

ROLE OF MICRO FINANCE IN DEVELOPING WOMEN ENTREPRENEURS IN CALICUT DISTRICT

*SREEKALA.C

Roll no:1905240076,

Research scholar,

Department of commerce,

Annamalai university, Annamalai Nager, Chidambaram

Tamil Nadu-608001

** Dr.R.PRABAKARAN,

P.G & Research Department of Commerce,

Periyar Govt Arts College, Cuddalore,

Tamil Nadu-607001.

Abstract

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 Calicut district.

Keywords: *Microfinance; Women Entrepreneur; Calicut district*

Introduction

Women have strong desirable qualities relevant to entrepreneurship such as their ability to manage details, dedication to the work they take up and tolerance and kindness towards people.

It is a misconception that women cannot be good managers. In fact, the complete manager in the Indian household is the mother as she could plan, estimate, execute and show results in day-to-day life. The Harvard Business School experts are also of the opinion that the basic quality of an efficient management is a futuristic outlook and the capacity to plan for the future; this comes naturally to a woman with her patience, kindness and gentleness; she can generally understand the other side of the world, with a keen sense of justice and fairness

Micro-Finance" is the term generally used to denote the financial services in the form of providing small loans and savings facilities to those who are virtually denied commercial financial services from institutional sources due to their poverty. To be fair, at a time the concept of Micro-Finance was limited to mobilizing small deposits and granting small loans by certain institutions to their members who did not have access to financial supports from commercial banking system as they did not possess adequate assets to borrow on collateral basis of commercial lending norms. Over the years, the concept of Micro-Finance has changed substantially, Today, the practice of mobilizing small deposits and granting of small loans is termed as Micro credit. Micro Finance on the other hand is a broader concept and represents something more than Micro-credit. It is a financial service of small quantity provided by financial institutions to poor. Such financial services may include savings, credit, insurance, leasing, money transfer, equity transaction, etc. This means to say that any type of financial service provided to customers to meet their normal financial needs life cycle, economic opportunity and emergency; with only qualification that (i) the transactions are small and (ii) the customers are poor (Das Gupta, 2005). Thus Micro Finance refers to the entire range of financial and non-financial services, including skill up-gradation and entrepreneurship development rendered to the poor to get them tide-over poverty.

Review of Literature

Vibha sinha (2000) revealed that the hand of women burning to entrepreneurship has been growing many - fold in the region. Most of the women who entered this field were first generation women entrepreneurs who joined this field primarily to remain busy and 'fulfill ambition'. Women have shown to have high single-mindedness of purpose to achieve perfection in the quality of their products and services and establish their businesses well.

Lalitha Rani (2001) identified the two major problems faced by the women entrepreneurs to be dual career and wrong evaluation of the product by the customers. Securing financial aid

and marketing have also been listed as other issues which posed a problem for the women entrepreneurs. The social barriers like comments by husbands and relatives and criticism by the immediate society are the societal barriers for women entrepreneurs.

Raveendaran. N. (2002) revealed that the dummy variable of state was significant in determining the annual savings of the group. Age of the groups had an interesting influence on the savings of the groups and it influenced negatively. The significantly influencing variable on the annual savings of the SHG are annual loan disbursement, age of the group, average annual saving per member and the nature of the state

Dil Bagh Kaun, (2003) concluded that besides providing technical and financial assistance, it is essential to educate rural women and extend entrepreneurial management and marketing skills so as to enhance their confidence and competence so that they would become self reliant.

Shailendra Singh and Saxena (2003) ¹ revealed that the women entrepreneurs of eastern U.P. struggle against many odds namely traditional culture, low economic opportunity, low special accessibility and the personal characteristics namely shyness, lack of achievement motivation, low risk-taking, low education level, unsupportive family environment, lack of information and experience, problem of liquidity and finance.

Vasumathi A (2003) highlights two important matters on stress. First, small entrepreneurs are affected by stress caused by achievement and affiliated need related stressors. Power-need related stressors were not significant in affecting them. Secondly entrepreneurs adopt silent, less-expensive, tradition bound stress reduction strategies, in preference to other types of coping styles.

Swain, R. B., & Wallentin, F. Y. (2009) in their article "Do Microfinance Empower Women?", concluded that "The results strongly demonstrate that on average there is a significant increase in the empowerment of women in the Microfinance Programs". Another view of women's empowerment argues that it must occur in many aspects: economic, socio-cultural, family/interpersonal, legal, political, and psychological. These include a wide range of factors, and thus business women can be empowered within one of said sub-domains.

Objectives

- a) To examine the success level of women entrepreneurs promoted through Micro-Finance.
- b) To identify the socio-economic factors which encourage the growth of women entrepreneurship in Calicut district.
- c) To explore the factors those retard the growth and development of entrepreneurship among women in Calicut district.

Selection of the study area

Calicut district in the state of Kerala is purposely selected for the present study since, the district, is familiar to the research scholar. The study covers all blocks in the Calicut District.

Sample size

The sample size is limited to that of 70 samples, since the entrepreneurial dynamics are constant all blocks in Calicut in district

Sampling technique

Non probability sampling technique will be used due to which the women business owners being selected is unknown. When population elements are selected for inclusion in sample based on the ease of access, it can be called convenience sampling. Such convenience sampling technique is used in this study. The samples are selected conveniently based on their willingness to cooperate and their leisure time.

Table 1. Most frequent activities among women's ownership enterprises

| Sector | Percentage |
|--|------------|
| Hair stylists and other beauty treatments | 35% |
| Retail sale of clothing in specialised stores | 22% |
| Manufacturing of clothes | 18% |
| Bread production; production of fresh cakes and pastries | 12% |
| Education (driving schools, foreign language schools, etc. | 9% |
| Retailing in non-specialized stores | 4% |

Table 2. The performance of women businesses accessing loan from the MFI

| | Fixed assets before accessing loan | Fixed assets after accessing the loan | Income before accessing loan | Income after accessing the loan | Household expenditure before accessing loan | Household expenditure after accessing the loan |
|-----------------------|--|---|---------------------------------|---------------------------------------|---|--|
| N | 70 | 70 | 70 | 70 | 70 | 70 |
| Min | 0.00 | 800.00 | 0.00 | 250.00 | 300.00 | 450.00 |
| Max | 16,000.00 | 17,000.00 | 2,000 | 3,500 | 700.00 | 950.00 |
| Mean | 1,800.00 | 1,850.00 | 650.00 | 738.00 | 420.00 | 480.00 |
| Median | 35 | 50 | 55 | 80 | 66 | 33 |
| Standard deviation | 41960.6 | 111777.2 | 13103.35 | 16447.29 | 1100.43 | 1213.27 |

From Table 2, we see that there were entrepreneurs who started their business with the help of credit, but also entrepreneurs who had businesses but needed financial means and were forced to borrow. We conclude that there are developments in women businesses' fixed assets, income and household expenses before and after receiving lending. It could also be concluded that the women businesses can raise their assets, income and household expenses after receiving loans from the MFI.

Findings

1. It is found that micro finance improved the literacy levels of the respondents and also improved their awareness on child education.
2. Maximum number of respondents accepted that microfinance has brought economic development directly and indirectly and thus happiness and peace in the family.
3. Women are getting economically and socially empowered after getting micro finance as 75 percent of the respondents reported that poverty level has reduced by participating in micro finance program.

Suggestions

Lack of Finance and Inadequate Sanction of Loan by Banks are found to be the most prominent Discouraging (Economic) factors. It is also found that success level of the sample entrepreneurs is significantly related to their availing of finance.

Therefore, banks and Micro Finance institutions should give more insistence viability of the projects rather than any other consideration and be a bit liberal in granting loans to the trained women entrepreneurs. Sometimes Micro financial institutions make under-sanction of the loan sought for by women entrepreneurs based on their whims without proper evaluation of the proposed project. This creates financial hardship to the entrepreneurs in materializing their proposed projects.

Conclusion

This paper was a case study that aimed to examine the role of microfinance institutions' (MFI) financial institutions in uplifting the developing of women entrepreneurs in Calicut District, as well as clarify the importance of services provided by MFIs to female entrepreneurs. The findings of the study showed that financial services provided to women entrepreneurs in Calicut District include the provision of adequate financing, necessary financial facilities such as reducing interest, reducing monthly instalments, and extending the grace period. The results of this study can help policymakers to develop purposeful growth policies in an appropriate way and provide services to women entrepreneurs in Calicut area to be in line with the actual needs of women. Moreover, the paper contributes to the existing knowledge associated with women-owned businesses in Calicut District.

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