

MICROFINANCE AND RURAL WOMEN ENTREPRENEURS: A CASE STUDY

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ABSTRACT

Government, policy makers and researchers should think about the economic development of rural poor women who are deprived in the society. Without their development actual economic change will not come. This economic change would bring equality in the distribution of wealth and eliminate the economic disparity in society. Therefore, for universal economic development it is necessary to bring the rural poor women into the main stream of development. According to 2011 Census Report, 48.49 per cent population of our country is women. In spite of playing important role in society, they hold a very weak position, both at household as well as society level. They have to face various socio-cultural and religious barriers to engage in income generating activities. In a male dominated society, women have always been underestimated and discriminated in all spheres of life. Not only that, the traditional duties of managing households created obstacles in their social and economic empowerment. This is also true for Indian women and for women in the study area. As women are oppressed in all spheres of life, they need to be empowered in all walks of life. They have enough entrepreneurship skill. However, they could not take on any income generating activities due to lack of money. In the mean time, microfinance has been emerging as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance, the formal and semi formal sectors like commercial banks, NGOs etc. are taking much interest in providing microfinance to women considering it to be a profitable commercial activity. Women are also participating in the microfinance movement by availing the microfinance services being provided by the various financial channels. The main objective of this study is to analyze the impact of microfinance activities in empowering women entrepreneurs in the study area. The study is mainly based on primary data collected from 150 women entrepreneurs through questionnaire and direct personal interview. However, secondary data have also been used for the purpose of the study. A multiple linear regression model has been used to draw a meaningful interpretation of the obtained results. The multiple regression analysis shows that there has been strong positive impact of microfinance activities on women entrepreneurs' empowerment. The study concludes that microfinance plays an important role in empowering women entrepreneurs in Nadia district of West Bengal.

Keywords: *Microfinance, Women Empowerment, Entrepreneur, Economic Activities.*

1.0 INTRODUCTION

“No, these women needed opportunity, not charity – They want chance, not bleeding hearts” –

Prof. Mohammad Yunus

Government, policy makers and researchers should think about the economic development of rural poor women who are deprived in society. Without their development, actual economic change will not come. This economic change would bring equality in the distribution of wealth and eliminate the economic disparity in the society. Therefore, for universal economic development it is necessary to bring the rural poor women into the main stream of development.

According to 2011 Census Report, 48.49 per cent population of our country is women. In spite of playing important role in society, they hold a very weak position, both at household as well as society level. They have to face various socio-cultural and religious barriers to engage in income generating activities. In a male dominated society, women have always been underestimated and discriminated in all spheres of life. Not only that, the traditional duties of managing households created obstacles in their social and economic empowerment. This is also true for Indian women and for women in the study area. As women are oppressed in all spheres of life, they need to be empowered in all walks of life.

Rural women represent a sizeable percentage of labour force in our country and yet they have not been brought into the main stream of development. It has been well accepted that various development programmes have bypassed women. Over the years various efforts have been made by many government and non government organizations to promote women empowerment especially in rural areas. In spite of all government and non-governments' efforts, they have been highly ignorant clients of the financial sector since they have no collateral. They have enough entrepreneurship skill. However, they could not take on any income generating activities due to lack of money. In the mean time, microfinance has been emerging as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance, the formal and semi formal sectors like commercial banks, NGOs etc. are taking much interest in providing microfinance to women considering it to be a profitable commercial activity. Women are also participating in the microfinance programme by availing the microfinance services being provided by the various financial channels.

Self-employment is the best employment and entrepreneurship is the most important mode of self-employment. A holistic programme covering all aspects of self-employment was introduced by the government of India 1999, which is popularly known as Swarnajayanti Gran SwarozgarYojana (SGSY); a single cell self-employment programme for rural poor aimed at establishment of a large number of micro enter praises. The main purpose of SGSY was to bring every assisted poor family above the poverty line by ensuring appreciably sustainable level of income over a period of time. This objective is to be achieved by organizing the rural poor into Self-help Groups (SHGs).

2.0 BRIEF REVIEW OF LITERATURE

There are a number of studies which explain the role of microfinance in empowering rural entrepreneurship development. Some important studies which are relevant to the present study have been discussed below:

Morduce (1999) in his study “The Microfinance Promise” observed that microfinance institution (MFIs) did not just provide microfinance; they also offered a variety of support services to the poor beneficiaries of microfinance. These services were necessary for the proper and effective utilization of microfinance. In some cases, MFIs kept aside a portion of the loan amount which could be used to fund the training of the members. Some MFIs were connected to institutions that offered services like building capacity and capability, training anconsultancy and so on. The aim and objective of these services was to maximize the benefits of the microfinance.

Ghate (2007) in his study “Indian Microfinance--The Challenges of Rapid Growth” suggests that microfinance institutions must make provision for business for business training or livelihood counseling to its clients. This will enhance the skills, increase productivity, and also bring about improvements in production, marketing and financial management among the borrowers. Social service provisioning along with the financial provisioning enhances the quality of impact of microfinance.

Mayoux (2001) in his study show that micro finance brings about increased income due to accessibility of micro credit and training on how to manage it, increased assets which are bought due to availability of funds and also increased welfare in aspects such as food security, housing and health.

Akanji (2006) in his study show that women entrepreneurs, mostly in developing countries, lack the ability to save yet savings are needed to protect income, act as a security for loan and could be re-invested in the business.

Sathiyabama (2010) in his study found that collective micro entrepreneurship has been able to bring economic empowerment of women which led to development of family and community.

From the above brief review of literature it is found that there is a gap in the empirical literature regarding the satisfaction level among the microfinance programme participants. This is the gap of my study.

Radharukkumani (2012) expresses women need empowerment in all the level and also she pointed out that woman entrepreneurs have become a string driving force in corporate world.

3.0 OBJECTIVES AND METHODOLOGY

The objectives of the study are:

- (i) To assess the level of satisfaction of the respondents in relation to the microfinance services;
- (ii) To investigate the empowerment of women through participation in selected entrepreneurial activities; and
- (iii) To provide some recommendations for promotion of women entrepreneurs in rural areas.

METHODOLOGY

The present study is based on the primary data collected from Nadia district of West Bengal. Ranaghat-II block has been selected from Nadia district purposively. The main purpose of selecting this block is that in this district, this block has good performance in relation to SHG activities. Next, from this block 30 SHGs under SGSY have been selected in such a way that all the groups have got project loan. Then it has been taken 5 participants from each group who are engaged in entrepreneurship activities. Altogether 150 participants have been taken as a sample from the study area. Data have been collected by door to door and women interviewed through structured questionnaire. Moreover, secondary data have been collected from the book, journal, reports and documents etc. Multiple linear regression model has been used to analyze the impact of microfinance activities on empowering women entrepreneurship development.

4.0 CONCEPT OF WOMEN ENTREPRENEUR

Entrepreneurship is an economic activity which is undertaken by an individual or group of individuals. Entrepreneurship can be defined as the making of a “new combination” of already existing materials and forces; that entrepreneurship throws up as innovations, as opposed to inventions and that no one is entrepreneur forever, only when he or she is actually doing the innovative activity (Schumpeter Joseph, 1961). Women entrepreneurship is the process where women organize all the factors of production, undertake risks, and provide employment to others. The definition of women entrepreneurship has never been differentiated on the basis of sex and hence could be extended to women entrepreneurs without any restrictions. According to Medha Dubhashi Vinze, a woman entrepreneur is a person who is an enterprising individual with an eye for opportunities and an uncanny vision, commercial acumen, with tremendous perseverance and above all a person who is willing to take risks with the unknown because of the adventurous spirit she possesses. Thus, a woman entrepreneur is one who starts business and manages it independently and tactfully, takes all the risks, faces the challenges boldly with an iron will to succeed. Women entrepreneurship is an economic activity of those women who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise (Medha Dubhashi Vinze, 1987).

5.0 ACTIVITIES OF THE WOMEN ENTREPRENEURS' IN THE STUDY AREA

During the survey in the study area, we have got a vivid picture of the livelihoods of the members and their respective family members. Here the SHGs organized in the study area generally consist of members from the very poor family, i.e., small and marginal farmers, animal husbandry and agricultural labour households. Therefore, their livelihood patterns are related to agriculture, agricultural labour and non-agricultural labour etc. Some of the members, because of family's economic position and cultural practices may limit their activities as housewives only. Some of the members are engaged in agriculture and agricultural labourers. Some of the members have small business like vegetable vending, pan shop, tea shop, chira and muri processing, readymade garment sell, rice pounding, grocery, banana sale, mutton sale, catering service, flower sale, egg sale, electrical shop, nearby their houses. Some members are artisans who engage in silver ornament making, tailoring, carpentering etc. Some of the

members are engaged in animal husbandry such as poultry, cow and goat rearing and piggery. Some members are engaged in beedi rolling and so on.

6.0 CONCEPT OF WOMEN EMPOWERMENT

Different experts and different disciplines use the concept of empowerment differently. The dictionary meaning of the word 'empower' is "to give power or authority to someone. It is an intrinsic quality of a person, which cannot be bestowed by a third party. In a nutshell, empowerment is a process which enables one to gain power, authority and influence over others. Some of the experts explain the concept of empowerment as follows:

According to Batliwala (1994) empowerment is a process of challenging existing power relations and of gaining greater control over the sources of power. The author has described that empowerment is the enhancement of power.

Kabeer (2001) defined empowerment as "the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them".

Women empowerment means to let women survive and let them live a life with dignity, humanity, respect, self esteem and self reliance. According to Pillai (1995), women empowerment is an active, multidimensional process which enables women to realize their full identity and powers in all spheres of life. Power is neither a commodity to be transacted nor can it be given away as alms. Power has to be acquired and once acquired it needs to be exercised, sustained and preserved. As described by Kabeer (2001) there are two essential elements of women empowerment, i.e., process and agency. A process is defined as the series of events that produce gradual change. The process of women empowerment leads to expansion in their ability to have resources and to make strategic life choices. The agency element of women empowerment describes that women themselves are the significant actors in the process of change. It is the process through which choices are made. Empowerment cannot be offered by a third party rather it has to be claimed by those who would become empowered. Women will be empowered when they will have full control over their own life.

7.0 DEPENDENT AND INDEPENDENT VARIABLES IN THE STUDY

In this study empowerment of women entrepreneurs is the dependent variable and women empowerment has been measured using 5 point likert scale from strongly agree to

strongly disagree from 5 to 1 respectively. Participants were asked questions how they perceived on their economic, social and political conditions and self confidence etc., through micro finance activities.

In our study, microfinance activities represent financial intermediation, social intermediations, enterprise development services and social services. These are the independent variables.

8.0 DEFINITION OF INDEPENDENT VARIABLES

8.1 Financial Intermediation

The main objective of microfinance programme is to provide credit to the poor with the help of microfinance institutions (MFIs). MFIs provide various financial services to the poor like credits, savings, insurance, credit cards, and payment services etc. In this study small and short term loans is considered as financial intermediation service and the respondents were asked questions on this regards by using five point likert scale from 5 to 1, namely, completely satisfaction to completely dissatisfaction respectively.

8.2 Social Intermediations

Social intermediation is a process by which human and social capital both are formed. By human capital we mean the skill, knowledge and experience possessed by an individual or people. On the other hand, by social capital we mean the networks of relationships among people who live and work in a particular society, enabling that society to function effectively. Social intermediation covers the issues of social intermediations cover the group formation issues, leadership and supportive learning. These are considered as social intermediations. Sustainable financial intermediation for the poor is the prime objective of the social intermediation which is the secondary role of microfinance institutions for borrowers. In this study respondents were asked questions regarding group formation, leadership training and cooperative learning by using five point likert scale.

8.3 Enterprise Development Services

Microfinance institutions by providing easy access to credit to the group help to start up of a business and develop manufacturing ideas and in this way these will lead to entrepreneurship development of the poor. In this study, by enterprise development services we mean product,

marketing, and production training given by the MFIs to the poor micro entrepreneurs. To know the enterprise development services, entrepreneurs were asked questions about the selection of product, marketing business and production training by using 5 point likert scale.

8.4 Social Services

MFIs play an important role on the life of the poor by offering various social services like food, shelter, health, self-esteem, family planning, and education, social support network, etc. In this study, the respondents were asked whether they are satisfied by the activities regarding the social services such as education and health providing MFIs and these are measured by using 5 point likert scale.

9.0 FINDINGS AND DISCUSSION

The respondents were asked regarding their satisfactory level after taking microfinance services and their responses have been explained by the following tables and satisfactory level has been measured on percentages of ‘completely satisfaction’, ‘satisfaction’, ‘somehow satisfaction’, ‘dissatisfaction’ and ‘completely dissatisfaction’. The following tables illustrate the satisfaction level of four microfinance activities mentioned above.

Table: 1
Financial Intermediation Services

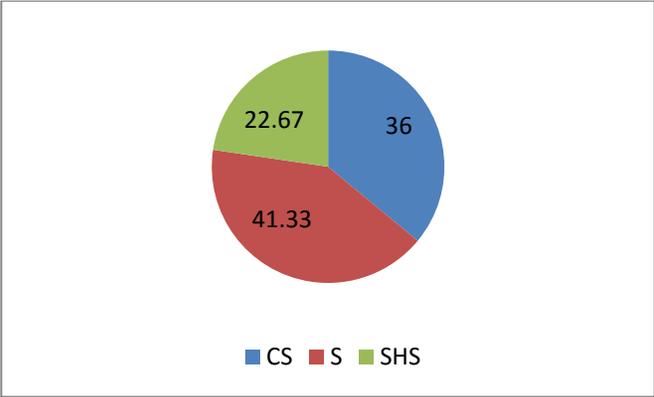
Level of satisfaction	Code	Frequency	Percentage
Completely satisfaction	5	54	36.00
Satisfaction	4	62	41.33
Somehow satisfaction	3	34	22.67
Dissatisfaction	2	0	0
Completely dissatisfaction	1	0	0
Total		150	100.00

Source: Field Survey, 2017

Financial intermediation services focus the savings and loans. Table 1 shows the financial intermediation services. From the table it is found that 36% of the respondents were completely satisfied, 41.33% were satisfied and 22.67% were somehow satisfied with the saving and credit activity of microfinance institutions (MFIs). Nobody was dissatisfied with the financial intermediation services provided by MFIs.

Satisfaction levels of the respondents regarding financial intermediation services have been shown in the following pie diagram.

Figure:1
Financial Intermediation Service



Note: CS=completely satisfaction,
S= satisfaction, SHS= somehow satisfaction

Social intermediation services have been shown in table 2. From the table it is found that all the respondents were satisfied with social intermediation services except 4 respondents, i.e., 2.67% who were completely dissatisfied with the social intermediation services provided by MFIs.

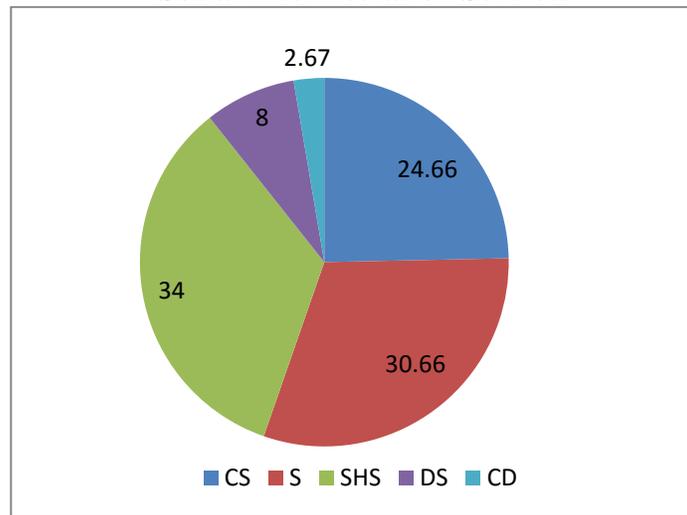
Table: 2
Social Intermediation Services

Level of satisfaction	Code	Frequency	Percentage
Completely satisfaction	5	37	24.67
Satisfaction	4	46	30.66
Somehow satisfaction	3	51	34.00
Dissatisfaction	2	12	08.00
Completely dissatisfaction	1	4	2.67
Total		150	100.00

Source: Field Survey, 2017

Satisfaction levels of the respondents regarding social intermediation services have been shown in the following pie diagram.

Figure:2
Social Intermediation Services



Note: CS= completely satisfaction, S= satisfaction, SHS= somehow satisfaction, DS= dissatisfaction, CDS= completely dissatisfaction

Table: 3
Enterprise Development Services

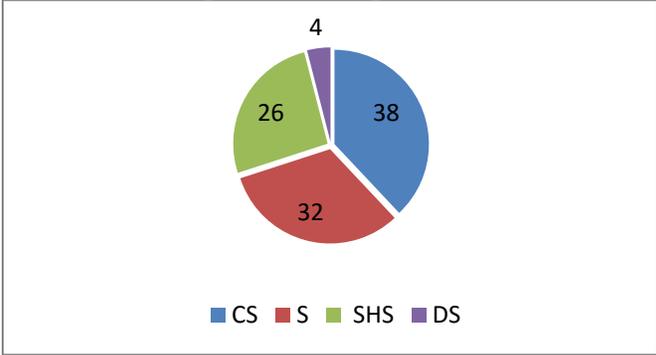
Level of satisfaction	Code	Frequency	Percentage
Completely satisfaction	5	57	38.00
Satisfaction	4	48	32.00
Somehow satisfaction	3	39	26.00
Dissatisfaction	2	6	4.00
Completely dissatisfaction	1	0	0
Total		150	100.00

Source: Field Survey, 2017

Enterprise development services have been shown in table 3. From the table it is observed that 38% of the respondents were completely satisfied and 26% were somehow satisfied with the enterprise development services provided by MFIs. Only 4 % participants were completely dissatisfied with these activities.

Satisfaction levels of the respondents regarding enterprise development services have been shown in the following pie diagram.

Figure:3
Enterprise Development Services



Note: CS=completely satisfaction, S= satisfaction, DS= dissatisfaction, SHS= somehow satisfaction

Table: 4
Social Services

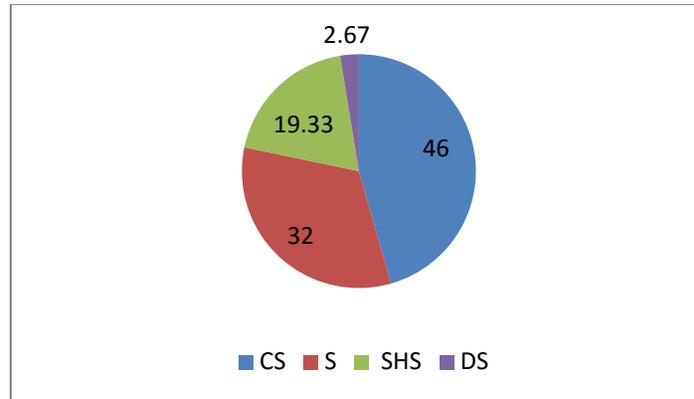
Level of satisfaction	Code	Frequency	Percentage
Completely satisfaction	5	69	46.00
Satisfaction	4	48	32.00
Somehow satisfaction	3	29	19.33
Dissatisfaction	2	4	2.67
Completely dissatisfaction	1	0	0
Total		150	100.00

Source: Field Survey, 2017

Social services have been shown in table 4. From the table it is observed that 46% of the respondents were completely satisfied and 19.33% were somehow satisfied with the social services provided by the MFIs. Only 2.67 % participants were dissatisfied with these activities.

Satisfaction levels of the respondents regarding social services have been shown in the following pie diagram.

Figure:4
Social Services



Note: CS=completely satisfaction, S= satisfaction, SHS= somehow satisfaction, DS= dissatisfaction,

10. REGRESSION ANALYSIS

Regression analysis has been carried out to test the impact of micro finance on women entrepreneurs' empowerment. Women entrepreneurs' empowerment (WE) is dependent upon the microfinance services like financial intermediation (FI), social intermediation (SI), enterprise development (ED) and social service (SS). To test the impact of micro finance on women entrepreneurs' empowerment, the following equations can be formulated:

$$WE = \beta_0 + \beta_1 (FI) + \beta_2 (SI) + \beta_3 (ED) + \beta_4 (SS) + \mu$$

Where

β_0 = Constant term

$\beta_1, \beta_2, \beta_3$, and β_4 are the regression coefficients

WE= Women empowerment

FI= Financial Intermediation Services

SI= Social Intermediation Services

ED= Entrepreneurship Development

SS= Social Services

μ = error term.

Table: 5
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.906(a)	.822	.817	.50003

a Predictors: (Constant), SS, FI, ED, SI

Table: 6
ANOVA (b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	167.079	4	41.770	167.061	.000(a)
	Residual	36.254	145	.250		
	Total	203.333	149			

a Predictors: (Constant), SS, FI, ED, SI

b Dependent Variable: WE

Table: 7
Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.577	.137		4.212*	.000
	FI	.324	.047	.331	6.874*	.000
	SI	.147	.053	.148	2.745*	.007
	ED	.245	.045	.259	5.379*	.000
	SS	.336	.048	.347	6.939*	.000

Source: Field Survey (2017)

a Dependent Variable: WE

Note: * = significant at 0.01levels

The table 5 gives the simple linear regression results. It shows that the R Square = 0.822 that 82.2 % of the variation in women empowerment is explained by microfinance activities (social services, financial intermediation services, social intermediation services and enterprise development services) and remaining 17.8% are determined by other factors such as self confidence, attitude changes, advising and monitoring, activities etc.

From the table 6, ANOVA shows that the P value is .000 at 0.01 significant level ($P < 0.05$). Further the F value also is statistically significant (167.061). From these findings it can be said there is impact of micro finance activities on women empowerment. Loice and Razia (2013) used ANOVA to test significance of the model. Table 7 shows that the microfinance activities are significant predictors of the women empowerment ($P < 0.05$).

Table:8
Correlations between Women Entrepreneurs' Empowerment and Microfinance Activities

	FI	SI	ED	SS	WE
FI	1				
SI	.655*	1			
ED	.502*	.618*	1		
SS	.566*	.635*	.616*	1	
WE	.754*	.745*	.730*	.787*	1

* Correlation is significant at the 0.01 level (2-tailed).

Table 8 shows the Pearson correlation matrix which has been used to check the relationship between dependent and independent variable. From the table it is found that there is a positive relationship between women empowerment entrepreneur and microfinance activities at 0.01 significant levels.

10. CONCLUSIONS AND RECOMMENDATIONS

From the above findings and discussion it can be concluded that microfinance activities play an important role in empowering women entrepreneurs in Nadia district of West Bengal. In this district, using micro finance facilities, women entrepreneurs have been able to create more job opportunities and variety of economic activities. As a result, their income increases which help them to improve household education, family welfare and empowering women themselves. Not only that, they have also been able to improve their standard of living. It is needed to be mentioned that in addition to these microfinance activities, other factors such as self confidence, monitoring and guiding activities also have impact on women empowerment.

RECOMMENDATIONS

From the above study the following recommendations can be taken into account for effective development of women entrepreneurship in rural areas:

- (i) Women should be encouraged to take up entrepreneurial activities by giving them proper guidance and developing their business skills.
- (ii) Better educational facilities and schemes should be extended to women folk by the government.
- (iii) Training programme on management skill should be provided to women community.
- (iv) Government should make provision for marketing and sales assistant for the rural women entrepreneurs.
- (v) A women entrepreneur's guidance cell must be set up to handle the various problems of women entrepreneurs.

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