

Role of Micro Finance in Promoting Women Entrepreneurship: A Case Study of Hinjilicut Block in Ganjam District

Abstract

The role of women entrepreneurship is significant in the context of economic growth and development of a nation. In Ganjam district women entrepreneurs are significantly increasing with different entrepreneurial activities within the premises of their home. It is found that women in Ganjam endowed with invaluable talent of creativity and innovations. They impart their creativity into various home made products and services. However, in spite of all these creativities they have been facing many problems, particularly the problem related to credit. To receive the utmost contribution from the women entrepreneurs it is necessary to support them financially. Therefore, the present study is an attempt made by the researcher to study the role of micro finance in financing the business run by women in Hinjilicut block and to study the relationship between annual income and financial credit of women Entrepreneurs. This study is mainly based on primary data. However, secondary data have also been collected from various published sources like journals, magazines and websites. Statistical tools like percentage, average and chi-square test have been used for the analysis of data. The findings of the paper show that there is no significant relationship between annual income and financial credit. Finance is regarded as the life blood of business which helps for the growth, expansion and diversification of a business.

Keywords: Women Entrepreneurship, Entrepreneurship Development, Micro Finance, Indian Economy.

Introduction

Economic growth and development requires vibrant and visionary participation of entrepreneurial community. It is seen as a key to economic development in many countries across the globe. Entrepreneurship promotes innovation, engenders competition, creates employment and thus contributes to economic wealth and spending power. Entrepreneurship is considered as the engine of economic growth and can be used as an effective tool for employment creation, poverty eradication, balanced regional development and inclusive socio-economic development. MSMEs, by encouraging growth of local entrepreneurship with limited resources, can be used for rapid industrialisation across rural and urban areas. Successive governments have been implementing several programmes for the development of MSMEs in the country. In order to bring balanced regional development, though these programmes are expected to be implemented throughout the State uniformly, an empirical study shows that there is regional disparity in this regard and consequently those regions remain entrepreneurially backward.

Entrepreneurship shape financial destiny of nation by creating wealth and employment by offering products and services and generating taxes for government. This is the reason why entrepreneurship has closely been linked to the financial growth of the country. But in India entrepreneurs are struggling because of lack of scope, finance, and support from government. Most of the entrepreneur fails to get outside fund due to absence of tangible securities or credit in markets. In India financial institutions plays a very pivotal role for upliftment of entrepreneurship. Developing country like India is striving to outward looking universal economies rather than inner looking local economies. This will be possible only if the financial institutions encourage entrepreneurship.

To receive the utmost contribution from the entrepreneurs for the progress of the society and the nation as a whole, it is indispensable to

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support them financially and socially. Inadequate capital for starting a new business is one of the leading problems for the women entrepreneurs in Hinjilicut. Usually, women initiate their business with limited money collected by savings from family expenditure, relatives or other sources. To get a bank loan, women are required to put collateral. But they do not have sufficient fixed capital to place as collateral or a guarantor to get a small loan from the bank. Therefore, in the present study an attempt has been made to analyse the role micro finance in the development of women entrepreneurship in Hinjilicut Block of Ganjam District.

Review of Literature

Bose Boney (2018) tried to study the micro finance practices of dairy farmers, the impact of micro finance on dairy sector in Kerala, Identify the constraints of the producer farmers in production and marketing and also to analyse the effect of micro finance for satisfying their basic needs of dairy sector beneficiaries. Finding of the study demonstrated that the role of microfinance has a strong relationship with income, education, and business progress on dairy sector. However, the role of microfinance shows no significant effect on health care. The result suggested that the microfinance plays an important role.

VR Haripriya VR, Thenmozhi R. (2017) tried to evaluate the limitation of microfinance programmes as the instrument for women's empowerment and the type of support service necessary to maximize the contribution of microfinance service and also potential difficulties in the development of women entrepreneurship performance. In this study, data have been taken from various secondary sources. From the study it may be concluded that MFI provide the assistance to the women entrepreneur through MFI- bank linkage programme, the main focus of micro finance industry is to empower the woman that's why more loans are provided to woman and on easy terms. From the total SHG more SHG are coming in which only women are member because women can better run a business and his family. With the help of relationship data it can see that there is more percentage of women SHGs out of total SHGs. So that is good indicator for women entrepreneur.

Sathyadevi R., Irshad M K (2015) wanted to study the extent of micro credit management knowledge of women in kudumbashree, examine whether the women in Kerala are empowered through micro finance, and assess the financial literacy of women in Kerala. Findings of the study reveals that 56% of the respondents are aware about gold loans provided by banks in Kerala and only 28% of the respondents are aware about house loan. And very low percent of women are known about the agricultural loan and education loan. 90 % of respondents are aware about different rate of interest on deposit. Rest of them is not aware about interest on deposit, 54% members have account with bank. Regarding the type of bank account, 92% having savings bank account and 8% have current account, none have fixed deposit. 84% of members having account with cooperative bank only 12% have

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account with commercial bank, 4% include post office savings.

Venu Arangi, Sravani (2015) tried to analyze the role of SHG's in women empowerment particularly in Boipariguda. Findings of the study show that the income of the women has been increased after joining the SHGs so that the monthly household expenditure also has been raised considerable level. Since the repayment of loan is regular and within the time, we may conclude that the economic activities of SHGs are quite success. In this way SHGs in Boipariguda is very successful to develop women empowerment and rural areas.

Benjamin Kojo Otoo (2012) examined the factors that constrain women petty trader's access to microcredit, and the innovative measures initiated to counter these constraints. With help of convenience sampling method 150 petty women were interviewed. Three main constraints are identified such as internal, socio-cultural and policy-induced – as being the key moderating influences on women petty trader's ability to access to micro-credit. Considering the sample size and research context, the generalization of the findings may need to be applied with caution. However, this paper does identify similar findings in other studies in comparable contexts.

Research Gap

From the above review of literature it shows that a good number of studies have been conducted in the area of micro Finance to evaluate its importance. However, it is found that only a few studies have been conducted in Odisha, particularly in Hinjilicut of Ganjam District, in order to assess the role of micro finance in the development of women entrepreneurship. With this research gap, it is an attempt made by the researchers to fill the existing gap by conducting this study.

Objectives of the Study

1. To study the role of micro finance in financing the Business run by women in Hinjilicut Block.
2. To study the relationship between Annual income and loan taken by women entrepreneurs.

Hypothesis of the Study

The Null Hypothesis of the present study is as follows.

H₀

There is no significant relationship between the annual income of the respondents before and after availing loan from micro finance.

Research Methodology

Source of Data

This study is based on both Primary and secondary data. Primary data is the first hand information, which has been collected through pre-tested interview schedule. The interview Schedule has been designed to gather the data keeping in view the objective of the study. Secondary data has also been collected through Published articles, various websites and also from the office of DIC Ganjam,

Sample Size

Five SHG groups have been selected from Hinjilicut Block of Ganjam District. From among them 100 respondents were selected for the study by simple random sampling method.

Period of Study

The study is being conducted during the year 2018.

Methods of Analysis

After collecting data from the respondents, analysis has been done by using statistical technique: chi-square test. Tables and percentages are also used to present the required data.

Profile of the Respondents

Particulars	SHG Group I	SHG Group II	SHG Group III	SHG Group IV	SHG Group V
Name	Maa Gayatri Sangha	Maa Mangala Sangha	Maa shyamalai Swayan Sahayak Gosti	Maa Gayatri Mahila Sangha	Maa Anrnapurna Swayan Sahayak Gosti
District	Ganjam	Ganjam	Ganjam	Ganjam	Ganjam
Location	Hinjilicut Block	Hinjilicut Block	Hinjilicut Block	Hinjilicut Block	Hinjilicut Block
Year of Starting	2014	2014	2014	2014	2014
Members	20	20	20	20	20

Source: Primary Data

In this study five SHG group in Hinjilicut Block of Ganjam District have been selected which were started in the year 2014 and consisting of 20 members in each group.

Perception of Respondents on Micro Finance

Particulars	No of Respondents	Percentage
Amount of Loan		
Rs (3000-10000)	45	45
Rs(10001-22000)	55	55
Period of loan		
10-15 month	65	65
16-40 month	35	35
Loan Processing Time		
Less than 1 month	30	30
1 to 12 month	70	70
Amount of subsidy		
No subsidy	25	25
Rs 3000 -7000	15	15
7000-10000	60	60
Any bribes for Loan		
Yes	40	40
No	60	60
Amount of Bribes		
200	40	40
500	60	60
Source of Repayment		
Own income	70	70
Husband s income	20	20
Borrow from other	10	10
Loan Purpose		
Business	100	100
Monthly Saving		
Rs (40-50)	20	20
Rs (60-100)	80	80

Source: Primary Data

Interpretation

The early sanction of credit and subsidy is a major cause for providing bribes to the concerned authorities. This study also found that the amount of bribes varied from Rs 200 to Rs 500 per member the pattern of bribes across the subsidy categories indicate that it gradually increases with an increase in the amount of subsidy. For example, (60% of respondents have given Rs 500 per member as bribes for early sanction of the loan with subsidy. As a

result 60 per cent of respondents have received a subsidy of Rs 7000 to Rs 10000 as compared to subsidy of Rs 3,000 -7,000 and no subsidy of 15% and 25% of respondents.

Majority of the respondents repaid their loan from their own business which consists of 70 per cent.

The above table also shows that the main purpose of obtaining a micro loan is to finance their entrepreneurial activities.

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Relationship between Annual Income of The Respondents Before Taking Loan Annual Income (Before Taking Loan)

Annual Incomes	SHG GROUP -I	SHG GROUP -II	SHG GROUP-III	SHG GROUP IV	SHG GROUP-V	TOTAL
10,000-20,000	4	3	4	2	3	16
20,000-30,000	7	5	6	7	7	32
30,000-40,000	8	10	8	9	8	43
ABOVE 40,000	1	2	2	2	2	9
TOTAL	20	20	20	20	20	100

Source: Primary Data

Calculation of Chi-Square Test

O	E	(O-E)	(O-E) ²	(O-E) ² /E
4	3.2	0.8	0.64	0.2
7	6.4	0.6	0.36	0.0563
8	8.6	-0.6	0.36	0.0419
1	1.8	-0.8	0.64	0.3556
3	3.2	-0.2	0.04	0.0125
5	6.4	-1.4	1.96	0.3063
10	8.6	-1.4	1.96	0.2279
2	1.8	-0.2	0.04	0.0222
4	3.2	-0.8	0.64	0.2
6	6.4	-0.4	0.16	0.025
8	8.6	0.6	0.36	0.4186
2	1.8	-0.2	0.04	0.0222
2	3.2	-1.2	1.44	0.45
7	6.4	-0.6	0.36	0.0525
9	8.6	-0.4	0.16	0.0186
2	1.8	-0.2	0.04	0.0222
3	3.2	0.2	0.04	0.0125
7	6.4	-0.6	0.36	0.0563
8	8.6	0.6	0.36	0.0419
2	1.8	0.8	0.64	0.3555
100				2.898

$$Df=(r-1)(c-1), (4-1)(5-1)=3*4=12$$

Table shows, that the calculated value 2.898 is less than the table value (12 d.o.f .at 5 % level of significance. Tabulated $\psi^2 = (21.0)$. So the null hypothesis is accepted. There is no significant relationship between Annual income and before taking loan.

Relationship between Annual Income of The Respondents and After Taking Loan Annual Income (After Taking Loan)

Annual Incomes	SHG Group -I	SHG Group -II	SHG Group-III	SHG Group IV	SHG Group-V	Total
10,000-20,000	1	2	2	3	3	11
20,000-30,000	4	2	4	3	3	16
30,000-40,000	7	7	6	5	6	31
Above 40,000	8	9	8	9	8	42
Total	20	20	20	20	20	100

Calculation of Chi-Square Test

O	E	(O-E)	(O-E) ²	(O-E) ² /E
1	2.2	-1.2	1.44	0.6545
4	3.2	0.8	.64	0.2
7	6.2	0.8	.64	0.1032
8	8.4	-0.4	.16	0.0190
2	2.2	-0.2	.04	0.0181
2	3.2	-1.2	1.44	0.45
7	6.2	0.8	.64	0.1032
9	8.4	0.6	.36	0.0429
2	2.2	-0.2	.04	0.0181
4	3.2	0.8	.64	0.2
6	6.2	-0.2	.04	.0065
8	8.4	-0.4	.16	0.0190
3	2.2	0.8	.64	0.2909
3	3.2	-0.2	.04	0.0125

5	6.2	-1.2	1.44	0.2323
9	8.4	0.6	.36	0.0428
3	2.2	0.8	.64	0.2909
3	3.2	-0.2	.04	0.0125
6	6.2	-0.2	.04	0.0645
8	8.4	-0.4	.16	0.0190
100				2.7999

$$Df=(r-1)(c-1), (4-1)(5-1)=3*4=12$$

Table shows, that the calculated value 2.7999 is less than the table value (12 d.o.f .at 5 % level of significance. Tabulated $\psi_2 = (21.0)$. So the null hypothesis is accepted. There is no significant relationship between Annual income and after taking loan.

Findings

From the above discussion it is found that there is no relationship between Annual income and before and after loan taken by the respondents in Hinjilicut.

The Annual income of the respondents before taking loan can be depicted in the following manner, A maximum of 43% of the respondents have annual income in between 30,000-40,000 followed by 32% respondents have 20,000-30,000. Annual income of Rs 10,000 – 20,000 and above 40,000 included 16% and 9% of respondents respectively.

Similarly the annual income of the respondents after taking loan has increased as compared to before taking loan and this can presented in following way, Annual income of the respondents above Rs.40,000 and Rs.30,000-40,000 included 42% and 31% where as 16% respondents have annual income from 20,000-30,000, followed by 10,000-20,000 it is 11%.

Conclusion

From the study it can be concluded that the role of micro finance is very significant in financing the business run by women in Hinjilicut. Most women felt that after their participation in SHGs they are more respected in their own families and society in general. Their contribution to the family is valued and the family in turn supports them to undertake activities like these. Previously women never participated in political activities. Now they have chances to win local elections. The accession to credit with flexibility made them financial included by regular banking and financial system. This study shows that the Self Help Group concept not only provides financial services to the women entrepreneurs but also acts as a launching pad for livelihood intervention. Therefore, proper capacity building and linkage of SHGs to mainstream organizations has really necessary to succeed in poverty alleviation and social upliftment. The success of micro enterprises depends on identification of enterprises with local talents and native capabilities of poor rural, extending training to develop in them self confidence, self-esteem, self-

reliance and motivation promotion of small savings through micro finance, supply of raw materials, facilities of marketing, technology up gradation and evaluation and assessment. Apart from these weekly meetings, discussions, participation in planning and implementation process of developmental activities and social and cultural activities conducted under SHGs and community based organizations enhance the confidence and capacity of the women entrepreneurs in Hinjilicut Block.

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