

## **Effect of Micro Finance on Women Entrepreneurs**

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### **Abstract**

Nearly fifteen years the women in India have taken very courageous steps of occupying the previously outlawed way of entrepreneurship. Entrepreneurship development is a likely approach to economic enablement of women. The contribution of women in finding the various sources for the income generating actions for the family has cumulated over time. Microfinance is generally understood to carry out the ailment of financial services to micro-entrepreneurs and small businesses, which has fewer admittance to banking and other related services. It is providing with trivial loans to poor families with the determination to assist them hire in fruitful actions or care for their small businesses. Micro Finance for the deprived and women has established extensive credit as a policy for deficiency lessening and for economic empowerment among the women entrepreneurs in small business. This study is conducted with 350 women entrepreneurs in south India. This study addressed the financial problems faced by women entrepreneurs.

Key words: women entrepreneurs, financial problems, constraints and issues.

### **Introduction**

#### **The part and of women in economic development**

Fifteen years the women in India have taken very brave steps of occupying the previously outlawed land of entrepreneurship field. Entrepreneurship development is a conceivable approach to economic empowerment. The contribution of women in finding the various sources for the income creating activities for the family has been cumulative over time.

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Women's participation in work not only upsurges the family income but also transports monetary freedom among women. A woman as entrepreneur is frugally more commanding than as a mere worker because ownership not only discusses control over assets. Through entrepreneurship development a woman will not only create employment for women in the neighborhood but will also have a multitier result in the generation of income and deficiency alleviation.

For any business to be successful financial management is more important. Economical aspect of leading a business is more important to be in the business for long run. Managing the economics in a micro level is so vital for any business person. Understanding the flow of money, usage of funds, allocation to proper sources adds value to make a business successful.

Micro Finance is fetching popularity as a influential tool for inspiring women entrepreneurship. Almost all microfinance programmes has arise up with the goal of dropping poverty and authorizing women entrepreneurs. Many microfinance institutions (MFIs) wish and prefer women members to be more with trust and accountable.

Microfinance is there to carry out the disorder of financial services for micro-entrepreneurs and small business, which has fewer admittance to banking and other services. It is providing with very trivial loans to very deprived families with the determination to assist them employ in fruitful actions or care for their identical small businesses. Micro Finance for the unfortunate and women has established widespread credit as a policy for poverty lessening and for monetary empowerment among the women entrepreneurs in small business.

The main issues for women entrepreneurs in small business is handling finance. To make it ease Government do have many micro finance institution to support them. The main characteristics of micro finance institutions is to provide loan for rural and poor for the working capital requirements. These institutions will definitely require saving and group guarantees but no collateral security is being demanded for them.

## **Reasons for women opting for entrepreneurship**

Self-determination, expectancy for gratitude, self esteem, career goal are the important motorists for taking up entrepreneurship journey by women. Women selected such path for learning the inner latent, ability to accomplish their self satisfaction. It will also provide a mean to kind finest use of the freedom hours. But, depressing income conditions of the women rising out of joblessness in the family and separation can induce women entrepreneurial actions. Hence, the following are the chief reasons for women charming towards entrepreneurship:

- Willingness to get a novel and fresh challenges and opportunities.
- To prove their characters in groundbreaking, courageous and modest jobs.
- Being a role model to support of family members
- To undertake and to control and make a balance between their families responsibly
- Innovative way of thinking process
- New tests and chances for self fulfillment in their life
- Opportunity for Employment group
- Freedom to take decision on their own
- Motivated by Government policies and events
- Continuation of Family occupation or business
- Essential for additional income sources
- Secured upcoming of wards and dependents
- Achievement divisions of friends and relatives whom they meet
- Government's incentives, grants& various other schemes
- Growing standard of living by their own

## **Review of Literature**

Nayyar, Pooja et al (2007) found that women faced restraints in facets of financial, marketing, production, work place capability and fitness glitches. Monetary difficulties confronted are non-availability of finance, even and recurrent necessity of working capital. Underprivileged place of shop and absence of conveyance facility were main marketing problems. Production problems comprised the delinquent of non-availability of material. Entrepreneurs mostly confronted health difficulties like exhaustion, tightness and headache.

According to the study by Bygrave (1992) found that admission to financial capitals like cash and assets of the business was a serious achievement for a business. Discovering financial resources like loans or credit was a unique problem that female entrepreneurs in many parts of the world altogether.

Breen, *et. al.*, (1995) emphasized that female business owners confronted the problem of getting finance, and happening business with low initial capital. On the family front, self employed women faced the difficulties of supervision and maintenance for their sick children.

Lerner, *et. al.*, (1998) in his study on women entrepreneurs professed network affiliation, human capital, and areas of the entrepreneur were the key factors touching the performance and triggered problems for development.

Chijoriga and Cassimon, (1999) in their study revealed that bases of funds for opening and successively running a business, inadequate internally generated liquidity were one important problems which were regularly cited as the reasons of micro entrepreneurs business catastrophe. Study attempted by Maysami, *et.al.*, (1999) originate that the most mutual start-up problems seem to be nonexistence of capital. Another important factor is the deficiency of sureness in female business holders' capabilities on the portion of banks, suppliers, clients as well as in family issues. Other supplementary problems like as marketing and labour problems and discrepancy with acquaintances might arise after the start-up time.

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According to the study made by Jalbert (2000) studies absorbed on women in the international economy experienced that cultural and social problems played a significant role in defining who inside the culture developed an entrepreneur.

According to the study made by Bitler, *et. al.*, (2001) stated that want of financial investment, scarce human capital, absence of passable network structures, especially missing in admittance to international systems and boiling government rules were the glitches faced by women entrepreneurs.

Yadav, in his study on entrepreneurs of Saurashtra in 1999 institute that 50 % of them were dealing the business positively. None of them were able to apply 100 % production capacity effectively. It was clear that education, religion, age and marital status was a important influence on entrepreneurship. Nearly 90% of the women replied that it was a big problem to start and achieve the business venture as female. Other problems testified by them were connected to funding and marketing activities. Absence of training was another main restraints and the defendants recommended location up of moveable training centres to meet the needs.

According to Soundarpandian, (1999) recommended that for entrepreneurship development in India, was a superior need to highlight on research linking to development and improvement of entrepreneurship. The snags of women entrepreneurs are recorded as rigid struggle from masculine entrepreneurs, high value of raw materials essentials, Monetary constraints, Managerial restrictions, Technical snags, Low skill to tolerate risks, Lower level of supportive family background and lack of business inventiveness.

Glitches of women in business is deliberated by Chhichhia, in 2004. The evidence was composed by using questionnaire from 40 women entrepreneurs who needed capitalized Rs 2 to 15 lakhs for their enterprises. It was initiate that all entrepreneurs had roughly or the other problem. 91 % thought that there was nonexistence of training 79 % reported about family tasks and financial burden, 54 % said that time consumed did not give earnest outcome. About 35 % stated about the need of adjustment from time to time. Nearly 72 % claimed about the struggle to continue in the

market place. 93 % entrepreneur were not comfortable with the practice of using internet in their enterprise.

Vatharkar (2012) inspected the difficulties of women business owners from Pune district at numerous levels of journey as entrepreneurs and originated the issues inspiring these women to be successful. The study originate that women face loads of hitches at start-up as well as working stage. Problems like role battle, absence of inspiration, lack of investment, maintaining stability among work and family life, selective behavior, empathetic government instructions and regulations etc., are the major issues.

## **Objectives of the study**

1. To identify the major sources of finance for women entrepreneurs in their economic development
2. To study the motivating factors pertaining to financial investment for women entrepreneurs to start a new business
3. To discuss about the awareness level and barriers faced by women entrepreneurs about the economical aspects

## **Limitations**

Although this study has made valuable contributions, it is not devoid of any limitations. This study was restricted to the domicile of South India, so generalizing the findings to other locations may not be possible. In order to extend the findings to other geographical locations comparative studies could be attempted in future.

## **Research Methodology:**

With a descriptive research design study uses survey method to collect primary data with the help of a structured questionnaire from 350 female entrepreneurs. The questionnaire is prepared and a pilot survey is conducted to understand the quality of the questions by performing the validity and reliability test. The questionnaire is distributed among the female entrepreneurs in different types of business as (table: 1) in south India.

## Results and discussion

Based on the study results administered by the scholar the following table shows the results of the different types of business adopted by women. The study was conducted among the women entrepreneurs who entered into business to gain economical status and also for bread winning situations of their family circumstances and due to natural demands of their life style.

**Table : 1 Different types of business adopted by women for economical growth**

Type of business	No of respondents	percentage
Tailoring	49	14
Beauty parlor	70	20
Saree sales	35	10
Handicrafts	42	12
Homemade food	35	10
Service products	28	8
Herbal products	91	26
Total	350	100

The above table: 1 shows the most common of the women enter into herbal products business (26%) followed by beauty parlor business (20%). Tailoring is also selected as profession by women (14%) followed by handicraft works (12%). Many women enter into saree sales and homemade food preparation (10% each) as it was probable to executed at their stretch of convenience and inbuilt nature of cooking skills. Minimum number of women arrive into service products as (8%) like electrical and electronic service centers. Researcher was able to examine the huge women to enter in herbal product and beauty products business because there is a huge awareness among women about herbal products and the need to present them perfect to meet the pleasant look in the corporate world.

## Sources of Finance

The sources of finance for the women entrepreneurs was analyzed and the consequences are presented in Table: 2

Table 2 Sources of Finance for the Women Entrepreneurs

Sl. No.	Sources of Finance	Frequency	Per cent
1.	Own Source	237	67.71
2.	Friends	14	4.00
3.	Relatives	30	8.57
4.	Commercial Banks	52	14.87
5.	Private Financial Sources	11	3.14
6.	Others	6	1.71
	Total	350	100.00

Source: Primary Data

From the above table, it is observed that own source is the source of finance for 67.71 per cent of the women entrepreneurs followed by commercial banks (14.87 per cent), relatives (8.57 per cent), friends (4.00 per cent), private financial sources (3.14 per cent) and other sources (1.71 per cent). It is inferred that own source is the basis of finance for the popular of the women entrepreneurs.

## Factors pertaining to finance for starting a business

The results indicate that the own financial source for starting of a business is strongly agreed by 57.14 per cent of the women entrepreneurs tracked by agree (14.29 per cent), neutral (12.86 per cent), disagree (10.00 per cent) and strongly disagree (5.71 per cent).

The table represents that friends lending as a main source of financing is strongly agreed by 60.00 per cent of the women entrepreneurs followed by agree (28.57 per cent), strongly disagree (4.57 per cent), disagree (4.00 per cent) and neutral (2.86 per cent).



Table : 3 Factors pertaining to finance for starting a business

Sl. No.	Particulars	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
1.	Own source	20 (5.71)	35 (10.00)	45 (12.86)	50 (14.29)	200 (57.14)	350 (100.00)
2.	Friends lending	16 (4.57)	14 (4.00)	10 (2.86)	100 (28.57)	210 (60.00)	350 (100.00)
3.	From Family Business	28 (8.00)	84 (24.00)	73 (20.86)	60 (17.14)	105 (30.00)	350 (100.00)
4.	Improve the economic Status	14 (4.00)	22 (6.29)	19 (5.43)	138 (39.43)	157 (44.85)	350 (100.00)
5.	Availability of work space	15 (4.29)	16 (4.57)	24 (6.86)	135 (38.57)	160 (45.71)	350 (100.00)
6.	Work with Full independence	9 (2.57)	9 (2.57)	15 (4.29)	140 (40.00)	177 (50.57)	350 (100.00)
7.	Earning money	6 (1.71)	16 (4.57)	49 (14.00)	101 (28.86)	178 (50.86)	350 (100.00)
8.	Getting Personal Satisfaction	13 (3.71)	13 (3.71)	23 (6.58)	84 (24.00)	217 (62.00)	350 (100.00)
9.	Gaining Social Status	3 (0.86)	4 (1.14)	15 (4.29)	140 (40.00)	188 (53.71)	350 (100.00)
10.	Financial Support by Friends and Relatives	6 (1.71)	10 (2.86)	38 (10.86)	125 (35.71)	171 (48.86)	350 (100.00)
11.	Ability for Low Investment	15 (4.28)	33 (9.43)	49 (14.00)	99 (28.29)	154 (44.00)	350 (100.00)
12.	Previous Experience	5 (1.43)	25 (7.14)	45 (12.86)	121 (34.57)	154 (44.00)	350 (100.00)

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	gained money						
13.	Knowledge in this Field	6 (1.71)	24 (6.86)	25 (7.14)	135 (38.58)	160 (45.71)	350 (100.00)
14.	Heavy Demand for the product	3 (0.86)	4 (1.14)	59 (16.86)	116 (33.14)	168 (48.00)	350 (100.00)
15.	High Profit Margin	13 (3.71)	21 (6.00)	38 (10.87)	132 (37.71)	146 (41.71)	350 (100.00)
16.	Easy to Start and Maintain with minimum investment	9 (2.57)	11 (3.14)	60 (17.14)	122 (34.86)	148 (42.29)	350 (100.00)

Source : Primary Data

The sources from family business is strongly agreed by 30.00 per cent of the women entrepreneurs tracked by strongly disagree (24.00 per cent), neutral (20.86 per cent), agree (17.14 per cent) and strongly disagree (8.00 per cent).

The consequences show that about 44.85 per cent of the women entrepreneurs are strongly agreed with to improve the economic status followed by agree (39.43 per cent), disagree ( 6.29 per cent), neutral ( 5.43 per cent) and strongly disagree (4.00 per cent).

Availability of work own place is strongly agreed by 45.71 per cent of the women entrepreneurs followed by agree (38.57 per cent), neutral (6.86 per cent), disagree (4.57 per cent) and strongly disagree (4.29 per cent).

The outcomes show that about 50.57 per cent of the women entrepreneurs are strongly agreed with work with full independence tracked by agree (40.00 per cent), neutral (4.29 per cent) and disagree and strongly disagree (2.57 per cent).

The grades indicate that about 50.86 per cent of the women entrepreneurs are strongly decided with earning money surveyed by agree (28.86 per cent), neutral (14.00 per cent), disagree (4.57 per cent) and strongly disagree (1.71 per cent).

Getting personal satisfaction is strongly agreed by 62.00 per cent of the women entrepreneurs followed by agree (24.00 per cent), neutral (6.58 per cent), disagree and strongly disagree (3.71 per cent).

Gaining social status is strongly agreed by 53.71 per cent of the women entrepreneurs followed by agree (40.00 per cent), neutral (4.29 per cent), disagree (1.14 per cent) and strongly disagree (0.86 per cent).

The results show that around 48.86 per cent of the women entrepreneurs are strongly agreed with financial support from friends and relatives shadowed by agree (35.71 per cent), neutral (10.86 per cent), disagree (2.86 per cent) and strongly disagree (1.71 per cent).

The results indicate that 44.00 per cent of the women entrepreneurs are strongly agreed with ability and willingness to start with low investment by agree (28.29 per cent), neutral (14.00 per cent), disagree (9.43 per cent) and strongly disagree (4.28 per cent).

With the assistance of previous experience money earned criteria is strongly agreed by 44.00 per cent of the women entrepreneurs by agreeing with s (34.57 per cent), neutral (12.86 per cent), disagree (7.14 per cent) and strongly disagree (1.43 per cent).

The knowledge in this field is strongly agreed by 45.71 per cent of the women entrepreneurs followed by agree (38.58 per cent), neutral (7.14 per cent), disagree (6.86 per cent) and strongly disagree (1.71 per cent).

About 48.00 per cent of the women entrepreneurs are strongly agreed with heavy demand for the product is followed by agree (33.14 per cent), neutral (16.86 per cent), disagree (1.14 per cent) and strongly disagree (0.86 per cent).

The indicated results shows about 41.71 per cent of the women entrepreneurs are strongly agreed with high profit margin followed by agree (37.71 per cent), neutral (10.87 per cent), disagree (6.00 per cent) and strongly disagree (3.71 per cent).

Easy to start and maintain with minimum investment is strongly agreed by 42.29 per cent of the women entrepreneurs followed by agree (34.86 per cent), neutral (17.14 per cent), disagree (3.14 per cent) and (2.57 per cent) wit strongly disagree.

**Table : 4 Barriers to improvement**

Sl. No	Barriers for improvement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
1.	Lack of a personal guarantee	0 (0.00)	19 (5.43)	26 (7.43)	51 (14.57)	254 (72.57)	350 (100.00)
2.	Lack of knowledge in legal documentation	2 (0.57)	35 (10.00)	69 (19.71)	58 (16.56)	185 (52.86)	350 (100.00)
3.	Lacking experience in preparing loan proposals	26 (7.43)	61 (17.43)	118 (33.71)	49 (14.00)	96 (27.43)	350 (100.00)
4.	Lack of collateral and high rates of interest	8 (2.29)	33 (9.43)	43 (12.29)	61 (17.42)	205 (58.57)	350 (100.00)
5.	Lacking managerial capacity and technological education	16 (4.57)	39 (11.14)	35 (10.00)	65 (18.57)	195 (55.72)	350 (100.00)
6.	Procedure for Registration and	11	47	42	59	191	350

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	Certification	(3.14)	(13.43)	(12.00)	(16.86)	(54.57)	(100.00)
7.	Laws and policies: The absence of gender rights	6 (1.71)	22 (6.29)	68 (19.43)	83 (23.71)	171 (48.86)	350 (100.00)

The results indicate that lack of personal guarantee is strongly agreed by 72.57% of the women entrepreneurs followed by agree (14.57 per cent), neutral (7.43 per cent) and disagree (5.43 per cent).

The results show that lack of knowledge in legal documentation is strongly decided by 52.86 per cent of the women entrepreneurs of beauty clinics followed by neutral (19.71 per cent), agree (16.56 per cent), disagree (10.00 per cent) and strongly disagree (0.57 per cent).

It is experiential that Lacking knowledge in preparing loan proposals is neutral with 33.71 per cent of the women entrepreneurs of followed by strongly agree (27.43 per cent), disagree (17.43 per cent), agree (14.00 per cent) and strongly disagree (7.43 per cent).

It is clear that Lack of collateral and high rates of interest is strongly agreed by 58.57 per cent of the women entrepreneurs followed by agree (17.42 per cent), neutral (12.29 per cent), disagree (9.43 per cent) and strongly disagree (2.29 per cent).

It is apparent that Lacking managerial capacity and technological education is strongly agreed by 55.72 per cent of the women entrepreneurs of shadowed by agree (18.57 per cent), disagree (11.14 per cent), neutral (10.00 per cent) and strongly disagree (4.57 per cent).

The results reveal that the lack of knowledge in the procedure for Registration and Certification is strongly agreed by 54.57 per cent of the women entrepreneurs of beauty clinics followed by agree (16.86 per cent), disagree (13.43 per cent), neutral (12.00 per cent) and strongly disagree (3.14 per cent).

The results shows that that the Laws and policies and the absence of gender rights is strongly agreed by 48.86% of the women entrepreneurs is followed by agree (23.71 per cent), neutral (19.43 per cent), disagree (6.29 per cent) and strongly disagree (1.71 per cent).

## **Discussion**

Majority of the women in the field of entrepreneurship enter in to the business due to the need of finance for survival of their life and family members. The researcher is able to understand that major women are in herbal and beauty products related industry. The major source of finance for starting their own enterprise is from their own funding. Funding from friends, family business continuation, willingness to start a business with low investment and to work with full independence to get personal satisfaction also added to the studies importance.

Though the motivation factors for financial requirements for starting and running a business successfully is discussed the clarity and execution of financial and legal formalities are highly lacking among women entrepreneurs. Lack of personal guarantee, knowledge in legal documentation, preparing of loan proposals, dealing with high rate of interest and collateral are also a barriers. Knowledge about the procedure for registration, license and certification are to be given more importance to be successful in business. Lack of good and sound knowledge in the above-mentioned aspects leads to loss in business. So standing is to be specified to financial facets which is additional and vital to accomplish the business.

## **Conclusion**

There are many numbers of important limitations to women entrepreneurs which need to be addressed. Steps must be taken by the Government to address the problems by providing training in managing the funds. Guidance and support of auditors can be appointed by the Government to reduce the financial issues. Apart from the above addressed issues gender inequality, absence of education qualification, problem in finance, skepticism of financial institution, uselessness of technology and resulting upsurge in cost of production, low risk-bearing capacity, nonexistence of entrepreneurial ability, limited managerial aptitude, legal

formalities and absence of self-confidence, shortage of raw material, rigid competition, family ties, marketing problems, production problems and health problems are to be addressed.

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