

Role of Microfinance Institutions in Women Entrepreneurship through WSHGs

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Abstract – Women entrepreneurs play a very crucial role in the economic development of their families and their countries at large. Microfinance Institutions (MFIs) provide its members with financial and social intermediation services by WSHGs to help improve their businesses. The present paper is an attempt to focus on issues and innovation in women entrepreneurship, growth of amount refinancing by MFIs to WSHGs and also tries to identify the relationship between MFIs and WSHGs. To check the various schemes under which the micro finance tool is applied and the progress of this program the help of various data provided by the government and other institutions is included in this study and concluded that MFIs and WSHGs shows positive relationship together, amount of refinancing by MFIs to WSHGs is year of year continuously increasing and government take new initiatives to the growth of women entrepreneurship and the result of these initiative is Bangalore have 40th and Delhi have 49th position among world top 50th cities in the dell global women entrepreneur survey 2017.

Keywords: Microfinance, Women Entrepreneurship, WSHGs, NABARD, SIDBI, NGOs, India.

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INTRODUCTION

Women entrepreneurship development is one of the development agenda in India. This is because entrepreneurship development has a significant potential to empowering women. Women micro entrepreneurs undertake only traditional activities by following traditional concepts of production and distribution, which leads to high operating cost. With the shift from industrial age to information age, it becomes all the more important for the women micro entrepreneurs to use creative ideas and innovation in business. According to Dell global women entrepreneur city ranking survey among all over the world India's Bangalore and Delhi take the position in top 50 cities, Bangalore have 40th position and Delhi have on 49th position. According to the Third All India Census of Small Scale Industries conducted in 2015-16 and subsequent estimates made, only 10.11% of the Micro and Small Enterprises in India are owned by women while 9.46% of the MSE enterprises are managed by women. In order to promote progressively women enterprises in the MSE sector, various schemes have been formulated by this Ministry and some more are in the process of being finalized, aims only at the development of women enterprises in India.

1. MICROFINANCE:

Definition

The term microfinance specifies "the offer of financial services to customers with low income levels" Nader (2008). According to this simple definition, microfinance targets low income category people who have no access to the formal lending system.

"Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services." Microfinance is not just about giving micro credit to the poor rather it is an economic development tool whose objective is to assist poor to work their way out of poverty. It covers a wide range of services like credit, savings, insurance, remittance and also non-financial services like training, counseling etc. Today agencies like Government as well as Non-government Organizations are involved in micro-finance development initiatives.

Features of Microfinance:-

- Borrowers are from the low income group

- ▶ Loans are of small amount called as micro loans
- ▶ Short duration loans
- ▶ Loans are offered without Collateral
- ▶ High frequency of repayment
- ▶ Loans are generally taken for income generation purpose

Why targeted women:

According to World Bank 2016, “Putting resources into poor women’s hands while promoting gender equality in the household and in society results in large development payoffs. Expanding women’s opportunities in public works, agriculture, finance, and other sectors accelerate economic growth, helping to mitigate the effects of current and future financial crises”.

1. CONCEPT OF WSHGs:

“WSHGs, saving for the present, securing the future”

The WSHGs is a voluntary association of the poor who come together to improve their Soci-economic condition. The WSHGs may be association formed either by male members or by female members or both. The WSHG’s are formed under the principle of self-help to promote individual through collective actions in areas of any mentioning income, gaining easier access to credit and other resources and increasing their bargaining power.

2. CONCEPT OF WOMEN ENTREPRENEURSHIP:

Women entrepreneurship is the process where women organize all the factors of production, undertake risks, and provide employment to others. 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. Joseph Schumpeter defined women entrepreneur as “Women who innovate, imitate or adopt a business activity are called women entrepreneurs.”

3. WOMEN ENTREPRENEURS: CURRENT SCENARIO

Government of India has defined women entrepreneurs as an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women.

Today women entrepreneurs play important role in creating job, wealth and innovation in India.

4. MICROFINANCE & WSHGs:

Microfinance sector has responded to these challenges admirably in the last 20 years. NABARD is proud to say that the Women Self Help Group-Bank linkage programme, which is the largest microfinance programme in the world, today touches 101 million households through 7.9 million WSHGs with thrift & deposits of about INR 1,36,914 million, annual loan off take of INR 3,72,869 million and loan outstanding of nearly INR 5,71,192 million.

5. WOMEN ENTREPRENEUR & WSHGs:

WSHG mainly concerned with the enlistment of the women in the society through, social, economic aspects. It leads to provide and bring the empowerment to the women. WSHG not only mobilize micro finance and provide credit to the needed members but also it provides self-employment training, awareness programme, promote the leadership qualities and confidential life to its members.

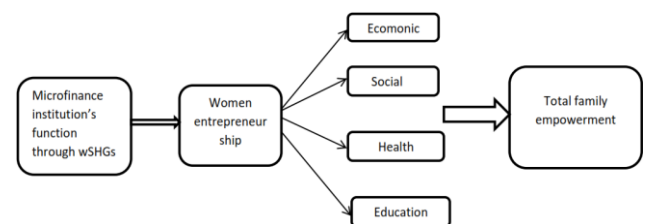


Fig: 1. Women entrepreneurship function by WSHGs (author's creation)

REVIEW OF LITERATURE:

Mr. Sibghatullah Nasir and Mr. Saleem Akhtar Farooqi(2016) in their study on “Impact of microfinance on women empowerment with special reference to district Aligarh(India)” published in Middle-east journal of scientific research ,found that microfinance program has a significant impact on women empowerment as it increased the income level and reduce poverty level of the participants.

Dr. H.G.joshi and Mr. Sotish kumar (2016) in their study on “Economic intervention and women micro entrepreneurship: A case study of NAVODHAYA” published in E-ISSN, laid emphasis the one microfinance institute that is NAVODHAYA is providing training and skill development efforts to increased opportunities and rights to rural women.

Dr.A.jayakumar and Mr. S.Sivsankari (2016) in their study on “Microfinance and women empowerment: In present scenario” published in IJWOR, found that microfinance through self-help

groups model result in greater impact in transforming the lives of poor.

Mr.Human rehman and Mr. Amani moazzam (2015) in their study on "Role of microfinance institutions in women empowerment:A case study of Akhuwat (Pakistan)" published in A research journal of south Asian studies, found that age, education, marital status and family type are influential factors that were analyzed in relation to their impact on economic, social and political, health and education empowerment of women.

Ms.Sangeeta Arora and Mr. Meenu (2010) in their study on "Microfinance intervention: An insight in to related literature with special reference to India" published in AJSMS, found that if we used in its true spirit, Micro-financing intervention can be a powerful instrument for economic and social empowerment with the co-operation of banking sector as well.

Mr.C.Var Rooyen and Mr.R.Stewart (2012) in their study on "Impact of microfinance in sub-Saharan Africa: A systematic review of the evidence" published in world development journal with reference of Africa found that Microfinance does harm, as well as good the livelihood of the poor.

Dr.Sahab singh, Dr.Gourav Thakur and Dr. P.C. Gupta (2013) in their study in titled "A case study on empowerment of rural women through micro entrepreneurship development" published in IOSR journal of business and management found that micro entrepreneurship is an effective instrument of social and economic development.

Hemant Kumar, Jyoti Chandwani and Shailesh Gandhi(2014) in their study entitled "women entrepreneurship and innovation in India: A exploratory study" published in International journal of innovation concluded that today we are in a better position where in a women participation in the field of entrepreneurship is increasing at considerable rate.

Sanjo popovic pantic (2014) in his study entitled "An analysis of female entrepreneur and innovation in Serbia in the context of EU competitiveness" published in Economic annaly journal focus on innovation management platform necessary to enhance small and medium enterprise business performance and competitiveness in the context of EU market concluded that there is still no unique methodology for recording female entrepreneurs into the EU and even less for recoding innovation.

Shaik shafeequr rahman and Nikhat Sultana (2011) in their study entitled "women entrepreneurship development through microfinance" with special reference to Hyderabad published in international journal of rural development and management studies concluded that if the bottlenecks be removed, the microfinance sector overall improving entrepreneurship development of women.

OBJECTIVES OF THE STUDY:

- To study of new innovation in women entrepreneurship.
- To study of barriers in the growth of women entrepreneurship.
- To find out the relationship between the growth of MFIs and WSHGs.
- To find out the growth of amount refinancing by MFIs to WSHGs.

RESEARCH METHODOLOGY:

► DATA COLLECTION:

The study is based on descriptive and exploratory research design. The data is secondary in nature which has been compiled from RBI report, NABARD annual report, committee reports and related website. The other source encompass magazines like Economic times, Business standard, Economic survey of banking in India, Banking financial market etc. various journals, research papers, text books, articles have been consulted as a source of secondary information.

For analyzing the impact of MFIs on WSHGs we take the data from NABARD annual report of status of Microfinance in India from financial year 2010-11 to 2016-17 and for the analyzing the growth of grant provided to WSHGs by MFIs we measure same financial year annual report.

► DATA ANALYSIS AND INTERPRETATION:

1. The relationship between the growth of MFIs and WSHGs.

FINANCIAL YEAR	Number of MFIs	Number of WSHGs (in lakh)
2010-2011	471	60.98
2011-2012	465	62.99
2012-2013	400	59.38
2013-2014	311	62.52
2014-2015	322	66.52
2015-2016	392	67.63
2016-2017	441	73.22

Table 1.1

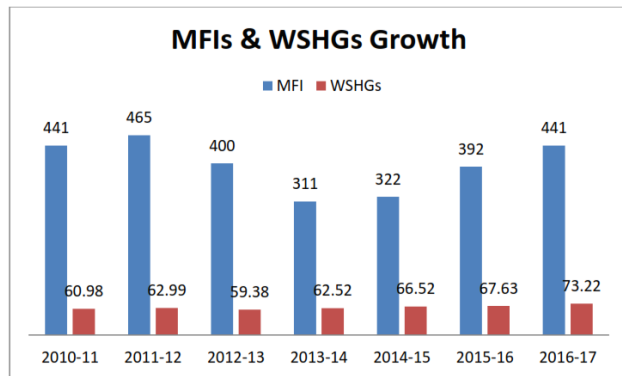


Fig. 1.1

1. Amount refinancing by MFIs to WSHGs.

Financial Year	Amount (in crore)
2010-2011	37.86
2011-2012	37.95
2012-2013	42.83
2013-2014	47.11
2014-2015	26.80
2015-2016	29.49
2016-2017	31.97

Table 2.1

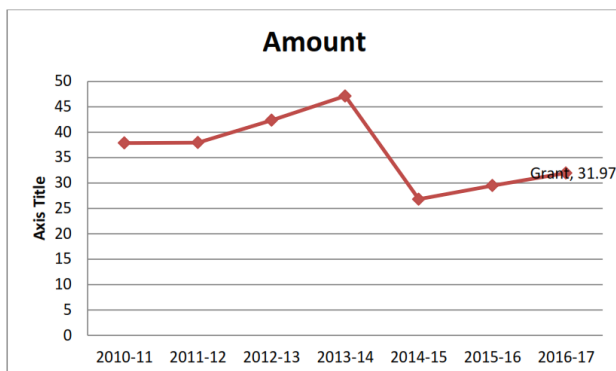


Fig. 2.1

FINDINGS:

- The relationship between the growth of MFIs and WSHGs:** with the help of table 1.1 figure 1.1, we found that if the increment in the number of registered MFIs, so WSHGs also have been increased, but financial year 2011-12 and 2013-14 shows negative relationship.
- Amount refinancing by MFIs to WSHGs:** Table 2.1 and figure 2.1 shows that financial year of year refinancing is going to be increase but in financial year 2014-2015 and

2015-16 due to the same reasons refinancing have been decrease.

RESULT:

1. Innovation in women entrepreneurship:

- Mahila E-Haat.
- Start-up India.
- Entrepreneurial Development programme (EDPs)
- Integrated Rural Development Programme (IRDP)
- Khadi and Village Industries Commission (KVIC)
- Management Development programmes
- Women's Development Corporations (WDCs)
- Self-help groups of women entrepreneurs to mobilize resources and pooling capital funds
- Prime Minister's Rojgar Yojana (PMRY)
- Entrepreneurial Development programme (EDPs)
- Management Development programmes
- Women's Development Corporations (WDCs)
- Marketing of Non-Farm Products of Rural Women (MAHIMA)
- Assistance to Rural Women in Non-Farm Development (ARWIND) schemes
- Trade Related Entrepreneurship Assistance and Development (TREAD)
- Working Women's Forum
- Indira Mahila Yojana
- Indira Mahila Kendra
- Mahila Samiti Yojana
- Mahila Vikas Nidhi
- Micro Credit Scheme
- Rashtriya Mahila Kosh

- SIDBI's Mahila Udyam Nidhi
- Mahila Vikas Nidhi
- SBI's Stree Shakti Scheme
- NGO's Credit Schemes
- Micro & Small Enterprises Cluster Development Programmes (MSE-CDP).
- National Banks for Agriculture and Rural Development's Schemes
- Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP)
- Priyadarshini Project- A programme for Rural Women Empowerment and Livelihood in Mid Gangetic Plains
- NABARD- KfW-SEWA Bank project
- Exhibitions for women, under promotional package for Micro & Small enterprises approved by CCEA under marketing support

2. Barriers in the growth of women entrepreneurship:

- Socio-Cultural Barriers
- Mobility Constraints
- Lack of Business Administration Knowledge
- Absence of Definite Agenda of Life
- Absence of Balance between Family and Career Obligations
- Poor Degree of Financial Freedom
- Men dominated society
- No Direct Ownership of the Property
- Paradox of Entrepreneurial Skill & Finance
- No Awareness about Capacities
- Low Ability to Bear Risk
- Negligence by Financial Institutions
- Lack of Interaction with Successful Entrepreneurs
- Women in India lead a protected life

- Old and outdated social outlook to stop women from entering in the field of entrepreneurship.

1. The relationship between the growth of MFIs and WSHGs:

With the help of table 1.1, 1.2 and 1.3 we can say that there is significant impact of MFIs on SHGs, so our null hypothesis has been rejected.

2. The growth of grant provided by NABARD to WSHGs:

With the help of table 2.1 and figure 2.1 we can say that after the financial year 2013-14 grant has been reduce as compare to financial year 2012-13, so our null hypothesis has been accepted.

CONCLUSION:

Women play a crucial role in the economic development of their families and communities but certain obstacles such as poverty, unemployment, low household income and societal discriminations mostly in developing countries have hindered their effective performance of that role.

As a result, lending by MFIs exhibited a robust growth with 50% jump in loans disbursed consecutively during last three years from Rs.23682 crore during 2013-14 to Rs.37599 crore and further to Rs.61860 crore during 2015-16 (as per MFIs data). It is heartening to share that green shoots are visible in all aspects of the movement as compared to last year. There was a net addition of 2.06 lakh WSHGs during the year increasing the number of WSHGs having savings linkage to 79.03 lakh as on 31 March 2016. During the year, banks disbursed loan of Rs.37,287 crore, recording 35% increase over the last year. The savings outstanding of WSHGs with banks as on 31 March 2016 has reached an all-time high of Rs.13,691 crore. With the help of government initiatives and MFIs Bangalore have 40th and Delhi have 49th position among world top 50th cities in the delglobal women entrepreneur survey 2017, MFIs play important role in the growth of WSHGs and WSHGs play important role in the growth of women entrepreneurship in India, NABARD are sponsoring to MFIs and WSHGs are sponsoring by MFIs so, all three are interrelated to each other.

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