

## **A Study on Impact of Micro Finance on Rural Women Entrepreneurship with Special Reference to Salem District**

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### **Introduction**

In this world various religions say god is omnipresent .But it is true we do know, that poverty, unemployment and low life style are omnipresent, even in developed countries. Poverty alleviation and entrepreneurship creation is vital and significant one in the world, especially in backward and developing countries like Asian and African countries. Today various peoples faced various levels of problem in day- to -day life, like nutrition related diseases, low life style; they are unable to start any small level business. Therefore financial help for the poor through government and NGO is essential.

Women constitute around half of the total world population. So is in India also. Therefore, they are regarded as the better half of the society. In traditional societies, they were confined to the four walls of houses performing household activities. Now –a- day in modern societies, they have come out of the four walls to participate in all sorts of activities. The global evidences buttress that women have been performing exceedingly well in different spheres of activities like academics, politics, administration, social work and so on. In this process not only urban educated women but also rural women participate. Therefore women development and entrepreneurship are must for rural women.

Entrepreneurship and other development purposes finance play a vital role especially micro-level finance. Micro level credit is a boost for rural women development process. So microfinance and rural women entrepreneurship are interrelated.

### **Objectives of the study**

1. To examine the rural women entrepreneurship and socio-economic development in the study area
2. To evaluate micro finance and its uses in on women entrepreneurship
3. To find out effectiveness of SHGs in rural women's development

### **Methodology of the study**

This study is based on primary as well as secondary data. Interview schedule is used to collect primary data from the respondents and secondary data is gathered from leading journals, newspapers, related government office documents, standard books, published articles and various websites.

### **Period of study**

The study duration is one year i.e. 2012-2013.

### **Scope (or) usefulness of the present study**

The present study will be useful in the sense that it helps in understanding the performance of the rural woman entrepreneurship in economic development and role of micro finance in creation of entrepreneurship in the study area.

### **Limitation of the present study**

This study is based on simple random sampling and that sense suffers from the limitation of that sampling method. The study is a micro level therefore findings not possible for applied in macro level however all possible efforts have been taken to ensure the correctness of the data used in the present research work.

### **Sampling design for the study**

This study aims to examine the rural women entrepreneurial process and uses of micro finance in entrepreneurial activity in the study area. Three blocks in the Salem district i.e. Veerapandi, Panamaratupatty, and Ayothiapattinam are selected for collecting the sample from 180 respondents of rural women entrepreneurs in the SHGs.

## **Review of related literature**

**Stella Mary. K** (2014)<sup>1</sup> Examines micro finance and its effectiveness in women development in Tamil Nadu. The researcher says that there are three district modes to channelize the credit to micro enterprise the first mode banks lend directly to the SHGs for lending to micro-entrepreneurs. Under the second mode, banks provide loans to the NGOs for lending to the SHGs and ultimately to micro entrepreneurs. Finally under the third mode, banks extend credit to the SHGs with the NGOs as facilitator, the author all so expressed above all the three type loan procedure purpose to lift of women in social and economic level in society. This study oriented researcher fixed some objectives such as

- To study the social-economic development of SHG women through micro-finance
- To evaluate the performance of SHGs under the church charitable institutions working infour villages pertaining to the four districts in Tamilnadu
- To find out the effectiveness of SHG in women's development
- To study the leadership skills of SHG women and their empowerment through SHG programmers

This study relates collection of data through survey method. The primary data is collected from SHG members and using simple random sampling. The researcher find women desire to try innovative ideas and take risks to improve living standards with help of SHGs that might be the reason for the predominance of younger respondents

**R. Radharukkumani**(2012)<sup>2</sup> expresses women need empowerment in all the level and also she pointed out women entrepreneurs have become a string driving force in corporate world. Not only are they able to equalize their duties of both motherhood and entrepreneurship but they also work in companies of almost half of all business owned today. Many women entrepreneurs have an average age of 40-60 years old because they have had

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<sup>1</sup> **Stellamary.K** (2012) “Micro-finance and women development comparative study an socio-economic development of self-help group women in few districts of Tamil Nadu region, Department of economics, University of Mumbai, June-2012

<sup>2</sup> **R.Radharukkumani**.(2012)”women entrepreneurs -challenges and opportunities journal of HRD, times, monthly may2012 Chennai

previous careers in other areas. Their primary goal is not monetary reward but rather personal satisfaction and community involvement

**Sathiyabama.K** (2010)<sup>3</sup> evaluate empowerment of women has emerged as an important issue in recent times. The author also expresses the economic empowerment of women is being regarded those days as a sine-gun-none of progress for a country: hence, the issue of economic empowerment of women is of paramount importance to political thinkers, social scientists and reformers. The self-help group (SHGs) has paved the way for economic independence of rural women. The members of SHGS are involved in micro-entrepreneurships. Through that they are becoming economically independent and providing employment opportunities to others. This study deals with empowerment of rural women through entrepreneurship and the advantages entrepreneurship among the rural women. “Economic empowerment of women led to development of family and community” this statement is proved by a collective micro entrepreneurship in Tamil nadu.

#### **Micro-finance and rural women entrepreneurship**

Micro finance concept is created through Bangladesh gamin bank model it was implemented by Nobel laureate Mr. Mohamed uniess, micro finance is nothing but small level credit offering for poor and underprivileged persons. To modernization world must micro-finance used for women and especially for rural women so they form self help group in living area and receive small level credit from NGO bank then creates knowing small level or little level business in living areas. This process creates up list socio-economic rural women

#### **Analysis and interpretation**

#### **TABLE - 1**

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<sup>3</sup> **Sathiyabama.K**(2010) “rural women empowerment and entrepreneurship development”. Department of political science, Gandhi gram rural institute .April 2010, Dindigul district. Tamil Nadu.

**Sex wise classification of respondent**

S.No	Sex wise position	No of respondents	Percentage
1	Male	5	2.8
2	Female	175	97
3	Transgender	0	00
	<b>Total</b>	<b>180</b>	<b>100</b>

**Sources:** Primary data

From the above table it is inferred that majority of the respondents 97 percent in SHGS are female, it indicates that most of the SHGS and micro-credit process is undertaken by women entrepreneurs.

**TABLE - 2**

**Age wise position of respondents**

S.I No	age-wise position	No of respondents	Percentage
1	Upto20	18	10
2	21-30	75	41.7
3	31-40	56	31
4	41-50	29	16
5	51-60	02	01
6	Above 61	00	00
	<b>Total</b>	<b>180</b>	<b>100</b>

**Sources:** Primary data

From the above table it is inferred that majority members in SHG i.e., 41.7 percent are between in age of 21 to 30 years. This data indicates that youth groups are maximum participated in micro-credit and entrepreneurial process

**TABLE - 3**

**Marital status of the respondents**

S.1 No	Marital-status	No of respondents	Percentage
1	Single	21	11.67
2	Married	145	80.6
3	Widowed	14	7.8
	<b>Total</b>	<b>180</b>	<b>100</b>

Sources: Primary data

From the above table it is inferred that majority of the respondent, 80.6 percent are married. So, it depicted that married person’s maximum come out of the home to join SHGS in study area.

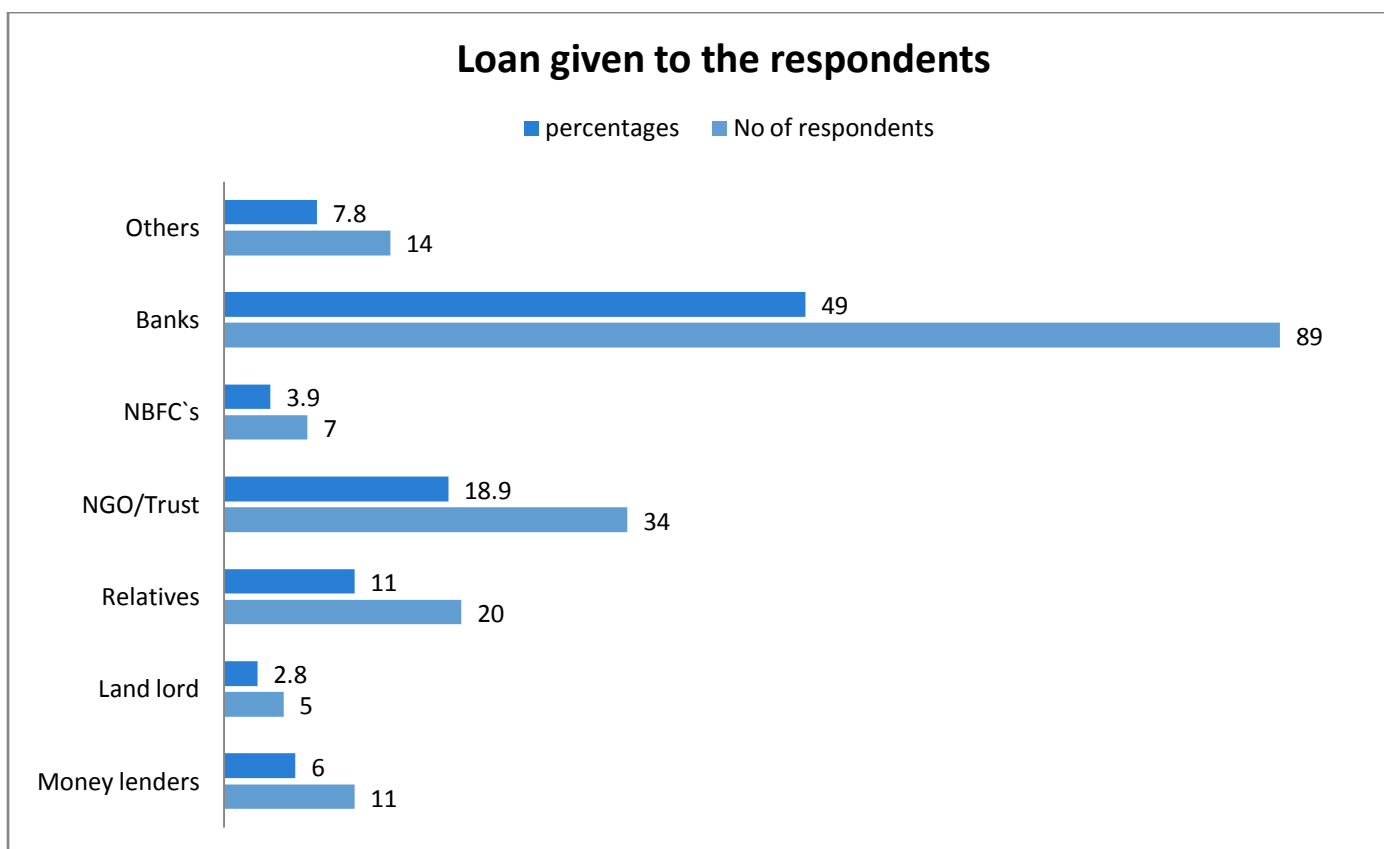
**TABLE – 4**

**Loan given to the respondents**

S. 1 No	Loan giving person	No of respondents	percentages
1	Money lenders	11	06
2	Land lord	05	2.8
3	Relatives	20	11
4	NGO/Trust	34	18.9
5	NBFC`s	07	3.9
6	Banks	89	49
7	Others	14	7.8
	<b>Total</b>	<b>180</b>	<b>100</b>

Sources: Primary data

From the above table it is inferred that 49 percent of the loan offered for the respondent through bank followed by NGOs and trust. It indicates that most of the members prefer banks for getting loans due to marginal interest and safety prevailing in banking sector.



**TABLE - 5**

**Nature of uses of microfinance**

S.I No	Nature of uses of M-F	No of respondent	Percentages
1	Creation of self-employment	48	26.7
2	Repayment of old loan	9	05
3	Family	31	17
4	Education Expenses	22	12
5	Agriculture	57	31.7
6	Other	13	07
	<b>Total</b>	<b>180</b>	<b>100</b>

Sources: Primary data

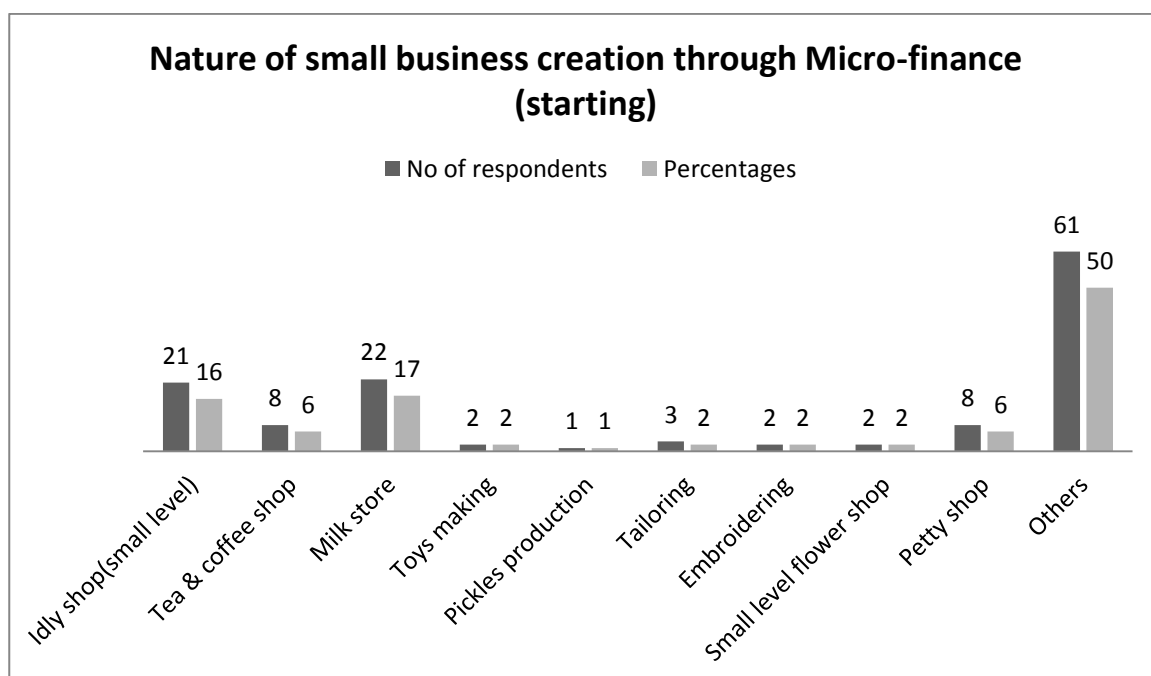
From the above table it is inferred that micro-finance is maximum used by the respondents for agriculture related allied activities, the second place play by self employment creation i.e. 26.7 percent. So it is found that members used micro-credit for agricultural activities and self-employment creation.

**TABLE - 6**

**Nature of small business creation through Micro-finance (starting)**

S.I No	Nature of small business	No of respondents	Percentages
1	Idly shop(small level)	21	16
2	Tea & coffee shop	8	06
3	Milk store	22	17
4	Toys making	2	02
5	Pickles production	1	01
6	Tailoring	3	02
7	Embroidering	2	02
8	Small level flower shop	2	02
9	Petty shop	8	06
10	Others	61	50
	<b>Total</b>	<b>130</b>	<b>100</b>

Sources: Primary data





The above table inferred that rural woman used micro level loans for starting small business units in their living area apart from petty shops, idly shops, milk store, etc. It helps them to improve socially and economically in the society.

### **Finding and suggestion**

- ❖ Micro-finance maximum used by woman's especially rural woman
- ❖ Mostly married and young aged woman joined SHGS and undertaken entrepreneurial process.
- ❖ Micro level credit available through various persons and organization but most of the members prefer banking sectors for micro credit facilities
- ❖ Micro level finance improves rural woman's an entrepreneurs

### **Suggestion**

- Need for woman development cabinet ministry for women empowerment.
- Necessary care for rural woman entrepreneur must be provided by state and central government.
- Need for much more level of subsidy and interest free loan for rural woman entrepreneur.
- Conduct more awareness program about entrepreneurship in rural areas
- Proper training must be given to rural woman in related to entrepreneurship.

### **Conclusion**

Poverty is omnipresent in the world .Micro-finance and entrepreneurial activities are the only great solution to poverty alleviation. Micro level credit uplifts and creates entrepreneurial process in rural area and creates rural woman entrepreneur .Rural woman gets social and economic conditions increased through micro credit activities.

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