

IMPACT OF MICRO FINANCE ON LIVING STANDARD EMPOWERMENT AND POVERTY ALLEVIATION OF RURAL WOMEN ENTREPRENEURS IN TIRUNELVELI DISTRICT, TAMILNADU

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Abstract: The study was conducted to understand the Socio-Cultural and Economic effect on Women Entrepreneur especially in Tirunelveli district in Tamil nadu. Half of the total population is represented by Women but in industry and other entrepreneurial activities, they are in few numbers. The study is conducted to empower the women entrepreneurs in Tirunelveli district. In this survey we have to collect the details using questionnaire method. The present study examined the empowerment of women by addressing two dimensions: Economic empowerment and personal empowerment. Fifty women involved in self -employment from a rural area, near Tirunelveli in South India took part in the study. Both qualitative and Quantitative data were gathered through questionnaire. They were analysed using statistical tools. The analysis indicates that self –employment not only helps the respondents to generate additional income but also enables them economically independent and self-sufficient. Chi-square test in the study reveals that income, expenditure and savings of the respondents before and after self-employment differ significantly. Women involved in self-employment felt independence and their sense of determination helps them to achieve success in their endeavour. The study concludes that a change has to be brought about not only in the status of women but in the attitude of the society towards them. Priority has therefore necessarily to be given to changing image of women, from a passive onlooker and recipient, to that of a positive doer and achiever. The implications of these findings and the importance of this study are discussed.

Keywords: Entrepreneur, Poverty alleviation, Microfinance, Self-employment

PRIMARY OBJECTIVE

- To study the impact of micro finance in empowering the social economic status of women and developing of social entrepreneurship.
- To study potential hurdles in the development of women entrepreneurship.

SECONDARY OBJECTIVE

- To know about relationship between Self Help Groups (SHG's) members, micro finance banks and women entrepreneurs.

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- To clarify the limitation of microfinance programs as the tool for women's empowerment and the type of support service necessary to maximize the contribution of microfinance service.

INTRODUCTION

Microfinance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low income individuals which fall just above the nationally defined poverty line, and poor individuals which fall below that poverty line, with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through the provision of capital for micro enterprise, and insurance and savings for risk mitigation and consumption smoothing. A large variety of sectors provide microfinance in India, using a range of microfinance delivery methods. Since the ICICI Bank in India, various actors have endeavored to provide access to financial services to the poor in creative ways. Governments also have piloted national programs, NGOs have undertaken the activity of raising donor funds for on-lending, and some banks have partnered with public organizations or made small inroads themselves in providing such services. This has resulted in a rather broad definition of microfinance as any activity that targets poor and low-income individuals for the provision of financial services. The range of activities undertaken in microfinance include group lending, individual lending, the provision of savings and insurance, capacity building, and agricultural business development services. Whatever the form of activity however, the overarching goal that unifies all actors in the provision of microfinance is the creation of social value.

Microfinance Definition

According to International Labour Organization (ILO), "Microfinance is an economic development approach that involves providing financial services through institutions to low income clients".

In India, Microfinance has been defined by "The National Microfinance Taskforce, 1999" as "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards".

"The poor stay poor, not because they are lazy but because they have no access to capital."

The dictionary meaning of 'finance' is management of money. The management of money denotes acquiring & using money. Micro Finance is buzzing word, used when financing for micro entrepreneurs. Concept of micro finance is emerged in need of meeting special goal to empower under-privileged class of society, women, and poor, downtrodden by natural reasons or men made; caste, creed, religion or otherwise. The principles of Micro Finance are founded on the philosophy of cooperation and its central values of equality, equity and mutual self-help. At the heart of these principles are the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their children.

Traditionally micro finance was focused on providing a very standardized credit product. The poor, just like anyone else, (in fact need like thirst) need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Thus, we see a broadening of the concept of micro finance— our current challenge is to find efficient and reliable ways of providing a richer menu of micro finance products.

Mohammed AnisurRahaman (2007)

Has examined that about microfinance and to investigate the impact of microfinance on the poor people of the society with the main focus on Bangladesh. We mainly concise our thesis through client's (the poor people, who borrowed loan from microfinance institutions) perspective and build up our research based on it. Therefore, the objective of this study is to show how microfinance works, by using group lending methodology for reducing poverty and how it affects the living standard (income, saving etc.) of the poor people in Bangladesh. Microfinance has the positive impact on the standard of living of the poor people and on their life style. It has not only helped the poor people to come over the poverty line, but has also helped them to empower themselves.

SusyCheston (2002)

Has examined that Microfinance has the potential to have a powerful impact on women's empowerment. Although microfinance is not always empowering for all women, most women do experience some degree of empowerment as a result. Empowerment is a complex process of change that is experienced by all individuals somewhat differently. Women need, want, and profit from credit and other financial services. Strengthening women's financial base and economic contribution to their families and communities plays a role in empowering them. Product design and program planning should take women's needs and assets into account. By building an awareness of the potential impacts of their programs, MFIs can design products, services, and service delivery mechanisms that mitigate negative impacts and enhance positive ones.

Linda Mayoux (Feb 2006)

Has examined that Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organized groups. Through their contribution to women's ability to earn an income, micro-finance programmes can potentially initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and political empowerment Banks generally use individual rather than group-based lending and may not have scope for introducing non-financial services. This means that they cannot be expected to have the type of the focused empowerment strategies which NGOs have

Eoin Wrenn (2005)

Has examined that microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organization building, enables people to move out of poverty (1999). By providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society. The impact of microfinance on poverty alleviation is a keenly debated issue as we have seen and it is generally accepted that it is not a silver bullet, it has not lived up in general to its expectation (Hulme and Mosley, 1996). However, when implemented and managed carefully, and when services are designed to meet the needs of clients, microfinance has had positive impacts, not just on clients, but on their families and on the wider community.

Cheston & Kuhn (2004)

Has examined that in their study concluded that micro-finance programmes have been very successful in reaching women. This gives micro-finance institutions an extraordinary opportunity to act intentionally to empower poor women and to minimize the potentially negative impacts some women experiences. We also found increased respect from and better relationships with extended family and in-laws. While there have been some reports of increased domestic violence, Hashemi and Schuler found a reduced incidence of violence among women who were members of credit organizations than among the general population.

Dr. Jyotish Prakash Basu (2006)

Has examined that the two basic research questions. First, the paper tries to attempt to study how a woman's tendency to invest in safer investment projects can be linked to her desire to raise her bargaining position in the households. Second, in addition to the project choice, women empowerment is examined with respect to control of savings, control of income, control over loans, control over purchasing capacity and family planning in some sample household in Hooghly district of West Bengal. The empowerment depends on the choice of investment of project. The choice of safe project leads to more empower of women than the choice of uncertain projects. The Commercial Banks and Regional Rural banks played a crucial role in the formation of groups in the SHGs -Bank Linkage Program in Andhra Pradesh whiles the Cooperative Banks in West Bengal.

Chintamani Prasad Patnaik (March 2012)

Has examined that microfinance seems to have generated a view that microfinance development could provide an answer to the problems of rural financial market development. While the development of microfinance is undoubtedly critical in improving access to finance for the unserved and underserved poor and low-income households and their enterprises, it is inadequate to address issues of rural financial market development. It is envisaged that self-help groups will play a vital role in such strategy. But there is a need for structural

orientation of the groups to suit the requirements of new business. Microcredit movement has to be viewed from a long-term perspective under SHG framework, which underlines the need for a deliberate policy implication in favour of assurance in terms of technology back-up, product market and human resource development.

Hunt, J & Kasynathan (2002)

Has examined that poor women and men in the developing world need access to microfinance and donors should continue to facilitate this. Research suggests that equity and efficiency arguments for targeting credit to women remain powerful: the whole family is more likely to benefit from credit targeted to women, where they control income, than when it is targeted to men. Microfinance must also be re-assessed in the light of evidence that the poorest families and the poorest women are not able to access credit. A range of microfinance packages is required to meet the needs of the poorest, both women and men. Donors need to revisit arguments about the sustainability of microfinance programmes. Financial sustainability must be balanced against the need to ensure that some credit packages are accessible to the poorest.

R. Prabhavathy (2012)

Has examined that collective strategies beyond micro-credit to increase the endowments of the poor/women enhance their exchange outcomes the family, markets, state and community, and socio-cultural and political spaces are required for both poverty reduction and women empowerment. Even though there were many benefits due to micro-finance towards women empowerment and poverty alleviation, there are some concerns. First, these are dependent on the programmatic and institutional strategies adopted by the intermediaries, second, there are limits to how far micro-credit interventions can alone reach the ultra-poor, third the extent of positive results varies across household headship, caste and religion and fourth the regulation of both public and private infrastructure in the context of LPG to sustain the benefits of social service providers.

Reginald Indon (2007)

Has examined that informal businesses represent a very large cross-section of economic enterprises operating in the country. Informal businesses may be classified as either the livelihood/ survival type or the entrepreneurial/ growth-oriented type. Livelihood enterprises are those which show very limited potential for growth in both income and employment generation. There are existing policies, program and services that directly/ indirectly cover informal. Variety of support programs, services and information are currently being offered by different institutions. These programs and support services fail to reach or remain inaccessible to informal business operators and owners. This is borne out of and perpetuated by lopsided economic policies and poor governance that inadvertently encumber informal businesses from accessing mainstream resources and services.

Mallory A. Owen (2006)

Has examined that microfinance has signaled a paradigm shift in development ideology. Using my experiences with microfinance in a fishing village in Senegal, this study will address the claims driving the microfinance movement, debate its pros and cons and pose further questions about its validity and widespread implementation. Instead of lifting people out of poverty and empowering women, microfinance may have regressive long term potential for borrowers. How loans get used is a central theme of this essay. How microfinance and the notion of the “entrepreneur” fit into the rural, Senegalese cultural context is also addressed. Microfinance programs should be implemented with complementary measures that challenge the systematic causes of inequality examined in this article. The microfinance model (group lending based on joint liability) uses the social capital generated by group membership to ensure that loans get re-financed. If one woman fails to pay back her loan, she puts her entire loan group at jeopardy. As a result, “Women’s participation in microenterprise does not show any signs of creating the new forms of solidarity among women that the advocates of empowerment desire. Instead, women are placed under enormous pressure to maintain existing modes of social relationships, on which depends not only the high rates of loan repayments but also the survival of families.”

Jennifer Meehan (2004)

Has examined that it will need to do three things simultaneously. First, it will need to rapidly scale up, in key markets, like India, home to high numbers of the world’s poor. Second, in this process, clear priority is needed for philanthropic, quasi-commercial and commercial financing for the business plans of MFIs targeting the poorest segments of the population, especially women. Third, microfinance will need to realize its possibility as a broad platform and movement, more than simply an intervention and industry. The pioneering financings completed by leading, poverty-focused MFIs have shown the industry what is possible – large amounts of financing that allows for rapid expansion of financial services to new poor customers. The MFIs offer a model to others that are interested in tapping the financial markets. If leading MFIs continue on their present course and adopt some or all of the suggestions offered, financial market interest – or more specifically, debt capital market interest – in leading, poverty-focused MFIs is expected to grow.

SCOPE OF THE STUDY

The area selected for the present study had been confined to Tirunelveli District of Tamilnadu. As per 2011 census Tirunelveli has a population of 3,041,038 of which male and female were 1,528,308 and 1,512,730 respectively. The study is undertaken in two Federations in the southern part of the Tirunelveli district where there are 160 and 195 groups respectively covering 2641 and 3528 families. The study is confined to women self-help groups. There are 300 women self-help groups in both federation in Tirunelveli district. The study is undertaken taking sample of 100 self-help groups constituting 50 groups in rural area and 50 groups in urban area.

RESEARCH METHODOLOGY

RESEARCH DESIGN

Descriptive Research

In the study descriptive research design has been used.

METHOD OF DATA COLLECTION

Primary Data

The primary data are those, which are collected afresh and for the first time, and thus happened to be original in character. We can obtain primary data either through observation or through direct communication with respondent in one form or another or through personal interview.

Secondary Data

The secondary data on the other hand, In this study data have been taken from various secondary sources like:

- Internet
- Books
- Magazines
- Newspapers
- Journals

QUESTIONNAIRE

I am Vijayaram.S doing my MBA in **JERUSALEM COLLEGE OF ENGINEERING**. I am doing my project under the title “**Impact of Madura Micro Finance on Living Standard Empowerment and Poverty Alleviation of Rural Women entrepreneurs in Tirunelveli District**”. This Questionnaire is purely intended for the above research project and the data collected will be kept strictly confidential and shall not be disclosed to anyone else. Please give fair answers/comments

- 1) Name : Mobile:
- 2) Age : i) <20 ii) 20-35 iii) 35-50 iv) 50<
- 3) Marital Status : i) Single ii) Married iii) Widow
- 4) Education : i) Illiterate ii) Up to 5th iii) 5th to 12th iv) Graduate
v) Others
- 5) Family Type : i) Nuclear Family ii) Joint family iii) Widow/Separated
- 6) Nature of the employment:

- i) Vegetable Vendor ii) Petty Shop iii) Tailoring iv) Beauty Parlour
v) Pickle and Masala Products vi) Beedi Workers vii) Agriculture viii) Others
- 7) Reason to start business:
i) Government scheme ii) Hobby iii) Women Empowerment
iv) Tradition v) Others
- 8) Have you attended any Madura Micro Education Program (Skills Oriented Training)?
i) Yes ii) No
- 9) Sources for Running the Business:
i) Spouse income ii) Personal saving
iii) Loan from bank iv) Others
- 10) What is your monthly income?
i) Less than 2500 ii) 2500-5000 iii) 5000-7500
iv) 7500-10000 v) 10000 and above
- 11) What is your Monthly Expenditure?
i) Less than 1500 ii) 1500-2000 iii) 2000-2500
iv) 2500-3000 v) 3000 and above
- 12) What is your savings from this Business?
i) Less than 500 ii) 500-1000 iii) 1000-1500
iv) 1500-2000 v) 2000 and above
- 13) How would you describe the Rural women Entrepreneurship Training of Madura Micro Finance?
- | | | |
|-----------|-------|---------------|
| Effective | | Not Effective |
| Easy | | Tough |
| Useful | | Not Useful |
| Satisfied | | Not satisfied |
- 14) Whether your family members support you in your entrepreneurial activities/daily chores at home?
i) Yes ii) No
- 15) What is your experience related to Madura Micro education Videos (SakthiPirakuthu):
1) Excellent 2) Satisfied 3) Average 4) Not Satisfied
- 16) Social empowerment of the Business (Please Tick)

	<i>Strongly Agree</i>	<i>Agree</i>	<i>Neither Agree or Disagree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
Image of prestige and status					
Self confidence and self control.					
Independent work					
Power of decision making					
Sense of determination					

17) Being a female, do you feel any difficulty or advantage in assuming an entrepreneurial role?

- 1) Difficult 2) Advantage 3) Both 4) Nothing above

18) Social challenges faced by rural women entrepreneur

Traditional role prescription	Yes	No
Social behavioural constraints	Yes	No
Gender role ideology	Yes	No
Psychological constraints	Yes	No
De-limiting the outside movement	Yes	No
Old social attitude of rural society	Yes	No
Caste consciousness	Yes	No

19) Would you need training to promote your business activities? 1)Yes (Option) 2) No

- 1- Savings and credit management
- 2- Marketing skills
- 3- Costing and pricing
- 4- Using computers to process information
- 5- Using computers to receive/send information (e-mail/Internet)
- 6- Training in numeracy and writing skills.

Any

suggestions

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