before by many, including government officials, members of the development community, and members of civil society. In India, microfinance scene is dominated by Self Help Groups (SHGs)- Bank Linkage Programme- aimed at providing a cost effective mechanism for providing financial services to the 'unreached poor'. In the Indian context, terms like 'small and marginal farmers', 'rural artisans' and 'economically weaker sections' have been used to broadly define microfinance customers. The promotion of SHGs in India became formal in 1992 with the launch of SHGs - Bank Linkage Programme by National Bank for Agriculture and Rural Development (NABARD). The main aim of programme was to improve rural Poor's access to formal credit system in a cost effective and sustainable manner by making use of SHGs.

Microfinancing is not a new concept in India, but it was existing since the 1980s and since then there have been various upgrades to the legal obligations regarding it by the governing bodies of India. Since India is a country with a high population and is still a developing nation, most of the population belongs to the rural areas and women there are not much educated. Being born in a less privileged background females are then forced to marry at early ages. Considering the changing economy single income is no longer sufficient for a family and thus women of the family are forced to earn money. Usually, during such time, women join organizations and run other female entrepreneur or any NGO which provide small work to these women and provides them with wages, and later then these produced goods are further sold in the market.

Likewise, various small businesses in India have helped women create their own identities irrespective of any educational background criteria. The government of India has produced various schemes to encourage women to start their businesses and to help them take loans for their start-ups and small businesses. To make this procedure hassle-free co-operative banks and Self-Help Groups were formed which are regulated by the Reserve bank of India. The thesis will discuss the group lending approach, the relationship between the size of microloans and the impact it has on the lives of poor people, the issues related to its operations, and unhealthy competition amongst the microfinance providers and its effect on society.

## 2. SHGS AND WOMEN ENTREPRENEURS

Different investigations in India express that SHGs have engaged ladies individuals to get monetarily free and have empowered them to become innovative. Metropolitan SHG's decidedly affected the financial status of ladies and have enabled them (Patel and Patel, 2017). A review in the NCR district of India expressed that SHG's through microfinance have helped ladies create and lay out innovative endeavors, have improved their dynamic capacities and made them socially engaged (Bansal and Singh, 2019). Essentially, in one more examination across Indian states, it was seen that financial strengthening among SHG ladies is improved with an aim to make little endeavors through admittance to microfinance given by their SHG's (Samineni and Ramesh, 2020). A review directed to discover strengthening of rustic ladies through SHG's in the Bilaspur locale of Chhattisgarh, India expressed that women are engaged in three ways specifically monetarily, socially and politically subsequent to partner with SHG's (Gupta and Rathore, 2020). As investigated the World bank site (April, 2020) SHG ladies across 90% of Indian regions are effectively supporting annihilation of the Covid 19 pandemic through assembling facial coverings, sanitizers, running local area kitchens, giving fundamental products through the NRLM which has been effectively elevating provincial ladies to conquer destitution by activating them into SHG's across India since twenty years. The Covid 19 pandemic caused numerous interruptions and has especially impacted the miniature and private companies set up by women entrepreneurs, the pandemic's financial emergency has hit ladies' business venture seriously (UN Women, 2020; WE Forum, 202). Subsequently, the jobs of SHGs are expected to be adjusted likewise to suit the changing necessities of these ladies business visionaries and backing their organizations.



## Objectives

The overall objective of the study is to evaluate the impact of microfinance in promoting women entrepreneurship in three districts of Vindhyachal Mandal. This has been initiated with following sub objectives;

- To appraise the female members ability of participation in social affairs/public issues and availing employment after joining SHGs.
- To evaluate the female members ability to face the problems after joining SHGs.
- To analyse the female members ability of control over use of money after joining SHGs.

## Methodology of the stud

The present paper is based on primary sources of data and information. The primary data and information have been collected by interviewing the various stakeholders involved in Swarn Jayanti Gram Swarajgar Yojana i.e. the SHG members, bank, officials of government agencies, NGOs, Village Panchayat members, rural educated self employed people, individual volunteers at village level on the basis of structured questionnaire. One of the objectives of the SBLP is to enhance socio-economic empowerment, which includes self confidence of the members of the rural households, especially women through promotion of group and own activities and the conduct of training, organized mainly by SHPIs. The area of the study chosen was Vindhyachal Mandal. The 500 women beneficiaries of selected SHGs from three districts of Vindhyachal Mandal (i.e Mirzapur, Sonbhadra and Sant Ravidas Nagar) were surveyed on the above mentioned indicators of women empowerment. The impact of the programme has been analysed by comparing pre and post SHG situations.

## Survey findings of the study:

Before describing the analysis, we present the overview of the profile of women beneficiaries. The overviews include important indicators such as Age, Marital Status Educational Attainment, Occupation.

**Table 1: Profile of the Female Respondents**

Particulars	No. of Respondents	
	SHG Households	Non-SHG Households
<b>i. Age:</b>		
<20 years	15 (3 %)	17(4%)
20-30 years	119 (24 %)	114 (23%)
31-40 years	176(36 %)	149(30%)
41-50 years	90 (18 %)	120(24%)
50 years	100 (20 %)	100(20%)
<b>Total</b>	<b>500</b>	<b>500</b>
<b>ii. Marital Status:</b>		
Never Married	57 (12 %)	67 (14%)
Married	400 (80 %)	399 (80%)
Divorced/Separated/Widowed	43 (8%)	34 (7%)
<b>Total</b>	<b>500</b>	<b>500</b>
<b>iii. Caste</b>		

General	46 (10 %)	50 (10%)
OBC	100(20 %)	100(20%)
SC/ST	354(70 %)	350 (70%)
<b>Total</b>	<b>500</b>	<b>500</b>
<b>iv. Educational Attainment:</b>		
Illiterate	184 (37 %)	166(34%)
Up to Primary	89 (18 %)	106(22%)
Up to Middle	51 (11 %)	99(20%)
Up to Schooling	50 (10 %)	45(9%)
Above Schooling	46 (10 %)	7(2%)
Literate	80 (16%)	77(16%)
<b>Total</b>	<b>500</b>	<b>500</b>
<b>v. Occupation:</b>		
Farmers (Own land)	50 (10%)	82 (17%)
Artisans	100 (20 %)	93 (19%)
Traders/Shopkeepers	96 (20 %)	72 (15%)
Agricultural labour	93 (19 %)	87 (18%)
Non-agricultural labour	100 (20 %)	100 (20%)
Others	61 (13 %)	66 (14%)
<b>Total</b>	<b>500</b>	<b>500</b>

*Source: Primary Survey (Field Data)*

*Note: Figures in parentheses are the percentages.*

### **1- Profile of the Female Respondents:**

The table shows that 36 percent of the respondents were in age group 31-40 years in case of SHG households and 30 percent in case of Non-SHG households. The distribution of the sample also reveals that around 80 percent of the respondents were married and 12 percent of the respondents were not married. The caste desegregated profile of the respondents reveals that 70 percent of the respondents belonged to SC/ST category, while 20 percent belonged to OBC category and 10 percent were from general category. As far a literacy rate is concerned 37 percent of the respondents were illiterate and nearly half of the respondents were upto primary and upto middle and 16 percent of the respondents were literate. The table highlights that 23 percent of the respondents were Non-Agricultural labourers, Traders and Artisans and 10 percent of them were farmers. (Table 1)

**Table:2 Participation of Female SHG Members in Public Issues**

Activity	Frequency	Pre-SHG Period		Post-Period SHG		Change	
		N	%	N	%	N	%
a. Approaching Govt. officials to solve the problems	Yes	50	10	178	55	128	45
	No	400	80	141	42	(-) 259	(-) 38
	No Response	50	10	31	3	-19	-7
b. Attending committees/ village Meetings	Yes	75	15	192	58	117	43
	No	400	80	124	35	(-) 276	(-) 45
	No Response	25	5	34	7	9	2
c. Member of Village/Govt. Committees.	Yes	40	8	46	15	6	7
	No	420	84	276	72	(-) 144	(-) 12
	No Response	40	8	28	13	-12	5
	<b>TOTAL</b>	<b>500</b>	<b>100.00</b>	<b>500</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

### 3. CHANGE IN PARTICIPATION IN PUBLIC ISSUES AT VILLAGE LEVEL:

Regarding the participation of women in public issues at village level, female SHG members were asked to provide their perceptions for the pre and post SHG periods on:

- 1) Whether they have ever approached a government official to obtain services to solve a problem,
- 2) Whether they attended any committee or village meeting such as Panchayat, Gram Sabha or other Committee meetings,
- 3) Whether they have been members of any village or government Committee.

Table 5 provides the percentage of women members on participation in various activities noted in both pre and post SHG situations. Significant improvements were observed from 10% (pre SHG) to about 55 % (post SHG) on the aspects of approaching government officials. Similar is the case with attending committees and village meetings, having an improvement of about 15% (pre SHG) to 58% (post SHG) after joining the SHG. The changes were much less pronounced on the side of female SHG members becoming members in the village/ Government committees where membership increased from about 8 percent to 15 percent only.

**Table : 3 Distribution of Female SHG Members in Ability to Face the Problems**

Activity	Frequency	Pre-SHG Period		Post- SHG Period		Change	
		N	%	N	%	N	%
a. Health Related Problems	Always/Frequently	120	24	335	67	(+)215	43
	Rarely	190	38	115	23	(-)75	(-)15
	Never	150	30	25	5	(-)125	(-)25
	No Response	40	8	25	5	(-)15	(-)3
b. Family Disputes	Always/Frequently	100	20	275	55	(+)175	35
	Rarely	130	26	100	20	(-)30	(-)6
	Never	200	40	100	20	(-)100	(-)20

**Source: Primary Data**

### 3. Changes in Ability To Face Problems

Three different aspects of problematic situations were indicated to the women members and information on the ability to face them during pre and post SHG period were recorded and compared. Their responses were solicited on the following problems:

1. Heath related
2. Financial Crisis in the family
3. Family disputes

The percentage of women respondents indicating changes in abilities to face such situations is given in Table 3. We observed that about 67% of the women respondents said that they frequently and confidently handled health related problems of their family, during post SHG period, while 55% said that they could do so with regard to family disputes. During post SHG period 35% of the women respondents were able to face /handle the situation of financial crisis in the family.

**Table4: Distribution of Female SHG Members in Control Over Use Of Money**

Activity	Frequency	Pre-SHG Period		Post- SHG Period		Change	
		N	%	N	%	N	%
a. Buying consumer durables	Always/Frequently	30	6	90	18	60	12
	Rarely	50	10	260	52	210	42
	Never	390	78	125	25	(-) 265	(-)53
	No Response	30	6	25	5	-5	-1
b. Buying physical assets	Always/Frequently	10	2	60	12	50	10
	Rarely	30	6	190	38	160	32
	Never	415	83	160	32	(-) 255	(-)51
	No Response	40	8	90	18	50	10
	Always/Frequently	60	12	150	30	90	18

**Source:Primary Data**

#### **4. Change In Control Over Use of Money :**

The women members were asked to indicate their control over use of money they earn during pre and post SHG situations. Information was collected with regard to the following aspects:

- Buying consumer durable goods
- Buying physical assets like land and plots etc.
- Expenditure on family/social functions
- Expenditure on children's education.

When the control over money earned by women was examined interesting results have been observed (Table 5). The highest rate of frequency of deciding the use of money by women households during post SHG period, was on expenditure for children's education (33%), followed by expenditure on family/social functions (30%), buying consumer goods (18%) and purchase of physical assets (12%). The percentage of frequent decisions taken by women members over the use of money earned by them on above mentioned expenditure heads was about 11%, 10% 6% and 2% respectively during pre SHG period. Thus, the observation recorded an increase of about 22%, 18%, 12% and 22% respectively in the number of women respondents who had frequently participated/ taken decisions regarding use of money earned by them in buying consumer durables, physical assets, expenditure on family/social functions and consumer assets.

#### **4. CONCLUSION**



The analysis also presented significant improvement of was also observed on the aspect of approaching a Govt official and attending committee/ village meetings to address any public issue, after joining the SHG.

In the same way, female SHG members have also gained improvement in their ability to face the health related problems, financial disputes, and financial crisis in the family. The comparison of ownership over assets revealed an increase of female member's ownership of productive and consumer assets respectively after joining the SHGs. When the control over money earned by women was examined, interesting results have been observed. The highest rate of frequency of deciding the use of money by women households, during post SHG period was on expenditure for children's education, followed by expenditure on family/social functions, buying consumer goods, and purchase of physical assets.

## **ACKNOWLEDGEMENT**

None.

## **CONFLICT OF INTEREST**

None.

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