



IMPACT OF MICROCREDIT SERVICES ON SOCIOECONOMIC STATUS OF WOMEN ENTREPRENEURS

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Abstract

Women Entrepreneurship is one of the major domains which have come out in last few decades. In India, the success of women entrepreneurs found better than developed countries which also has incremental in nature. In last the 50 years several social innovations have been made including Cooperatives and Microcredit. Both these innovations have reflected positive impact on families, especially to the rural and sub-urban areas. As per several research in the field of social financing and rural financing the microcredit institutions have evolved as the major financial institutions in the rural side of developing economies. In India currently hundreds of Microfinance Institutions (MFIs) are effectively working with rural people, i.e. farmers, small vendors, women SHGs etc. This study was conducted in 4 districts of Uttar-Pradesh to assess the socioeconomic impact of Microcredit on women entrepreneurs those availed microcredit from any MFI. The data from 100 women entrepreneurs have taken for the analysis in the study.

Keywords: Women Entrepreneurs, Microcredit, Socioeconomic status.

Microcredit is 'Credit for self employment', financial and other business services including savings and technical assistance. Cooperative movements' including credit cooperatives is not successful in providing financial services to the poor. The reason behind its failure up to some extent is that it comprises people of all economic status within a particular village or community and also inadequate management is one of the reasons for its failure. In India number of cooperatives is recorded as non-functional because of financial mismanagement and failure in recovering dues. Those cooperatives which are working they are dominated by rural leaders and funds are given on the base of priority instead of needs. Both micro credit and other poverty alleviation programs are different. Very small loans are given in micro credit programs on an average less than \$100 by world standards and in hundreds of rupees by Indian standards. The beneficiaries of micro credit are both the rural and urban households especially women. Credit is given for income generating activities, asset creation and improving living standard. The beneficiaries are recognized by Micro Finance Institutions (MFIs)/Non-Government Organisations/ SHGs (NGOs) independently. The repayment period is usually not very long. It is a new move towards banking with economically deprived class of the community. The distinct advantages are high rate of repayments of loans and low transaction cost. Now micro-credit turned into an established institutional support for financial services especially for the poor. It has established as an

independent financial system with a number of variants in micro finance institutions and systems. It has two approaches as- the individual approach and the group approach. Self-Help Group Program in India is an example of group approach (NCW, 2004).

Women's empowerment is the effect of joint interventions that go beyond credit, and they look for changing relationships of society towards reducing poverty and gender equality. Along with reducing poverty and gender equality the more important are organizing, awareness, capacity building and participation. ILO has conducted a global literature survey on microcredit and concluded that for women's empowerment and women's entrepreneurship development women must have real control on microcredit resources. The vision for control is challenged when microcredit institutions put into practice model on early and full financial sustainability and other services as education and training. Credit alone cannot change patriarchal systems of control over household and community levels. Results of studies conducted in Bangladesh support the fact as the majority of women borrowers in the microcredit programs did not have control on either the loans received or the income generated from their enterprises. Effects of microcredit programs in terms of minimalist and integrated approaches on women empowerment is examined by Gita Sabharwal and found that microcredit programs from any approach lead to women's contribution towards the household economy but it is not a adequate situation to deal with prevailing



basic dissimilarity and change women's secondary status within the household or easy access of women to credit will not guarantee empowerment.

Study Objectives: The study assesses the impact of microcredit facilities on socioeconomic status of a women entrepreneur in the study area. The major objectives are to know the impact of Microcredit on women entrepreneurs mobility, to check the income level of women entrepreneur after availing microcredit and to study the role of women entrepreneur in the decision making process in the family.

Purpose of the Study: Some studies have been conducted earlier on the issue of Social Well being of Women Entrepreneurs availing microcredit facilities from Micro-Finance Institutions (MFIs) or Regional rural banks. After reviewing the literature available on Women Entrepreneurship and Microcredit it was observed that there is a gap of research on Role of Women in decision making in the family after availing microcredit and becoming entrepreneur. This issue motivated us to conduct this study.

Literature Review: Sikligar (2009) reported that micro-finance is one of the conducive approaches for economic development of the minorities and it should be continued for their sustainable economic development because it is one of the important aspects of social development which promotes education, health, family welfare and other parameters of an improved living standard. Hasan and Cong Lu (2011) studied about effectiveness of micro-credit programmes in reducing poverty and its impact in income generation and improvement in living standard of borrowers in Monirampur Upazila of district Jessore, Bangladesh. Found that borrowers of micro-credit programs are better in income generation and food consumption. Kundu (2010) reported that wealthier prefer to join microcredit system on the basis of individual liability loan, less wealthy to joint liability while ultra poor less like to join any type of microcredit system after studying three gram panchyats Gabberia, Ghateswar, krishnapur of Mandirbazar block of South 24 Pargans district of West Bengal. Arabi (2009) stated that microcredit innovative efforts could be a measure for alleviation of poverty in India and the success of these experiments much depend not only on the government's policy steps but more importantly, on the extent of awareness to be generated among the rural poor who are excluded from the network of financial benefits and services particularly in rural India. Babu (2009) examined that microcredit schemes of South Indian states and found that it is having positive impact. The schemes should also be effectively implemented in North Indian States to reduce poverty ratio in India.

Data and Results: The data were collected from 100 beneficiaries from 4 districts of Uttar Pradesh State. To

assess the socioeconomic status the demographic data were also captured.

Table 1: Distribution of respondents according to age group

Age Group	Respondents
21-30	29
31-40	47
41-50	19
51-60	5

Source: Surveyed Data.

Table 1 reveals distribution of respondents according to age group in the study. A maximum respondent (47) belongs to age group of 31-40. Followed by 29, 19 and 5 respondents in the age group of 21-30, 41-50 and 51-60 respectively.

Table 2: Distribution of respondents according to education

Class Interval (Age Group)	Qualifications				
	Read & Write	Primary	Junior high school	High School	Intermediate
21-30	17	3	5	1	4
31-40	28	7	2	6	4
41-50	18	1	0	0	0
51-60	5	0	0	1	0
Total	68	11	7	8	8

Source: Surveyed Data.

From Table 2 educational qualification of the respondents is clearly depicted. None of the respondent is illiterate. Majority of respondents (68) can read and write in which more respondents (28) were in age group of 31-40 followed by 18 respondents in age group of 41-50, 17 respondents in age group of 21-30 and 5 respondents in age group of 51-60. Just 11 respondents were primary educated out of which 7 respondents were in age group of 31-40, 3 respondents in age group of 21-30, 1 respondent in age group of 41-50 and no respondent (0) in age group of 51-60. Only 8 respondents were high school educated in which 6 respondents were in age group of 31-40, both 21-30 and 51-60 age groups had 1 respondent each where as no respondents (0) in age group of 41-50. Intermediate level of education is also possessed by 8 respondents out of which equal number of i.e.4 fall in both age group of 21-30 and 31-40. None of the respondent falls in the age group of 41-50 and 51-60. Merely 7 respondents were junior high school educated out of which 5 respondents were in age group of 21-30 and only 2 respondents were in age group of 31-40. No respondent (0) falls in age group of 41-50 and 51-60.



Table 3: Distribution of respondents according to household material possession

Class Interval (Age Group)	Household Material								
	Sewing Machine	Electric Press	Fan	Gas Stove	Traditional Chulha	Pressure Cooker	Watch	Table & chair	Bed
21-30	8	9	18	8	24	19	7	21	11
31-40	13	16	33	14	37	30	19	32	22
41-50	4	3	12	5	15	13	8	11	9
51-60	1	0	5	3	4	3	2	3	3
Total	26	28	68	30	80	65	36	67	45

Source: Surveyed Data.

Table 3 reveals household materials that respondents own. Sewing machine was owned by 26 respondents in which 13 respondents in age group 31-40 followed by 8 respondents in age group 21-30, 4 respondents in age group 41-50 and 1 respondent in age group 51-60. Electric press was possessed by 28 respondents out of which 16 respondents in age group 31-40, 9 respondents in age group 21-30, 3 respondents in age group 41-50 and no respondent (0) in age group 51-60. Fan was owned by 68 respondents in which 33 respondents in age group 31-40, 18 respondents in age group 21-30, 12 respondents in age group 41-50 and 5 respondents in age group 51-60. Gas stove was owned by 30 respondents out of which 14 respondents in age group 31-40, 8 respondents in age group 21-30, 5 respondents in age group 41-50 and 3 respondents in age group 51-60. Majority of respondents (80) use traditional chulha for cooking in which 37 respondents in age group 31-40, 24 respondents in age group 21-30, 15 respondents in age group 41-50 and 4 respondents in age group 51-60. More number of respondents (65) uses pressure cooker out of which 30 respondents in age group 31-40, 19 respondents in age group 21-30, 13 respondents in age group 41-50 and 3 respondents in age group 51-60. Only 36 respondents own watch out of which 19 respondents in age group 31-40, 8 respondents in age group 41-50, 7 respondents in age group 21-30 and 2 respondents in age group 51-60. Table and chair possessed by more than half of the respondents (67) in which 32 respondents in age group 31-40, 21 respondents in age group 21-30, 11 respondents in age group 41-50, 3 respondents in age group 51-36 and 45 respondents own bed in which 22 respondents in age group 31-40, 11 respondents in age group 21-30, 9 respondents in age group 41-50 and 3 respondents in age group 51-60.

Table 10 reveals changes in socio-economic status of respondents after getting microcredit in terms of same, increased and decreased. Mobility remains same for 19, 8 and 2 respondents who are in the age group of 31-40, 41-50 and 51-60 respectively. Mobility increased for 21, 16 and 5 respondents who are in the age group of 21-30, 31-40, and

Table 4: Changes in Socio-economic Status after getting Microcredit

Sl. No.	Changes in Socio-economic Status	Degree of Impact	Class Interval(Age Group)			
			21-30	31-40	41-50	51-60
1	Mobility	Same	0	19	8	2
		Increased	21	16	5	0
		Decreased	8	12	6	3
2	Recognition in family	Same	13	17	6	1
		Increased	8	16	7	2
		Decreased	7	14	6	2
3	Access to credit sources	Same	11	13	5	0
		Increased	12	19	4	3
		Decreased	6	15	10	2
4	Income	Same	10	12	9	2
		Increased	9	10	5	1
		Decreased	8	25	5	2
5	Skill development	Same	14	13	7	3
		Increased	15	16	9	1
		Decreased	0	18	3	1

Source: Surveyed Data.

41-50 respectively. Decreased mobility was stated by 8, 12, 6 and 3 respondents who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Recognition in family remains same for 13, 17, 6 and 1 respondent who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Recognition in family increased for 8, 16, 7 and 2 respondents who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Recognition in family decreased for 7, 14, 6 and 2 respondents in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Access to credit sources is same for 11 13 and 5 respondents who are in the age group of 21-30, 31-40 and 41-50 respectively. Access to credit sources increased for 12, 19, 4 and 3 respondents who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Access to credit sources decreased for 6, 15, 10 and 2 respondents who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Income is same for



10,12,9 and 2 respondents who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Increased income for 9, 10, 5 and 1 respondent who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Decreased income for 8, 25, 5 and 2 respondent who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Skill development is same for 14, 13, 7 and 3 respondents who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Increase in skill development for 15, 16, 9 and 1 respondents who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively. Decrease in skill development for 18, 3 and 1 respondents who are in the age group of 21-30, 31-40, 41-50 and 51-60 respectively.

Conclusion

The study concludes that the microcredit facility has supported women to become entrepreneurial. The findings of the study shows there is significant improvement in the family income as well as mobility of women has increased in the family. It is found that the recognition in the family for a women entrepreneur is still not good enough. At the same time there is increment in the skill development of a women entrepreneur. The study also found that there is an increase in access to microcredit; it reflects that the microcredit facilities have been increased in the required rural, sub-urban areas.

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