



CONTRIBUTION OF MICRO FINANCE IN EMPOWERING THE WOMEN ENTREPRENEURS IN GULBARGA CITY

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ABSTRACT

Women's have been deprived from the benefits of social and economic status since long period and recent change have been observing in their status through self help groups, which have been promoting women entrepreneurs through micro finance institutions. The positive change in awareness and capitalization rate of services has been observed at increasing percent ratio empowering women economically, socially, politically, institutionally and spiritually. Of the various contributories towards the success stories of women entrepreneurs, micro finance has been observed as key partner in financing, guiding and mentoring. Gulbarga being one the biggest districts of Hyderabad Karnataka region which was long known for its backwardness in all areas of prosperity has tremendously changed in the recent including enterprises that to particularly owned by women community. The paper studies the contribution of micro finance which has been key promoter of women entrepreneurs towards their empowerment. The study starts with understanding of micro finance and its roles, examines the level of awareness of services of micro finance and its contribution in the form of products and services, quick credit extensions, time limits and interest rates charged, enhancement of managerial skills and overall business knowledge and authenticates the contribution of MFI's in empowering the women entrepreneurs in Gulbarga city and suggest further improvements towards the above which is very purpose of this paper.

Key Words: *Women Entrepreneur, Empowerment, Micro Finance – Product and Services, Managerial skills.*



I. INTRODUCTION

Microfinance is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services. The two main mechanisms for the delivery of financial services to such clients are relationship-based banking for individual entrepreneurs and small businesses and group-based models - where several entrepreneurs come together to apply for loans and other services as a group.

For some, microfinance is a movement whose object is "a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers". Many of those who promote microfinance generally believe that such access will help poor people out of poverty (Microcredit Summit Campaign Report, 2009). Microfinance is a way to promote economic development, employment and growth through the support of micro-entrepreneurs and small businesses.

Microfinance is a financial services which not only provide Fund, Credit, Savings, Insurance to the poor people and low income clients but also empowers entrepreneurs in order to help them raise their incomes and to increase standard of living and establish their enterprises successfully. Increasing opportunities for entrepreneurship in Gulbarga city and around by the provisions of Article 371 (J) on one hand and the challenges faced by the entrepreneurs particularly women entrepreneurs makes important to understand and develop the awareness of *contribution of micro finance in empowering the women entrepreneurs* by this study.

II. ORIGIN OF CONCEPT

In India, women entrepreneurship can be considered a necessity entrepreneurship rather than "opportunity entrepreneurship". The word "entrepreneur" is derived from the French word *entreprendre* (to undertake). In the early 16th century it was applied to person engaged in military expeditions, and extended to cover construction and civil engineering activities in the 17th century, but during the 18th century, the word 'entrepreneur' was used to refer to economic activities. Generally, an entrepreneur is a person who combines all factors of production.



According to Schumpeter an entrepreneur is an innovating individual who introduces something new into the economy.

III. MEANING OF WOMEN ENTREPRENEURSHIP

Women entrepreneurs are defined as a group of women who initiate, organize and operate a business enterprise. The Government of India (1988) defines women enterprises as follows: “Enterprise owned and controlled by a woman entrepreneur with a minimum financial interest of 51 percent of the capital and giving at least 50 percent employment generated in the enterprise to women. It has been rightly stated by Pandit Jawaharlal Nehru: “In order to awaken the people it is the women who have to be awakened. Once she is on the move, the family moves, the village moves and the nation moves”. Like a male entrepreneur, a women entrepreneur has many functions. She should explore the prospects of starting a new enterprise, undertake risks, introduce innovations, coordinate administration, control the business and provide effective leadership in all aspects of business.

IV. THE ROLE OF THE WOMEN IN ECONOMIC DEVELOPMENT

In the fifteen years the women of India have taken the bold steps of invading the hitherto forbidden land of entrepreneurship. Entrepreneurship development among women can be considered a possible approach to economic empowerment of women. The participation of women in income generating activities for the family has been increasing over time. Female work participation not only increases their family income but also brings economic independence among women in the households. A women as entrepreneur is economically more powerful than as a mere worker because ownership not only confers control over assets (and liabilities) but also gives her the freedom to take decisions. Through entrepreneurship development a women will not only generate employment for other women in the locality. This will have a multifier effect in the generation of income and poverty alleviation.

V. PRESENT SCENARIO OF WOMEN ENTREPRENEURSHIP

In India, the number of women entrepreneurs has grown over the years especially in the 1990s. It is estimated that presently women entrepreneurs comprise about 10% of the total entrepreneurs



in India. It is also clear that this percentage is growing every year. If prevailing trends continue, it is not unlikely that in another five years women will comprise 20 percent of the total entrepreneurial force in India. It is expected that by 2020, 25 to 30 percent of the entrepreneurial force in India would be women. In order to harness their potential and their continued growth and development, it is necessary to formulate appropriate policies and strengthen the existing policies for stimulating, supporting and sustaining their efforts in this direction. The stimulating activities are those which contribute to entrepreneurial education and motivate new entrepreneurs. Supportive activities are those which result in actual assistance to a venture such as the availability of finance, infrastructure, common facilities and market. Sustaining activities are those which help in running a unit and thereby prevent its closure.

VI. OBJECTIVES OF THE STUDY

1. To understand the different services provided by microfinance institutions.
2. To understand the awareness of women entrepreneurs about services provided by Microfinance.
3. To study the contribution of micro finance in empowering the women entrepreneurs in Gulbarga city.

VII. METHODOLOGY OF THE STUDY

Ex-facto Research Design is used as research design to the present investigation. Under this method data are collected through field survey. The data is collected by administering the interview schedule and personal interviews. The present study is planned done through the descriptive method as the study is descriptive and fact finding in nature. The present study is restricted to the Gulbarga city in Karnataka state only. 50 Sample of women entrepreneurs engaged in different business activities are taken for the study.

Convenient Sampling method a Non-Probability based sampling is used as the appropriate method in this study, as it is difficult to get the data base of all women entrepreneurs in Gulbarga city. Sample size and type of business adopted by them are detailed below.



Table 1: Details of respondents and the type of business adopted by women entrepreneurs

Type of Business	No. Of Respondents	Percentage
Tailoring	7	14
Beauty Parlour	10	20
Saree Centres	5	10
Handicrafts	6	12
Roti Makers	5	10
Vegetable Sellers	4	8
Others	13	26
Total	50	100

[Source: Primary Data]

VIII. RESULTS AND DISCUSSIONS OF THE STUDY

A) PRODUCTS AND SERVICES OF MICROFINANCE

(a) Savings

In many countries, only a fraction of the population even has a bank account. Most people have no suitable option for saving money. Larger sums of money can often not be kept at home, since protection from thieves is lacking. People therefore often save in the form of material assets, e.g. they buy livestock. The advantages of money – versatile usability and divisibility – are thereby lost. A bank account allows people to save money in a secure and suitable form. Microfinance institutions are often the only possibility for people with low income to open such an account.

(b) Small loans

Often, small loans are necessary to allow people to become self-employed or to significantly improve their income situation. A loan in the amount of \$50-500 can open



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up completely new perspectives for an individual. However, traditional banks do not grant such small loans. The administrative costs would be too high and the profit too low. Microfinance institutions have developed instruments that allow such small loans to be granted. In general, the repayment rate is astonishingly high, since the offerings of microfinance institutions are often the only option for these individuals to receive a loan, and they will do everything they can to make use of this opportunity.

(c) Transfers

To avoid carrying cash for the purchase of goods or for relatives, the customers of many microfinance institutions are able to conduct transfers. This obviates the need to travel long distances to hand over money and the risk associated with cash payments.

(d) Insurance

Some microfinance institutions also offer a form of insurance – so-called “micro insurances”. Even one’s own account may be considered a certain insurance. Minor setbacks and short-term financial needs of a limited extent can be absorbed by one’s own savings. But the dangers for people in developing countries and threshold countries are significantly higher than they are for us: The poor living conditions make disease more probable. People are often malnourished, the quality of water is poor, and the possibilities for an adequate level of hygiene do not exist. The risk of accidents is relatively high, since safety regulations are often ignored or cannot be complied with. Finally, the possibility of being affected by a natural disaster is also significantly higher than for us. People living below or barely above the poverty line are exposed to dangers against which a micro insurance can offer a certain level of protection.

(e) Remittances

These are transfer of funds from people in one place to people in another, usually across borders to family and friends. Compared with other sources of capital that can fluctuate



depending on the political or economic climate, remittances are a relatively steady source of funds.

B) AWARENESS OF WOMEN ENTREPRENEURS ABOUT SERVICES PROVIDED BY MICROFINANCE

- (a) The awareness of micro finance services among women entrepreneurs is found at 84% and the key contributors for awareness of the MFI's services are friends, family members, media, MFI officials and their website and other sources; whereas the 16% of the Women entrepreneurs are unaware of the MFI's products and services due to low advertisements and Communication program.
- (b) By analyzing the awareness of women entrepreneurs it is found that 85.71% of the women entrepreneurs know about the operations of MFI's by having link with the MFI's, in the form of detailed conversation with the consultants where as 14.28% of the women entrepreneurs are not aware of MFI's operations due to the lack of communication with the institution.

C) CONTRIBUTION OF MICROFINANCE IN EMPOWERING THE WOMEN ENTREPRENEURS:

- (a) Business idea leading to successful entrepreneur is bridged by the core factor investment/capital. Inclusive equity investment is not possible in all the cases leading to need for credit to start up business and further extension. Getting credit as start up capital or seed capital for women entrepreneurs is a challenging task and microfinance is planning the role of bridging the gap and empowering by giving meaning to their ideas. Earning should be saved and utilised properly then only there will be meaning for sweat of entrepreneurs. Investigation states that 57.14% of the respondents are benefited by Credit facility, 28.57% of the respondents are benefited by Savings facility, and 14.29% of the respondents are benefited by other services provided by Microfinance Institutions.



- (b) Getting loans in time is also important factor for success of entrepreneurs and it is found that 85.71% of the respondents are applied 1-2 times for loans, 14.29 % of the respondents are applied 3-4 times for loans and all of them were sanctioned by microfinance to individual and groups who repay their credit to MFI's in time where in compare to banks for 6-7 times.
- (c) Women entrepreneurs up to 100% loan was granted to only 19.05% of women entrepreneurs who repay their credit in time and 75% of the applied loan was granted to maximum women entrepreneurs by taking into consideration their credit worthiness, social status etc. whereas 50-74% of loan was granted to 23.80% of the women entrepreneurs considering their business transactions and below 50% loan was granted to 21.43% of women's to establish new business to encourage them to be an entrepreneur. Maximizing the support through credit extension up to 100% for credit worthy and up to 50% for the new comers is an appreciable contribution of micro finance towards uplift of women entrepreneurs who have deprived by other of the social system.
- (d) Analysis finds that 76.19% contribution to the enhancement of managerial skill and overall business knowledge among the women entrepreneurs was in positive. Approaches by microfinance towards developed the leadership quality, improvement in communication and negotiation skills booting their confidence and self confidence making to entrepreneurs to realise their skill sets and competencies is worth of appreciation.
- (e) 66.66% of the respondents revealed that the existence of MFI affected their business positively where as 33.33% of the respondents business is Unchanged. women entrepreneurs it is found that maximum number of women entrepreneurs business is



affected positively by MFI's because of the different services which help the women entrepreneurs to grow their business in positive way. Some of the women entrepreneurs business is unchanged because they haven't utilized MFI's services to improve their business. There for, there is no negative affect by MFI's to the women entrepreneurs business.

- (f) Among all respondents 28.57% of the respondents revealed that the existence of MFI affected their business positively in term of Economic status, 14.28% of the respondents revealed that the existence of MFI affected their business positively in term of Income, 39.28% of the respondents revealed that the existence of MFI affected their business positively in term of Social Status, 10.71% of the respondents revealed that the existence of MFI affected their business positively in term of Credit Worthiness and 7.14% of the respondents revealed that the existence of MFI affected their business positively in term of Savings.

IX. SUGGESTIONS TOWARDS FURTHER EMPOWERMENT OF WOMEN ENTREPRENEURS

- ✓ There should be continuous attempt to inspire, encourage, motivate and co-operate women entrepreneurs.
- ✓ SHGs and individual entrepreneurs should be provided with more loans from the government.
- ✓ The government should introduce extensive entrepreneurial development programme for women.
- ✓ Finance should be made available to women entrepreneurs at a reduced rate of interest.
- ✓ Better educational facilities and schemes should be extended to women folk from the government.



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- ✓ Extension participation programme may be arranged with extension agencies for the SHGs and entrepreneurs to visit their business houses to know the functions and its administration so that it creates awareness

X. CONCLUSION

The journey of the research paper work started with an objective of understanding the awareness of women entrepreneurs about the Microfinance Institutions services. Self employment is better suited to women. If she is her own master of any of her work schedule, she can adjust her work. At present women have broken the monopoly of men and proved that they are not inferior to men. Over the past few decades the women has been breaking traditional role of a mother or a house wife. It is clear from the study that women entrepreneurs have been empowered in the different sections of their business operations and social status under the dynamic guidance and support of micro finance institutions and if women entrepreneur is given a proper guidance and training further that will definitely enhance the profitability of the enterprises and the future will be bright and prosperous.

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