

**IMPACT OF MICRO FINANCE ON RURAL WOMEN ENTREPRENEURSHIP WITH
SPECIAL REFERENCE IN TAMILNADU**

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ABSTRACT

The objective of this study was to understand the role of microfinance on women's entrepreneurship which led to a decrease in the level of poverty in Tamilnadu. It is a fact that the women entrepreneurs in Tamilnadu are directly concerned with the microfinance banking sector to improve the business standard in the market and get other related services. This study was conducted on the quantitative data that was collected with the help of a Likert five-point scale from the respondents of Tamilnadu. The study concludes that there is an important role of the micro-finance banking sector in the businesses of women entrepreneurs of Tamilnadu. Furthermore, this study reveals that microloans and micro-savings accounts are useful to alleviate the poverty in the rural areas of Tamilnadu. Significantly, this study provides related theoretical as well as practical implications that are important to consider in the case of the women entrepreneurs of Tamilnadu that would help to improve the living standard of the women to the advanced level and alleviate the poverty.

Keywords: Women Entrepreneurs, Micro Finance, Poverty Alleviation, Micro Loans, and Corporate Social Responsibility.

INTRODUCTION

Rapid growth of financial system depends upon strong and sound system of credit policy in an economy. Credit is a basic lubricant that helps to provide a push to the development process (Singh, 2000). It is a fourth basic prerequisite after food, cloth and shelter for the development of people. The provision of credit to the needy on right time at the right place leads to accelerate rural development and poverty alleviation (Pitt and Khandker, 1998). Delivery of credit at the

doorsteps of those who are not covered by the formal banking business coupled with capacity building is one of the superior instruments to look poverty into a museum (Yunus, 2009). In a developing country like India, where majority of the population resides in rural areas, rural development becomes imperative for the economic development and for the rural development, poverty reduction needs to be the focus of the development programmes. Though Government of India has initiated various poverty alleviation programmes since independence, not much progress has been marked. The root cause of the problem of poverty has been the economic dependence and lack of access to the credit. Most of the poor people living in rural areas are considered to be non-bankable and deprived from basic financial services due to lack of saving and collateral facilities offered to the finance provider, specifically the banking institutions (Arora and Meenu, 2010). As a result, low demand for credit has been observed in rural area, especially among backward caste, small farmers and people belonging to north east region (Rangrajan, 2008). The provision of different financial services from formal sources to the poor people living in rural area has led to initiate the mission of financial inclusion in India. Financial inclusion has been defined as the “provision of affordable financial services” (RBI, 2006) to those who have been left unattended or underattended by formal agencies of the financial system. These financial services include “payments and remittance facilities, savings, loan and insurance services”. The process of financial inclusion ensures an access to financial services, timely and adequate credit needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost (Rangarajan, 2008). It generally helps the financially excluded sections, largely comprising of marginal farmers, landless laborers, self employed and unorganized sector enterprises, urban slum dwellers, migrants, ethnic minorities, senior citizens and women (Thorat, 2007). Microcredit means provision of small loans to very poor for self-employment project which leads to generation of income (Gutierrez-Nieto & Serrano-Cina, 2005). Microcredit can be express in these words: Micro-loan generally deliberated to help poor clients in a community in order to develop and sustain a business to enhance their family’s income (Orbuch, 2011). The microcredit is provided by MFIs or NGOs to that poor section of community who has lack of access to conventional financial system due to weak financial position. “The Key characteristic of microfinance is ability of securing of microcredit without any collateral” (Asia Focus, 2010).

Microfinance and Women Empowerment

Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organised groups. Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women's empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women’s ability to earn an income these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Micro finance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving gender equality.

Majority of microfinance programmes focus women with a view to empower them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for the women’s rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

Self-help groups intermediated by microcredit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge (Zaman 2001). Several recent assessment studies have also generally reported positive impacts (Simanowitz and Walker 2002).

REVIEW OF LITERATURE

The role of women is important in the social-economic system of any society because women are performing different activities for the economic growth of the country (Jehan, Iqbal,

Sadiqa, & Urooge, 2020). However, it is not easy for the women of the backward countries to get involved in the economic activities to improve their social status because, in backward countries, women are not provided with equal opportunities to start and maintain their businesses. Opposite to the third world countries, the women of the developed countries are supported by the financial institutions and the other stakeholders to start their own businesses and improve their business activities for getting a better advantage to increase their assets in the society (Tasos, Amjad, Awan, & Waqas, 2020; Khalil, 2018). As for as, the women of Pakistan are concerned, these women are not supported by the government and the financial institute to a greater level for the sustainability of their business activities. No doubt, there are different financial institutes in South Punjab including the microfinance banking sector, but these institutes are working to provide the services to the men more than women. It is critical fact that the women of South Punjab are not provided with equal opportunities in maintaining their bank accounts and getting a loan from the bank to support to support their business (Memon & Seaman, 2021). The microfinance banking sector is working in South Punjab, but the management practices are noticed as not according to the guidelines of corporate social responsibility and sustainable development (Gupta & Sharma, 2021).

Sathiyabama.K (2010) evaluate empowerment of women has emerged as an important issue in recent times. The author also expresses the economic empowerment of women is being regarded those days as a sine-gone of progress for a country: hence, the issue of economic empowerment of women is of paramount importance to political thinkers, social scientists and reformers. The self-help group (SHGs) has paved the way for economic independence of rural women. The members of SHGS are involved in microentrepreneurships. Through that they are becoming economically independent and providing employment opportunities to others. This study deals with empowerment of rural women through entrepreneurship and the advantages entrepreneurship among the rural women. “Economic empowerment of women led to development of family and community” this statement is proved by a collective micro entrepreneurship in Tamil nadu.

OBJECTIVES OF THE STUDY

- ❖ To examine the pattern of financial products available by micro finance institutions and rendered to women entrepreneurs.

- ❖ To investigate the level of satisfaction of micro finance institution's products among Women entrepreneurs.
- ❖ To determine the influence of micro finance institution's finances on women entrepreneur performance.
- ❖ To examine the impact of micro finances on socio-economic empowerment of women entrepreneurs

RESEARCH METHODOLOGY

Research Design

The descriptive research design has been used in this study. As a source of data collection both primary data has been used. As a primary source the population comprised all women members who are beneficiaries of micro finance services of bank linked self help groups. The samples were selected from Tamilnadu particularly the industrial areas like, Coimbatore, Tripur and Erode, using multi stage simple random sampling method. As a secondary source statistical data about SHGs in India has been collected from NABARD, Micro Finance in India for ten years from 2016 to 2022. The sample women members have been selected randomly in three stages. In first stage of sampling, two Talukas were selected and using structured questionnaire data were gathered. In the second stage, two villages were selected from each talukas. Total 425 women members have been selected from Tamilnadu for this study. Of 425 samples 421 samples were selected for analysis the rest 4 samples were found to be error. The samples so collected are of socio-economic conditions of the women entrepreneur and details of micro-financial services availed by the micro finance institutions.

Analytical Tools & Techniques

Descriptive and Inferential statistical analysis was used to analyze the data. For simplicity it has divided into two sections, First section deals with descriptive statistical and second section deals with inferential statistical. The descriptive analysis is put forth using questionnaire response rate, frequency distribution, demographic profile and work experience of respondents, and the characteristics of the respondents are mentioned. Inferential statistics will be used to summarize the information discovered in a data set and to present the information in an

expedient or useful form. The use of t-test and ANOVA and correlation and Regression Analysis was carried out to find the inference of the study.

Table 1 District wise classification of respondent

S.No	District wise classification	No of respondents	Percentage
1	Coimbatore	152	36.10
2	ERODE	127	30.17
3	TRIPUR	142	33.73
	TOTAL	421	100.00

Sources: Primary data

The table depicts the distribution patter of respondents based on the selected District. The result stets that 36.10% of Coimbatore District wise respondents were participated in this research, 33.73% of Tripur District wise respondents and similarly 30.17.%respondents from Erode District wise.

Table 2 Loan given to the respondents

S.No	Loan giving person	No of respondents	Percentage
1	Money lenders	50	11.87
2	Land lord	42	9.97
3	Relatives	28	6.69
4	NGO/Trust	54	12.83
5	NBFC`s	17	4.03
6	Banks	175	41.56
7	Others	55	13.06
	TOTAL	421	100.00

Sources: Primary data

From the above table it is inferred that 41.56 percent of the loan offered for the respondent through bank followed by NGOs and Others. It indicates that most of the members prefer banks for getting loans due to marginal interest and safety prevailing in banking sector.

Table – 3 Nature of uses of microfinance

S.No	Nature of uses of microfinance	No of respondents	Percentage
1	Creation of self employment	123	29.21
2	Repayment of old loan	9	2.13
3	Family	43	10.21
4	Education Expenses	35	8.31
5	Agriculture	157	37.29
6	Other	54	12.82
	TOTAL	421	100.00

Sources: Primary data

From the above table it is inferred that micro-finance is maximum used by the respondents for agriculture related allied activities, the second place play by self employment creation i.e. 29.21 percent. So it is found that members used micro-credit for agricultural activities and self employment creation.

Conclusion

The financing is through the self help group and considering some of the non government organization in helping hand in securing the loan and training for livelihood. This NGO's have tried to fill up the gap of between the beneficiary and the MFI's objectives. More and more women entrepreneurs are availing this micro finance for their development and providing the opportunities for the other women folk to work. This enhanced the socio-economic conditions. According to the study total of 421 women entrepreneurs are taken for this study of which all

most all have taken the benefit of micro finance one way or other. The study reveals that most of the women entrepreneurs are much satisfied with the micro Finance Institution. Thus, from the study it is clear that the micro loans are granted to the women members for all the purposes like entrepreneurial activities, to meet their financial obligations and also for family purposes. There are few of the women members who are not completely utilizing the loan amount for entrepreneurial activities, but for their personal obligations. Therefore all the micro finance indicators may not influence on the performance level of women entrepreneurs. There were significant correlations among all mirco financing indicators like Business loan, Daily contribution, Asset financing and others for influencing factors of entrepreneurial satisfaction. Thus study analysis the extent of government intervention toward the encouraging women entrepreneur's through micro finance and also study tried to give some suitable suggestions and some of the remedial measure which are highly recommended to over come the present situation.

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