

## **AN EMPIRICAL STUDY ON THE IMPACT OF MICRO ENTERPRISES ON WOMEN EMPOWERMENT**

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***Abstract:** The study finds that the of micro enterprises lead to women empowerment and entrepreneurship and make them to wholly involve in income generating activities by choosing a own business venture. Women empowerment is very important for the acceleration of economic growth. The economic empowerment of women is being regarded as these days as a Sine- quo-non of progress for a country; hence, the issue of economic empowerment of women is a paramount importance to political thinkers, social scientists and reformers. The Self Help Groups (SHGs) have paved a way for economic independence of rural women. Because most of the women in villages are un employed and under employed. SHGs promoted micro- enterprises are a tool to boost their economic self – reliance. The members of SHGs are involved in Micro – Entrepreneurships by which contributing to national growth”, Empowerment is intellectual capital. Capital is a life blood of any industry.*

*Without women development, economic development will not take place. Women should be imparted technical knowledge, skill- training and marketing techniques in the process of establishing enterprises by them for more sustainability and economic stability. Because, the Micro enterprises add values to a country's economy by creating jobs, enhancing income, strengthening purchasing power, lowering costs, improved standard of living and adding business convenience*

**Key Words:** WSHG- Women Self Help Groups Women Entrepreneurs and Empowerment. Micro credit, micro enterprises

### **INTRODUCTION**

‘Give me good mothers, I give you a good Nation’ - Napoleon Bonaparte.

This paper is divided into three sections. In the first section we shall discuss the concept of Self-Help Groups (SHGs) and Women Empowerment, its various models and the strength of informal sector over formal sector. In section II, we shall present

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the progress of Women Entrepreneurs and their model of micro-financing in India for micro enterprises.

Women constitute around 50% of the total human resources in our country. In the Globe, 1.3 billion people who live in an absolute poverty, in which 70% are women. Poverty remains severe in rural India. In much society around the world, women never belong to wholly to themselves; but they are the property of others throughout lives. It is important to develop and promote micro-enterprises to empower women. Women are generally perceived as homemakers with little to do with trade or economy. But, they are a vital human resource. Small business development is a key concern in India, because SMEs (small- medium-enterprises) dominate the Indian economy.

According to Amartya Sen (1990) 'More than 100 Million Women are Missing' who brought to focus the increasing gender discrimination by analyzing the male-female ratio. He has argued that the problem of missing women is 'clearly one of the more momentous, and neglected, problems facing the world today' (ibid.)

According to The Save the Children Foundation in London's study reveals that 50% increase in household income of micro-finance participants, compare to non-members. "Micro finance enables the poor to be self employed and self reliant to create Productive Capital and to protect the capital they have. Micro – finance provides economic opportunities to the SHG members.

In *developing* countries, micro enterprises comprise the vast majority of the small business sector. These micro entrepreneurs operate micro enterprises not by choice, but out of necessity. Micro enterprises add value to a country's economy by creating jobs, enhancing income, strengthening purchasing power, lowering costs and adding business convenience. Countries like India, the speedy urbanization leads to devastation to agricultural related activities. It causes rural unemployment and poverty. Micro enterprises in this scenario, is an essential element for rural women to get employed and earn for their livelihood.

Micro enterprises typically have a little to no access to the commercial banking sector, they often rely on "micro-loans" or micro credit in order to be financed. Microfinance institutions often finance these small loans, particularly in the Third World. Those who run micro enterprises are usually referred to as 'entrepreneurs.'

**Leo Paul DANA,(2006)** entrepreneurship differs greatly across Asia. Cultural values, government policy and a variety of other factors, including a nation's colonial experience, affect entrepreneurship.

Dr. L K Tripaty discussed the critical imperative for introducing incentives for encouraging academic entrepreneurship in India. The author also focused on education entrepreneurship as a powerful engine, for the improvement of countries economy. The author also mentioned about poverty and no using the brains and brain drains. Creating opportunities for the young and educated within the country will give them an employment, as well as create greater opportunities for others.

In developing countries like India, macro economic problems like over-population, poverty alleviation, unemployment etc., can be solved using production made by "Masses Approach" than by " Mass Production" (Ganesan N.and Dr.Jaffar 2004). Hence, the SHGs are more suitability to start micro enterprises by themselves. Micro enterprises are employment generating sectors at low cost capital. It is true that micro and small enterprises are accepted as the engines of sustained economic growth for promoting economic development. Micro finance activities are economic activities in developing empowerment of women. SHGs are not only micro-credit groups but also a Social Security Groups with the motto of "SAVINGS FIRST AND CREDIT NEXT." It is vivid clear that the study reveals a truth that the income earned by women solely goes to the maintenance of their home when compared to men, whose earning only a part is being spent for the development of the home. Women are real assets in the family. They are the builders of the home. Most of the family still lives in the earnings of women.

## **REVIEW OF LITERATURE**

According to the Report of Government of India, "Empowerment means moving from a position of enforced powerlessness to one of power".

Sita Devi K, Ponnarasi T, and Tamilselvi G (2005) in their innovative study observe, "Impact of Micro Finance Programme in Rural Development" has identified the impact of micro finance on women's empowerment. They are conspicuous in alleviating rural poverty as well as helping them to participate in all the developmental activities comprising of social & economic aspect. Sathiyabama K, (2010) , in her research on " Rural Women empowerment and Entrepreneurship Development points out, " The economic empowerment of women is being regarded as these days as a sine- quo-non of progress for a country, hence, the issue of economic empowerment of women is a paramount importance to political thinkers, social scientists and reformers. The Self Help Groups (SHGs) have paved the way for economic independence of rural women. The members of SHGs are involved in Micro – Entrepreneurships"

Laoyan Chen (1999) The study shows that Chinese women in rural areas have increasingly adopted co-operatives as a form of organization in their effort to address the problem for their lack of access to resources including land , credit, jobs,, training and information and to participate in the main stream economy as an organized force.

A female entrepreneur also faces several societal issues; harassment is a major problem for them in many countries. Sexual harassment remains a common complaint (Mordi *et al.*, 2010). The ILO (2003) report about Pakistan specifically mentions this issue as well. Police harassment is commonplace in such instances. Basic infrastructure and suitable premises are also an issue.

Cantillon (1755) described entrepreneurs as absorbing uncertainty caused by changing conditions, and thus contributing to the welfare of society. The aristocrat industrialist, Jean Baptiste Say, defined the entrepreneur as the agent who "unites all

means of production and who finds the value of the products...the re-establishment of the entire capital he employs, and the value of the wages, the interest, and the rent which he pays, as well as the profits belonging to himself (Say, 1816, pp. 28–29)."

Dzisi (2008: 3–4) gives the definition of entrepreneurship from the economic point of view, quoting the definition given by Schumpeter and Kirzner. "Schumpeter (1934) described the entrepreneur as the innovator who introduces something new into an economy" and "...Kirzner (1997 – authors own addition) stressed the fact that the entrepreneur is the decision maker in a particular cultural context, who commands a range of behaviours that exploit these opportunities".

According to Lea Paul Dana (2006), it is widely accepted that entrepreneurship contributes to development, with a positive effect on society, creating employment, economic expansion, a larger tax base, and more consumer well being. This is increasingly supported by research, and governments around the world have acknowledged this.

Professor Mohammad Yunus, the founder of Grameen Bank in Bangladesh and the originator of the concept of microfinance, believes that 5% of Grameen Bank's clients exit poverty each year. However, there are surprisingly few credible estimates of the extent to which microcredit actually reduces poverty. Even the *recent* more *rigorous* research findings are not free of methodological limitations or controversies. Thus, the continuing intense debate about the impact of microfinance on poverty reduction is not surprising. Despite the euphoria of the Nobel Peace Prize going to Professor Mohammad Yunus there are still many sceptics.

As cited by Karl, "Empowerment is a process of awareness and capacity building leading to greater participation, to greater decision making power and control, and to transformative action (Karl, 1995).

Empowerment of women and gender equality recognized globally as a key element to achieve progress in all areas. It is one of the eight millennium goals to which world leaders agreed at the Millennium Summit held at New York in 2000 (Bhagyalakshmi, 2004).

Jean Baptiste Say, in his book, entrepreneurship refers to economic undertaking; this is based on the classical definition of the word, which can be traced to the German *unternehmung* literally translated as undertaking. The agents of entrepreneurship are entrepreneurs, from the French *entrepreneurs*, literally meaning "between takers." The flagships of entrepreneurship are small and medium enterprises (SMEs).

Nitin Arora explained in the article the entrepreneur life cycle, prospecting and experiences about entrepreneurship venture capital starting up of an entrepreneurial journey entails a process where one has to deal with ambiguities at regular basis. And these ambiguities remain even after the so called scaling up process only the nature of challenges change. Transparency, commitment and passion are important in all stages of entrepreneurial life cycle and help to keep the flock together and energized.

Redding (1990) focused on Chinese enterprise—prominent in East Asia. The economic dominance of Chinese entrepreneurs often led to tensions. In response to ethnic discrimination, Chinese entrepreneurs often chose to have a low profile. Rather than develop their own brands, they usually preferred to act as subcontractors, wholesalers and retailers.

Numerous authors have recognized entrepreneurship as important to small business enterprises (Ligthelm, (2008); Kongolo, (2010); Sebikari, (2014b:12). Kongolo (2010) suggested that both small business and entrepreneurship form the hub of economic development by absorbing productive resources at all levels of the economy. Beyond what has been said, Rafi, Arzu, Khan, Ul Haq & Kashif (2013) indicate that starting new businesses is the most form of entrepreneurship. Globally women are considered as weaker gender physically and emotionally

Wennekers, (1999) and India is no exception. The discrimination against women reflects not only in the social, political, cultural and educational arena, but also in commerce and economic field.

(Agrawal, 2003). In almost all the societies, women have less power than men, have less control over resources and receive lesser wages for their work. They remain as an 'invisible' work force.

Acs and Armington , (2006) define entrepreneurship as “the process by which agents transform knowledge into wealth through new firm formation and growth, and then reconstitute wealth into opportunity for others”.

Masao Kikuchi (1998) made some case studies to analyze and examine how the new export market and subcontracting system resulted in the emergence of a “new generation of rural entrepreneurs” in Philippines. The study found that sub contracting in the export garment sector is not limited to sewing, but also for other related services. Because: of the technology used in the garment industry is labour intensive, the spread of garment sub contracting in rural areas has created employment opportunities with low opportunity costs, More fundamentally, the rise of the export garment sector gives an opportunity for new rural entrepreneurs to Create a new rural industry overpowering the challenges of business world is more grueling, strenuous and arduous for women rather than for their male counterparts. They undergo innumerable steeplechases to achieve success in their business. Allen Truman, (1993).

According to Marlow, (2002) entrepreneurship is not just confined to any one gender, the multi-faceted economic pressures borne by women have forced them to retrospect and realize that the survival of their families and their own potential is possible only if they move shoulder to shoulder with the men. The need for achievement and autonomy, risk-taking, control of business and self-efficacy are other vital characteristics of women entrepreneurs (Shane, 2003).

Carter, (2001). Studies have shown that women owned businesses comprise between one-quarter and one-third of businesses in the formal economy and are likely

to play even greater role in informal sectors. Over two hundred million women are employed across all industry sectors, with half of this number is in developing countries. Gem report, (2007).

Mote Shige and Masayuki (1998) have made a study on the working and development of putting-cut system" in Japan. The study shows how rural labor force with a very low opportunity cost can be capitalized by promoting rural entrepreneurship. The study exposed the alternative route of economic development in which there is movement of the modern production base in to the rural sector, rather than migration of the rural labour force into the urban sector. The study supports a way of development in which widespread industrial activities could be organized in a decentralized manner by exploiting not only the physical labour but also the entrepreneurial ability of the rural people, the two important resources that were under utilized in the past.

The Institute of Development Alternatives, in their livelihood assessment report (2004) on " Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP) " states that " The tenth five-year plan identified the priority and thrust area for attaining the goal of reducing rural poverty, organizing the rural masses into self-help groups and the establishment of micro-enterprises, training, credit linkages, market support etc. The tenth plan also identified strengthening of Grama Sabha, (Village Meeting) the governing body of village assembly as an agency of social audit and to review the implementation of rural poverty reduction programmes. As a special strategy for developing women and children, empowerment of women through self-help groups has been identified as a thrust area during the tenth plan.

In recent years female entrepreneurship has been attracting increasing attention, because of the concrete evidences of new business creation by them, which has enhanced the economic growth and development (Acs *et al.*, 2005; Langowitz and Minniti, 2007).

Roy, M. (2004) Total literacy in Ganjam district, Orissa. and M. Karlekar (Ed.) Paradigms of learning, the total literacy campaign in India. New Delhi: Sage Publications, advocates that "the empowerment of communities takes place during the literacy campaign when literacy is linked to the development activities".

Matheswaran V P (2007) in his paper on "Women Empowerment for Sustainable development Through Self Help Group Movement in Tamil Nadu " states the types of empowerment in the order as " The following are the different aspects of women empowerment: Participation of women in democracy (political empowerment); education of girls (Social Empowerment) eradication of gender barriers in employment (economic empowerment); and land rights and legal machinery (legal empowerment).

Shivaji Sengupta (2009-10) in his deliberations on "Fostering Empowerment through Entrepreneurship" suggests "There are a couple of ways in gaining the empowerment. The first is of course by encouraging our agricultural sector which has

enormous potentiality to be more efficient in supply chain thereby providing more benefits to the farmer and the second thing is in terms of enhancing the output of our farmlands thereby helping our small farmers be more self reliant vs. the current trend of them going deeper in debt and slide towards becoming laborers. "

Kabeer (1999) explains that women's empowerment refers to the process by which those who have been denied the ability to make strategic life choices acquire such abilities.

Tripathy (2004) explains the economic empowerment through income generating activities through self help groups and also explains its importance in education, mid-day meals scheme, health, agriculture and allied activities, community action and sustainable development and rural sanitation.

According to the study highlighted by Pit and Khandker (Bangladesh-2005) by using the instrumental variable method; conclude that , "Micro credit increases consumption expenditure, reduces poverty and increases non-land assets".

Similarly, Karlan and Zinman (2010) conducted a randomized study to identify the impacts of credit expansion for Micro-Entrepreneurs in Manila, Philippines. As they reported that, " access to credit led to a set of counter – intuitive results, including a reduction in business investments, increased profits due to dismissal of unproductive labour, and substitution of formal insurance for risk-sharing arrangements.

According to Sheik Mohammad (2004), " Women Self Help Groups (WSHG) has worked for the success of women entrepreneurs.

Senthil Vaduvoo and Sekar (2004) state that, SHGs are movement for women empowerment, it covers women collectively struggling against direct and indirect barriers to their self development and their social, political and economic participation.

According to Snow, Douglas R. and Terry F. Buss (2002), "A Micro credit is a small credit given to a client by a bank or any other institutions".

The Secretariat of the United Nations defines women's empowerment as having five components: First, a belief in individual self-worth: Second, the right to make decisions; Third, the power to access opportunities and resources; Fourth, the ability to control the public and private lives: and Fifth, the opportunity to engage within society in order to influence nations and the world".

Women entrepreneurship is expanding around the world and generations of women from very different backgrounds are showing very encouraging sign of entrepreneur spirit. Delmar, (2000).

Mayoux (1997) states that " empowerment is a multidimensional and interlinked process of change in power relations for the people who are disempowered and are most disadvantaged."

Capacity to make effective choices to bring out desirable changes in one's life has been a central idea of empowerment-(Alosp, R and Heinsohn, N: 2005).

“Female entrepreneurs are defined as those who use their knowledge and resources to develop or create new business opportunities, who are actively involved in managing their businesses, and own at least 50 per cent of the business and have been in operation for longer than a year” (Moore and Buttner, 1997 in Farr-Wharton and Brunetto, 2009: 2) Rowland, J. (1997) defines empowerment as a process whereby women become able to organize themselves to increase their own self-reliance, to assert their right to make independent choices and to control resources which will assist in challenging and eliminating their own subordination. According to her, the concept of ‘power’ is central to the understanding of empowerment. The concept of power has four dimensions namely, ‘power within’, ‘power to’, ‘power with’, and ‘power over’. Rowland believes that personal empowerment is the key to the entire empowerment process which involves changes in psychological and social spaces.

Although entrepreneurship is usually regarded as an activity, some definitions concentrate more on its operational and functional characteristics. Roomi and Harrison (2010) quote Stevenson (1983).

According to Marlow, (2002) entrepreneurship is not just confined to any one gender, the multi-faceted economic pressures borne by women have forced them to retrospect and realize that the survival of their families and their own potential is possible only if they move shoulder to shoulder with the men. The need for achievement and autonomy, risk-taking, control of business and self-efficacy are other vital characteristics of women entrepreneurs (Shane, 2003).

In many parts of the world, ground realities are different despite funding and effort. Female entrepreneurs still have problems due to the lack of governmental support (Singh and Belwal, 2008). Businesses formed by women are sometimes very small scale and may not even be registered with the government (Tambunan, 2009); this may happen due to complex registration procedures.

Usha Jumani (1991) conducted a study to analyze the status of self-employed women in rural areas. Economic activities through which the Income of the women will be increased have to be identified with great care. They have to be in consonance with time availability with family roles and with their awareness levels. Traditional occupations can be exchanged for the new technological based employment for women entrepreneurs, Use of Information technology and also scientific processes, can enhance economic activities in the rural area. The women need to be trained by the government for the same. Policies that encourage the training through government agencies can cover both male as well as the female business contenders.

## **STATEMENT OF THE PROBLEM**

All the Research Studies and Literatures mostly highlight the normal functioning of Women Self Help Groups. Many studies under Impact of Micro enterprises and women empowerment, focus on women economic development and self reliance.. This study would like to highlight mainly the impact on lending to SHG members for micro



enterprises activities to productive and income generating activities. It insists on the close monitoring of the micro credit implementations. The credit is mostly subsidy oriented. Hence, there are many fold lapses in spending the loan amount against the real purpose. All the previous studies do not bring this insight into their research areas. Hence this study will assess the impact and essential need on Micro-Enterprises and women's empowerment.

### **SAMPLE DESIGN AND METHODOLOGY**

The study is based on information obtained from a primary sample survey conducted at three different levels: the SHGs as a group, the individual members and the various functionaries associated with the programme of bank-linkage especially, Banks, NGOs and BDO (Block Development Officer) Offices. A total sample of 600 SHG Women Members, at household level was selected from 13 Blocks of Kanchipuram District. (Refer Table 1) to assess the impact of bank-linkage.

**Convenient Sampling Method** was adopted for selecting the sample members collected from the Primary Data. SHGs having completed Minimum 3-5 years of bank linkage were selected for the study assuming that the benefits from the SHG bank linkage programme would have fairly well stabilized. In the final stage, a sample of 600 SHG households was selected from the 13 Blocks. Pilot study was conducted to ensure the reliability and validity of the research instruments. Cronbach's Alpha Test conducted for the Reliability of the data. Value (.884)

The distribution of sample SHGs and members were proportionate to the number of SHGs linked as at the end of December, 2012.

### **METHODOLOGY**

This paper forms a part of the research conducted with women SHG members who are running micro enterprises and involving in trading or production of goods in Kanchipuram District of Tamil Nadu. For the primary data collection, Convenient Sampling Method has been adopted. For the Secondary data, the researcher had visited 13 Block Development Offices (BDO) in Kanchipuram District., Collector office -Statistical Information centre, Nationalized Banks, and various NGOs who are in promoting Women SHGs, and Panchayat Level Federation Leaders ( PLF) and various web sites.

In Kanchipuram District as on 31-07-2013, there are more than 30,000 Women Self Help Groups which are functioning in 13 blocks.

### **OBJECTIVES:**

- To evaluate the SHGs micro –enterprises and economic empowerment
- To identify various problems and issues faced by micro –entrepreneurs
- To study the group – run micro enterprises and its impact on women empowerment.

- To highlight the essential needs of Women Micro entrepreneurs for their stability.

### AREA PROFILE

The study area is Kanchipuram district of TamilNadu, is situated on the North East Coast of Tamil Nadu. It is bound by the Bay of Bengal in the East, Vellore and Thiruvannamalai in the West, Thiruvallur and Chennai districts in the North, and Villupuram in the South. The total area is 4,43,210 hectares and a coast line of 57 kilometers. According to the 2011 census, Kanchipuram district has a population of 39,90,897. Source: District Profile May 2011.doc.

### STUDY PERIOD

From 2006 to 2012. Most of the Respondents are supporters of SHG- Bank –Linkage, which are more than 5 years old.

**Table 1**  
**Distribution of Sample Size in Block level at Kanchipuram District**

<i>Sl. No.</i>	<i>Taluk</i>	<i>No.of SHGs</i>	<i>No.of Respondents</i>	<i>%</i>
1	Kanchipuram	2450	50	8.3
2	Uthiramerur	2250	45	7.5
3	Kattankulathur	2868	60	10
4	Achirapakkam	1940	40	6.7
5	Thirukazhukundram	2106	40	6.7
6	Chithamur	1126	20	3.3
7	Sriperumbathur	2303	50	8.3
8	Madurantakam	2956	60	10
9	St.Thomas Mount	2153	45	7.5
10	Thirupporur	2670	60	10
11	Lathur	1340	25	4.2
12	Walajabad	2755	55	9.2
13	Padappai	2351	50	8.3
	Total	29,268	600	100%

*Source:* primary data: and secondary data from BDO offices.

### WOMEN EMPOWERMENT

In Tamil Nadu, the empowerment of women through SHGs has been initiated as early as in 1998 in Dharmapuri District. SHGs provide community platforms to women from which they can become more active in village affairs.

Women's empowerment should take place mainly in the fields of Education, Employment, Economic and Social Participation. Empowerment will not take place unless women are well educated. Education is the FIRST and foremost step to empower women. The study reveals that the educated women's SHGs are functioning well than non- educated members' SHGs. Empowerment is a process of enhancing human capacity and capabilities. It expands choices and opportunities, and each person can

lead a life of respect and value. (International journal of microfinance volume 1. No. 2, July-Dec, 2011) According to FAO, the most disadvantaged section of society is the women; they are the ‘silent majority’ of the world’s poor. Seventy per cent of the world’s poor are women. In almost all the societies, women have less power than men, have less control over resources and receive lesser wages for their work. (Agrawal, 2003). Empowerment of women is critical not only for their own welfare but also for the development of the country. In these situations, the concept of Self Help Groups (SHGs) is proving to be a helpful instrument for the empowerment of women. SHG is an organization of rural poor, particularly of women that deliver micro credit to undertake the entrepreneurial activity. (Table 3)

Women must be empowered by enhancing their awareness, knowledge; skills and technology use efficiency, thereby, facilitating overall development of the society. The Social processes of Micro financing programmes strengthens women’s self - esteem and self worth, instill a greater sense of awareness of social and political issues leading to increased mobility and reduced traditional seclusion of women.

According to Arjun U. Pangannavas (2009) in his Research, “Rural Development – Women Self Help Groups” reveals, better education and training to earn more money to supplement family income, economic empowerment and improving decision making better access to credit and higher income are the outcome of SHG members after joining the SHGs. Empowerment can increase financial sustainability and poverty alleviation. The empowerment of women and the promotion of gender equality is one of the Millennium Development Goals.(MDGs), in which all the 192 United Nations’ Member States have agreed to achieve by the year 2015. Empowerment is the process of enhancing the capacity of an individual or group. The age is not the barrier.

**Table 2**  
**Age Composition of Women SHG Members**

Age Group in years		Frequency	Percent
Valid	18-25	62	10.3
	26-35	163	27.2
	36-45	239	39.8
	46-55	81	13.5
	Above 55	55	9.2
	Total	600	100.0

Source: primary data.

Most of the Women SHG members are at the age group of 36-45 which constitutes nearly 40%, 26-35 are representing 27%, 46-55 are 14%, young age group members mostly are unmarried representing 10% and 9% represents the age group of above 55 and above. In these categories, 40% members who belong to the age group of 36-45% are active group members and they are the leaders and promoters of the groups.

## **WOMEN ENTREPRENEURSHIP**

Women Entrepreneurship Development is a very crucial factor for the acceleration of economic growth of any country. It is an essential part of human resource development. (Dr. Shanmukha Padala-Dr. N.V.S. Suryanarayana) Technological development empowers women to acquire more relevant qualifications and values to meet the demands of entrepreneurship.

Entrepreneurship development of rural women through self help groups have brought in good values in the lives of rural women and considered to be key agents of sustainable development and women's equality as central to more holistic approach.

Women are seen as an active change Agent. SHG enables the members to learn, to cooperate and work in a group environment. It provides saving mechanism as per the needs of the members. It significantly contributes to the empowerment of poor women.

Entrepreneurship is imperative for small business enterprises (Sebikari, (2014) Wenekers & Amoros, (2011) Nangoli, Turinawe, Kituyi, Kusemererwa & Jaaza, (2013). There is no doubt that small business enterprises contribute tremendously to India's development.

Richard T. Ely and Ralph H. Hes, briefly stated:

The entrepreneur organizes and operates an enterprise for personal gain. He pays current prices for the materials consumed in the business, for the use of the land, for the personal services he employs, and for the capital he requires. He contributes his own initiative, skill, and ingenuity in planning, organizing, and administering the enterprise. He also assumes the chance of loss and gain consequent to unforeseen and uncontrollable circumstances. The net residue of the annual receipts of the enterprise after all costs have been paid, he retains for himself.

## **ROLE OF SHG IN WOMEN ENTREPRENEURS**

The Origin of Self-Help Group can be traced from Grameen bank of Bangladesh, which was founded by Mohamed Yunus. SHGs were started and formed in 1975 (Gunasekaran, 2010). In India, NABRAD initiated in 1986-87. In Tamilnadu, Chinnapillai an illiterate women live in Parparanpatti, Madurai District, initiated the feed bank of SHGs in the State, she was honored by the former Prime Ministers of India, honorable Atal Bihari Vajpayee, for forming a group and nurtured saving habits, among the illiterate women in the village. A self- Help group is a small voluntary association of poor people preferably from the same socio-economic background. They come together for the purpose of saving their small income through self – Help. The number of members in one SHG does not exceed 20 (Surender and Manoj Kumar, 2010). The groups have been recommended to be informal to keep them away from bureaucracy, corruption, unnecessary administrative expenditure and profit motive. The size is limited to 20 because any group larger that this would need to be registered under the India legal system. The SHGs of rural women consists at members who are

the poor, having low saving capacity, and who depend on money lenders for meeting their consumption needs and social obligations formation of women into self help groups paved a way to develop their economic standards, thereby building self confidence. Women in SHGs have been encouraged by the government as well as NGOs to undertake self employment ventures with locally available resources. Availability of micro- credit helped SHG women a lot and many women came forward and established micro enterprises. At present a number of NGOs, Banks and financial institutions have been offering micro finance especially to rural women micro entrepreneurs. They also motivate training programmes to develop their entrepreneurial skills and capabilities. Specific trainings in manufacturing or service sector are available for the prospective rural women micro entrepreneurs. These Institutions have been encouraging women to start micro enterprises. As a result, micro entrepreneurship is gradually getting importance among the rural women.

The micro enterprises promoted by the help of Government agencies like banks and district industry centers provide subsidies to the successful entrepreneurs.

### **MICRO ENTERPRISES**

Micro Enterprises are predominantly played by SHGs with strengths such as regular and compulsory savings, very high percentage of recovery performance, excellent financial discipline with better transparencies. (Manimekalai N. 2008).

In the world, there are several business opportunities in different countries in which India is one of the fastest growing economies having a huge entrepreneurial potentiality for Micro - Entrepreneurs. (ME). What is ME? A Micro Enterprise is an enterprise where investment in plant and machinery does not exceed Rs.25 lakh, the micro enterprises engaged in service sector need an investment of Rs.10 lakh. These types of micro enterprises are suitable for Women Self Help Groups (WSHGs) who are engaging in group activities. The Panchayat Level Federations (PLF) which consist of group of WSHGs are more suitable for group oriented Entrepreneurship on the basis of cooperative system. Tamil Nadu State Government's Mahalir Thittam (Women's Planning) has planned to promote employment opportunities to rural women through " ONE VILLAGE, ONE PRODUCT" concept; and 5 clusters will be promoted in each district. (*www.tncwd.org*. 2012).

In addition to innovation and creativity, the requirements such as comprehensive market dynamics are to be promoted by the micro enterprises.(Chelladurai M. and Thirumaran 2008). Micro enterprises movement has been viewed as an important economic development strategy. According to Shefali Verma Thakara(2008) studied and identified various problems of micro enterprises in a developing economy that have problem in marketing, production, storage and shortage of finance and guidance. Micro finance programmes are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment.

Before 1990s, credit schemes for women were almost negligible. There were certain misconceptions about the poor people that they need loan at subsidized rates of interest on soft terms, they lack skills, capacity to save, credit worthiness and therefore, they are not bankable. Nevertheless, the experiences of several SHGs reveal that rural poor are actually efficient managers of credit and finance. Availability of timely and adequate credit is essential for them in their enterprises rather than subsidies. The main activity of the SHGs is thrift and credit. The SHGs are then trained in different vocations and linked with the banks to start micro enterprises either in groups or individually based on their interests and viability of the vocation. The main thrust of the economic activities is to enhance income from existing resources and create additional opportunities of employment to optimize local resources and skill.

**Table 3**  
**SHG Members Involve in Different Types of Entrepreneurships**

Sl.No.	Different types of Entrepreneurships	No. of Respondents	%
1	Small Scale Enterprises like, selling fish, flowers, vegetables, handicrafts etc. (Micro enterprises)	132	22
2	Daily labourers in Agricultural	72	12
3	Work in own farms	120	20
4	Mahatma Gandhi Rural Employment Guarantee Schemes (MGREGS)	108	18
5	Construction worker	90	15
6	Industrial and company workers	78	13
		600	100%

Source: Primary data

As per the table the employment opportunities are significantly decreasing due to failure in Agricultural. At the same time, there is tremendous increase in micro-enterprises (22%), employment in construction industry 15%, and in industry and factory related labour works 13%. The 100 days employment scheme (*A Scheme by the Govt. of India, launched in 2005 to uplift the economy of rural poor. As per the Mahatma Gandhi National Rural Employment Guarantee Act, job cards are issued to the rural unskilled labour by guaranteeing work for 100 days in a financial year at a minimum daily wage of Rs.134 in Tamil Nadu and in other places it is Rs.120. It is the largest programme in the world for rural reconstruction.*) A significant increase is in providing 18% employment to poor rural women and men.

Savings is a compulsory component in SHG –Bank Linkage model. Most of the members of the SHGs are saving regularly in the banks. 25% of the members are saving around Rs. 1000/- per month. All the Women SHGs are credit linked with banks. It enables access to banking services. Without SHGs it is difficult to bring the common people to get access with the financial services. Hence, all the SHGs are credit linked with banks with the subsidies given by NABARD.

**Table 4**  
**SHG Members' Monthly Savings**

<i>Sl. No.</i>	<i>No. of Respondents</i>	<i>Amount in Rs.</i>	<i>%</i>
1	110	00-500	18
2	150	501-1000	25
3	130	1001-2000	22
4	80	2001-3000	13
5	70	3001-4000	12
6	40	4001-5000	07
7	20	5001 & Above	03
	600		100%

*Source:* primary data.

Women empowerment leads higher income earning. According to Baskar D. (2009-10) in his study, 'Women Empowerment through SHGs in Kanchipuram District'-reveals that the income of women increased after joining the groups. Their monthly household expenditure also rose to a considerable level and a good practice of repayment of loan in time.

Empowerment is the process through which individuals gain efficiency, and effectiveness. According to Dr. A. P. Abdul Kalam (Former President of India) "Empowering women is a prerequisite for creating a good nation", where women are empowered, society with stability is assured Empowerment of women is essential as their thoughts and their value systems lead to development of a good family, good society and ultimately a good nation." (Sharma she *et al.*, 2006.

The role of micro credit is to improve the socio economic development of women and improve the status of women households and communities. The micro-entrepreneurships are strengthening the women empowerment and remove the gender inequalities. SHGs' micro enterprises credit mechanism makes the members involve in other community development activities. The aim of micro credit is to alleviate poverty by income generating activities among women and poor. Entrepreneurship on small scale is the only solution to the problems of unemployment and poor utilization of both human and non-human resources and improving the living condition of the poor masses (Prabha Singh, 2009) The delivery of micro finance to the poor is smooth, effective, and less costly if they are organized into SHGs. Micro enterprises are an integral part of planned strategy for securing balanced development of the economy of the poor women. It is discouraging to note that some of the women entrepreneurs whose micro enterprises are discontinued after getting the subsidies from the Government, due to their poor marketing strategy and improper location of the enterprise.

**Table 5**  
**Mode of Repayment**

<i>Sl.No.</i>	<i>Mode of Repayment</i>	<i>No. of Respondents</i>	<i>%</i>
1	Prompt repayment in time	420	70
2	Delay in repayment	165	27.5
3	Defaulters	15	2.5
	Total	600	100

*Source:* primary data.

A great success of SHGs is on the prompt repayment culture by the members. 98% members are repaying the loan. Only 2.5% are defaulters due to migration. The Govt. gives subsidies for the members who are repaying the loan along with savings in time. It encourages the members to repay the loan. Women SHGs are functioning with binding responsibility. Their trustworthy is the collateral. The team members' cooperation makes the members for repayment. It is encouraging to note that most of the Micro Finance Institutions (MFIs) targeting the women entrepreneurs for micro lending because of their prompt repayment attitudes. However, some of the micro entrepreneurs used to get loan from two to three MFIs or local money lenders for reinvestment in the business. It makes them worry and a great concern in compulsory weekly repayment. It paves a way for keep them as ever green as borrowers. Multiple borrowing systems never help the entrepreneurs it will lead to peace less life.

#### **MICRO ENTERPRISE DEVELOPMENT AREAS**

1. Agricultural and allied activities like cultivating vegetables, flowers, oil seeds and mushroom growing and bee keeping.
2. Live stock Management activities like dairy farming, poultry farm, live stock feed production and production of vermin composting using the animal waste.
3. Household based activities like knitting, stitching, weaving, embroidery, bakery and petty shops. etc.,

#### **ECONOMIC EMPOWERMENT**

Micro entrepreneurship lead to the empowerment of women in many things such as socio-economic opportunity, property rights, political representation, social equality, personal right, family development, market development, community development and last the national development. Micro enterprises add value to a country's economy by creating jobs, enhancing income, strengthening purchasing power, lowering costs and adding business convenience

#### **ANALYSIS OF THE DATA**

Average and percentage analysis was carried out to draw meaningful interpretation of the results. Garret ranking technique was used to find the reasons for joining the



Self help group. Factor analysis used to determine the relationship between the observed variables

### Reliability

#### Scale: ALL VARIABLES

Case Processing Summary			N	%
Cases	Valid		515	85.8
	Excluded(a)		85	14.2
	Total		600	100.0

a List wise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.891	34

### HYPOTHESIS

Null Hypothesis is accepted @ 5% level and to conclude that the size of membership and age in a group does not distinguish them on SHG Activities and impact on empowerment.

Influence on savings of the individuals to the group factor of Empowerment.

Formation of null hypothesis -H<sub>0</sub>

There is no influence on savings of the individuals to the group on the factor of empowerment,

Null hypothesis is rejected @ 5% level when the individual savings is compared with micro – credit activities. But it is accepted @ 5% level when it is compared with other determinants.

### FINDINGS, SUGGESTIONS AND RECOMMENDATIONS

- The Age group of the respondents is between 18 to 30 years old. It seems that the age is not the basis of joining in SHGs. Anyone who is an unemployed can join in it.
- A strong repayment culture is established among the members
- SHGs are a tool for women empowerment
- Access to banking and saving culture have been created
- Most of the credit is being used for non productive purposes
- A good development of Micro Entrepreneurship

- Members need skill training and entrepreneurships
- SHG paves a way for increasing in Standard of Living by acquiring assets
- Kanchipuram District stands FIRST in formation of SHGs in Tamilnadu
- Increased Savings
- Still people mostly relay on local money lenders for emergency needs
- Educated members SHGs are functioning better than non-educated members'
- Micro credit provided by the banks is not utilized properly.
- Diversification of funds to non-productive purposes
- Lack of training and marketing skills among members
- The funding agencies do not have proper monitoring organs
- Generally SHGs making savings between Rs. 40,000 to Rs. 1,20,000. per year
- The average internal finance of each group is Rs. 80,000 per year
- The WSHGs are comparatively more efficient and effective in functioning
- The recovery rate of WSHGs is 99%
- 72% of SHGs are funded by bank linkage
- Interest rate by MFIs are higher than the bank lending rates
- THERE ARE NEARLY 40 LAKHS SHGS IN INDIA.
- NGOs play a vital role in promoting SHG in India
- Women entrepreneurs lacking in marketing and export skills.
- They borrow from more than two to three informal money lenders
- They repay the loan mostly on weekly basis.
- The Women SHGs which are supported by the Bank-Linkage programmes are more successful than other agencies,
- After joining SHG, the members' monthly incomes have considerably increased.
- Most of the SHG members have engaged in micro enterprises activities.
- 70% of members have promptly repaid the loan. It gives a strong repayment culture.
- Defaulters only 3% due to migration, discontinuation from the group and not involved in any enterprising activities.
- It develops a habit of saving and leads them to accessibility to formal banking systems.
- Most of the SHG members belong to the age groups of 35 to 45.

- Out of 600 members 87% of are married. It seems that SHGs are really helping the members of the family.
- 21% of the members are illiterates. The SHGs run by the educated members are functioning better than non-educated members.
- 73% of the members are housewives and agricultural laborers. They can very well actively take part in group activities.
- 67% of the members are not land owners. In this category, the SHGs can substitute an additional income to the members.
- 78% of the members do not have any live stock to substantiate their income.
- SHGs make the members as savers. 78% of the members are become savers.

#### **LIMITATIONS OF THE STUDY**

The study is an empirical study which covers only the District of Kanchipuram in Tamil Nadu. Out of more than 28,000 women self help groups, the study covers only 600 WSHG members. It highlights mostly on the implementation of the SHG programmes and its entrepreneurship activities. It focuses on mainly on the utilization of funds for the programmes. Most of the groups are Government supported SHGs which get subsidies from the Government. Members divert the funds for non-entrepreneurship activities. No proper monitoring agencies to supervise the projects.

#### **CONCLUSION**

The delivery of micro-finance to micro enterprises plays a significant role in imparting training to women in marketing and production which are keys to success and for self-reliant. Empowerment of women leads to a good family, good society and a good nation. Entrepreneurship needs proper and suitable training for success and sustainability. The micro entrepreneurs should go a long way to get full achievement in economic development in which training and marketing fields should be developed. Marketing techniques are very important component which needs immediate attention by the promoters of the micro enterprises.

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