



Micro finance– “A ray of hope” for emerging women entrepreneurs

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Abstract

Microfinance is a financial assistance with an overall idea of fulfilling the financial gap in the Economy by supplying Microfinance and Microcredit to women's who does not have access to avail the formal financial channel. Microfinance is not only considered as a financial system but as a tool for social change especially for women who in turn increase their participation in Economic activities. Women's have always participated in their local economies and in many cases; women's not only produce the food but also market it as well, which gives them a well-developed knowledge of local markets and customers. This paper focus on how Microfinance has received extensive recognition as a “Ray of Hope” for economic empowerment of women and enabling them to become Entrepreneurs. Facilitating women for entrepreneurial activities would lead to improve their living standard; their families' standard and wound in turn pave way for economic development of country. This development is truly an Inclusive growth in India.

Keywords: microfinance, microcredit, women entrepreneur, economic development, inclusive growth

Introduction

Women play a significant role in the economic development of their families, communities and the Country as a whole. Traditionally, the patriarchal norms of the society confined the roles of rural women and urban poor to close doors of the houses. They face gross inequalities and injustice right from birth to death and have no means of training themselves to do businesses with limited resources that sidelined them to take part in economic activities of the country.

Several strategies have been used to tackle their problem and empower them with new tools, support and opportunities which help them to create their own paths and can overcome economic, cultural and gender barriers.

Microfinance is an innovative financial tool funded to poor and financially excluded women in remote area to empower them. This empowerment has led to a number of positive changes in women's own perception, self-image, self-confidence and their role in household decision. Therefore, Empowerment of women is not a term thrown loosely around; it can lead to economic acceleration for many underprivileged societies.

About Microfinance

Microfinance is not a recently developed concept in the finance sector. It's considered as the need of an hour. Microfinance literally means informal lending that started as a financial measure to assist those businesses that lacks assess to normal formal financial channels. It includes microcredit, micro saving, micro insurance and remittance for the business.

Women and Microfinance

Gone are the days when women used to be behind the household chores and are relegated to secondary status in household and workplace. Microfinance companies “as a ray of hope” helped them to chase their dream of having their own business. A lot of rural and urban poor woman are dreaming to be tomorrow's entrepreneur. Today Indian

MFIs are opening the doors of opportunities to encourage and empower women entrepreneurship.

As per IFC reports, In India there are around 15 million MSMEs with female ownership. In contrast to popular belief more than 70 percent of them are manufacturing businesses and many of which are run from home.

A survey by Bain & Co found that women entrepreneurs in India directly employ between 22-27 million people. By 2030, women can create 150-170 million jobs by increasing the quality and quantity of their entrepreneurship.

According to National Sample Survey 2019-2020, only 14% of business in India is run by women entrepreneurs. Most of the companies are bootstrapped and run on small scale. According to the GEM Consortium, 2021, there are roughly 274 million women entrepreneur in the world who own their own businesses, but according to the sixth economic census, by the Ministry of Statistics and Programme Implementation only about 8.05 million of them are Indian women, despite the fact that we are second most populous country in the world. This statistics shows global disparity.

Origin of Research Problem

Women capital is essential for economic acceleration of the country and women plays a crucial role in economic growth and development but certain obstacles such as unemployment, poverty, low household income and societal discriminations hindered their effective performance. Therefore, thanks to those Microfinance institutes that act as a key to unlocking this doors and support women empowerment and entrepreneurship.

Literature Review

Seibel and Parhusip (1990) mentioned that rural micro-entrepreneurs are unable to organise themselves so they need subsidized credit for increasing their income.

Susy Cheston (2002) reveals that Microfiance has potential powerful impact on women empowerment, not all women's but most of them get a degree of empowerment which helps

them to strengthen their financial and economic support to their families.

Shaik Shafeequr Rahman & Nikhat Sultana (2011) in their study concluded that if the bottlenecks be removed, the microfinance sector overall improving entrepreneurship development of women.

Hemant kumar, Jyoti Chandwani & Shailesh Gandhi (2014) concluded that today we are in a better position where women participation in field of entrepreneurship is increasing at considerable rate.

K. Swapna (2017) ^[13] states that Microfinance is becoming a more effective tool in the new economy for eradicating poverty and empowering women. Additionally, a growing number of microfinance institutions (MFIs) favor the membership of women since they view them as more trustworthy and responsible. It has become increasingly popular to promote microfinance initiatives like the Self Help Bank Linkage Program in India due to their significant economic effects and the belief that they empower women.

N Goel, P Madan (2019) states that Women entrepreneurs represent the balanced development of society. The government's financial inclusion programmes aim to inspire many of the nation's women to start their own businesses. The influence of financial inclusion as well as additional factors, such as family circumstances, benchmarking, entrepreneurial motivation, and entrepreneurial intention of women on their decision to choose entrepreneurship as a career.

Jaisheela. B (2020) ^[12] mentions that Women's entrepreneurship is now a key strategy for empowering women. Women entrepreneurs must raise their standard of living to one that is pleasant for them and their families, as this contributes to the growth of the nation. In general, entrepreneurs constitute the backbone of any prosperous economy on globe. Women who start, organise, and manage a business enterprise are referred to as women entrepreneurs. In the past 50 years, there has been a significant shift in the role of women in the workplace. Women who want to attain their goals through self-development must recognize their strengths, weaknesses, opportunities, and threats as part of the empowering process. They also desire fresh obstacles and chances for personal growth. Rural women business owners must have the desire to realize their aspirations and convert that desire into an actual business.

TN Sahu, V Agarwala & S Maity (2021) ^[15] The author examines the effectiveness of this microcredit programme in generating employment and improving the standard of living for tribal women business owners in particular. Employability is significantly impacted by loan amount. Additionally, the institution enhanced women's social, psychological and economic empowerment. The study demonstrates that assistance provided through microcredit has the potential to empower women and create jobs.

Objectives of the Study

- To assess the microfinance as an instrument for women entrepreneurship.
- To study new innovation in women entrepreneurship.
- To explore the role of women in the economy.
- To evaluate the barriers in the growth of women entrepreneurship.

Hypothesis

Ho: There is no significant impact of microfinance on emerging role of women entrepreneurship in India.

H1: There is significant impact of microfinance on emerging role of women entrepreneurship in India.

Research Method and Methodology

The purpose of this article is to learn about the statistics of women entrepreneurs in rural India and the government of India's initiatives for their development, which only allowed the use of secondary data. Secondary data collected referring several books, research literature, article, journals. Internet is also used. This design finds appropriate for exploring the effect of Microfinance service to Women Entrepreneur for poverty alleviation, living standard, employment, income generation and women empowerment.

Some Interesting statistics on Women Entrepreneurs in India 2020

- When they first started out, 58% of female entrepreneurs were between the ages of 20 - 30years.
- In a given fiscal year, almost 73% of them report earnings of roughly Rs 10 lakhs.
- Nearly 57% of these women formed their groups on their own, without any other members.
- About 35% of the women had a co-founder.
- About 71% of Indian female entrepreneurs employ no more than five people.

There are certain women who have achieved more than one might anticipate from a restrictive environment in a country like India where the majority of women are not encouraged to think big (especially in the country's rural areas). Through sharing their personal problems and obstacles, these wonder women are encouraging other women to pursue careers in startups.

Microfinance Schemes for Women Entrepreneur

The Government of India open doors of opportunity for women entrepreneurs to step-out of their comfort zones and find solace in Microfinance to set-up and run their business.

- Rashtriya Mahila Kosh(RMK)
- Start-up India Scheme.
- Mahila-e-Haat
- Women's Development Corporation.
- Marketing of Non-Farm products of Rural Women (MAHIMA)
- Mahila Swayam Sidha Yojana

Besides this Banks also provide few schemes for women entrepreneurs:

- **Annapura Plan:** The Indian government provides loans up to 50,000 rupees to female for catering businesses under the Annapura Yojana. The borrowed money could be used to cover working capital needs such as buying kitchenware, a mixer cum grinder, a hot case, tiffin boxes, etc. The lender is exempt from making the first month's EMI payment after the loan is approved. The money must be paid back in 36 monthly installments once it has been approved. Based on the market rate and the relevant bank, the interest rate charged is decided.
- **Bharatiya Mahila Bank Commercial loan Scheme:** Women who intend to launch a new small and medium enterprise (SME) in retail or a real estate business can apply for a commercial loan from the Bharatiya Mahila

Bank. The maximum loan sum, up to Rs 20 crores is given to female entrepreneurs. On top of that, this company lending programme offers a 0.25 percent discount. The loan's interest rate typically ranges from 10.15 percent to higher.

Another option is the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), which was established by the government to provide the micro and small business sector with access to credit without the need for collateral security for loans up to Rs 1 crore. Credits up to Rs. 20 crore can be given under this programme for manufacturing businesses run by women. The loan has a specific elasticity and must be returned within seven years.

- **Cent Kalyani Scheme:** Both new and established business owners as well as Women who are self-employed can take use of the Cent Kalyani Yojana. The Cent Kalyani Yojana Scheme accepts applications from micro/small businesses such as Farming, Agriculture, Cottage industries and Retail trade. No collateral is required as security. Loan interest rates are determined by market rates. The loan will have the maximum seven years repayment period.
- **Dena Shakti Scheme:** This scheme offers loans up to Rs. 20 lakh for horticulture, retail exchange, education, housing etc and is designed to empower female entrepreneurs financially. In addition, micro-credit programmes provide loans up to Rs. 50,000 in addition to that. For female entrepreneurs who own the majority of the company, an interest rate of 0.25% is set below base rates, with a 7-year loan repayment period.
- **Mahila Udyam Nidhi Scheme:** The Punjab National Bank introduced the Mahila Udyam Nidhi Scheme, which is intended to support Small Scale Industries (SSI). By offering hassle-free loans, the programme hopes to encourage modernization and technological development in these small-scale enterprises. Under this programme, a loan may only be for a maximum of Rs. 10 lakh, and the borrower has ten years to pay it back. That also includes a five-year moratorium.
- **Mudra loan for Women:** This scheme launched by government to provide financial assistance to motivated female entrepreneurs. Those who are having a business plan for opening a salon, school, tailor store, etc. For the loan to be granted under this plan, no collateral is needed. A Mudra loan application can, however, be made under certain categories. These are as follows:
 - **Shishu loan:** The highest loan amount given to firms in their beginning stages is Rs. 50,000.
 - **Kishor loan:** This loan is for established enterprises who want to enhance their offerings. The amount of the loan ranges from 50,000 to 5 lakh rupees.
 - **Tarun loan:** This loan is for well-established enterprises that want to grow but are short on cash; they can get up to Rs. 10 lakhs to do so.
- **Orient Mahila Vikas Yojana Scheme:** Through the Orient Mahila Vikas Yojana, which Oriental Bank of Commerce introduced, women who individually or jointly own 51 percent of the share capital of a proprietary firm are eligible for loans. For loans between 10 lakhs and 25 lakhs, collateral is necessary. The loan has a seven-year repayment period. A discount on the loan rate of up to 2 percent is also

offered through the Orient Mahila Vikas Yojana Scheme.

- **Stree Shakti Yojana:** The Stree Shakti package is an innovative programme that encourages female entrepreneurs by offering various benefits. Women who own the majority of the business are eligible for this Stree Shakti scheme. These female business owners must also register for the Entrepreneurship Development Programme (EDP) run by the respective state agency. Women can take advantage of 0.05 percent interest discount under the Stree Shakti scheme on loans worth more than 2 lakh.
 - **Synd Mahila Shakti Scheme:** Syndicate Bank has a scheme called "Synd Mahila Shakti Scheme" to promote women entrepreneurship development. These credit facilities offered to female entrepreneurs, retail dealers, and small business owners. The loan is available to women who want to launch a new business or grow their existing one. One of the financing programmes for women that grant borrowers with free credit cards. The Synd Mahila plan has a maximum loan amount of Rs 5 crores.
 - **Udyogini Scheme:** The Udyogini Scheme is designed exclusively for women whose families make less than 1.5 lakh rupees annually. A loan up to three lakh rupees is available to them at a very cheap interest rate. Under this programme, women who are widowed, penniless or disabled can apply for a loan. This programme aims to assist women from economically disadvantaged families in becoming independent. The Karnataka State Women Development Corporation created the Udyogini Scheme, but several banks have adopted it with some modifications. One can visit the website or the nearby branch of any of the various banks that offer this programme to submit an application. Among the banks that provide this programme are Saraswat Bank, Punjab and Sind Bank and Bajaj Finserv.
 - **Women Entrepreneurship Platform (WEP):** The Women Entrepreneurship Platform is a project launched by the Indian government's NITI Aayog to bring together female entrepreneurs and sponsors who are willing to support them at one location. The following advantages are available at WEP:
 - Programs for company incubation and acceleration for those in the beginning stages.
 - Programmes for skill development and mentoring that teach about entrepreneurship and leadership.
 - Help with marketing.
 - Support for guaranteeing adherence to rules and laws.
 - Financing and financial support.
 - A group and network of females with similar interests.
- The government is attempting to close this gap with these programmes even though women-owned businesses generate 8–10% more revenue than male-owned businesses of the same age in the same industries. Only 5% of women-owned businesses receive venture capitalist funding, compared to 77% of male-owned businesses. The ability of women to succeed in business has long been without question, but societal barriers have always been substantial. With the help of these programmes, we hope to strengthen our country and create a true free-market economy. Women who are financially independent can help society to progress more quickly. The Indian Government has

therefore developed programmes to make credit available to women, who can then use it to accomplish their business objectives. The outcome of this will be that they can grow and give more women jobs.

Recommendation

- Microfinance Institutions can align their CSR programs to encourage financial literacy to beneficiary.
- Microfinance institute should provide complete range of non-financial services like training and support besides financial services i.e., credit saving, remittance and financial advice.
- The quality of services provided has to be monitored and supervised.

Conclusion

Microfinance services acts as a key fulcrum to women entrepreneur's economic empowerment. Micro-credit summit 1995, Lady Hillary Clinton "Microenterprise is the heart of development because micro-enterprise programmes work –they lift women and families out of poverty". It is one of the strongest tool available to provide gainful opportunities to women entrepreneurship. Thankfully, female-friendly government and bank schemes for women are changing the scenario rapidly. At present women have broken the monopoly of men and proved that they are not inferior to men. Inclusive growth is possible when all the parameters surrounding these go hand-in-hand and the government should be together geared towards development, only then India rise and India shine.

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