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Role of Microfinance in Entrepreneurial Development of Women in India

Yasar Imam[1*], Prof. Anwar Khurshid Khan[2]

[1]Research Scholar, Faculty of Management, Magadh University, Bodh Gaya, India*
[2]Former Head, Dept. of Applied Economics & Commerce, Gaya College, Gaya, India

Corresponding Email: [1]yasar.imam@gmail.com*

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Abstract: ***Today, one of the most widely debated topics in the world is disparity in global wealth and access to social services. Within the new economy, microfinance is becoming a more powerful tool for poverty alleviation. The bulk of microfinance programs were established with the explicit objective of alleviating poverty and empowering individuals of the country. Furthermore, a rising number of microfinance institutions (MFIs) prefer to work with promising entrepreneurs with unique business ideas because they believe they are more responsible and trustworthy. Programs such as the Self Help Bank Linkage Program in India have been steadily gaining popularity due to their beneficial economic impact and the assumption that they help women to become more self-sufficient. So far, the SHG Program has delivered microfinance to its mostly female participants using a new form of group saving and lending. According to the research, investing in women has been proved to be the most effective way to increase family health, nutrition, hygiene, and educational levels, and hence the entire society. Thus, it is vital to provide additional support for women in both financial and non-financial services. A large number of top public and private sector banks are launching programs specifically aimed to assist women in starting their own businesses. In recent years, even the unorganized sector has begun to participate in the microfinance movement. The purpose of this study is to determine the effectiveness of microfinance as a tool for boosting women entrepreneurship in India.***

Keywords: ***Microfinance, Women Entrepreneurs, Self-Help Group, Financial Services, Non-Financial Services.***

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1. INTRODUCTION

Today, one of the most widely debated topics in the world is disparity in global wealth and access to social services. With the establishment of global social morals, the formalization of political and cultural aspirations toward equality and justice has taken place (Linklater 2007). The effective attainment of socially grounded moral goals through regulation has far-reaching consequences, including implications on financial inclusion in developing nations, notwithstanding the logical issues that these morals present to orthodox economics (Augsburg et. al 2012). The fact that the majority of the world's population does not have access to a social safety net or a formal banking system has resulted in the emergence of microfinance to fill the resulting service gap in the global economy (Sharma, 2005). Microfinance has potential to supply the poor with funds to enable them to engage in income-generating self-employment activities while also balancing their consumption expenses, microfinance has seen exponential growth over the last twenty years, (Ahlin & Jiang, 2008). Thus, home funds have been efficiently mobilized and new small-scale entrepreneurs have been encouraged to start their businesses (Rogerson, 2001). This may have an impact on economic growth since the motivation for economic progress must come from within the developing country itself, rather than being forced from outside, (Collier & Dasgupta, 2007). It is critical to note that persons living in poverty had access to credit prior to the establishment of microfinance firms through traditional money lenders. Loans from traditional money lenders, such as banks, were rarely approved due to the high transaction costs associated with small loans, the lack of collateral, the lack of a credit history, and the lack of a business plan. On the other hand, loans from loan sharks, were frequently approved due to the extortionately high interest rates and the possibility of physical harm in the event of late or non-payment of the loan, (Shankar, 2007; Sharma, 2005). In light of the rise of microfinance institutions (MFIs) to cover the resulting gap in financial services, there is limited information available about how MFIs are regulated and their impact on economic development. Microfinance is a research topic that has gained popularity in the current literature due to the potential, wide-ranging and long-lasting benefits it could have on the vast majority of the world's poor people. While empirical research on the economic benefits of microfinance is limited, there is a growing body of evidence suggesting they are beneficial. As a result of sample selection bias, it is not viable to compare borrowers from microfinance institutions (MFIs) with individuals who do not borrow from these institutions, (Agrawal et al., 2012). Nonetheless, numerous scholars have documented direct social advantages associated with microfinance programs. Additionally, the authors discovered that microfinance has the capacity to alleviate both individual and regional poverty, (Emeni, 2008). According to Ahlin and Jiang (2008), microfinance has no influence on GDP unless borrowers show the tendencies of long-term savings. The following sections of this article will discuss the socioeconomic benefits of microfinance in promoting women entrepreneurship in greater detail. The World Bank, on the other hand, discovered that the majority of microfinance is used to meet basic requirements (such as housing and food) rather than to produce income through investment activities, (World Bank Report, 2003). The

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ambiguity of the study findings about the socioeconomic benefits of microfinance gives impetus for explaining the origins and current state of microfinance, as well as identifying areas where future research would be most beneficial. In their study published in 2014, Ashok K. Pokhriyal, Rekha Rani, and Jaya Uniyal pointed out Working women around the world make a significant contribution to the national revenue of their countries and help to ensure the long- term survival of their families and communities. They are confronted with a variety of sociocultural attitudes, legal impediments, a lack of knowledge, and personal challenges. Women have traditionally been relegated to the periphery of society. They are rarely financially self-sufficient, and they are frequently among society's most vulnerable citizens. Women constitute around 70% of the world's poor. Despite this, they do not have access to credit or other financial services. As a result, microfinance frequently targets women. Microfinance is a vital instrument in the empowerment of women from low-income families. Due to the fact that many microfinance institutions are solely focused on empowering women, women in particular can reap the benefits of microfinance institutions. This research Innovation, concluded that we are in a better position today because women's participation in the field of entrepreneurship is increasing at a significant rate. Sanjo Popovic Pantic (2014), in his study entitled "An analysis of female entrepreneur and innovation in Serbia in the context of EU competitiveness" focused on innovation management platform necessary to enhance small and medium enterprise business performance and competitiveness in the context of EU market concluded that there is still no unique methodology for re-engineering small and medium enterprises in the context of EU market. C.Var Rooyen and R. Stewart (2012) discovered that microfinance brings both benefit and harm to the poor's livelihood in their work "Impact of microfinance in Sub-Saharan Africa: A systematic evaluation of the data" published in world development journal with reference to Africa. Sangeeta Arora and Meenu (2010) discovered in their study on "Microfinance intervention: An insight in to related literature with special reference to India," that if used in its true spirit, microfinance intervention can be a powerful instrument for economic and social empowerment with the cooperation of the banking sector. Human Rehman and Amani Moazzam (2015), conducted a study on "Role of Microfinance Institutions in Women Empowerment: A Case Study of Akhuwat (Pakistan)" in which they found that age, education, marital status, and family type are influential factors that were analyzed in relation to their impact on economic, social, and political, health, and education empowerment of women. A. Jayakumar and Mr. S. Sivsankari (2016) discovered that microfinance through self-help groups has a greater impact on transforming the lives of the poor in their study "Microfinance and women empowerment: In the present scenario." Sibghatullah Nasir and Saleem Akhtar Farooqi (2016) found that a microfinance program has a significant impact on women empowerment with particular reference to the district of Aligarh in India. Microfinance programs have a significant impact on women empowerment because they increase the income level of participants and reduce their poverty level.

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Objectives of the study

1. To understand the entrepreneurial development program for women
2. To know the support provided by microfinance sector for womenentrepreneurship

2. RESEARCH METHODOLOGY

Being skeptical of the information offered in sources is usually a good idea, especially because the information may have been collected in order to solve a completely separate issue. On the other hand, many secondary sources, do not clearly define problems such as the objective of a study, how the data has been acquired, evaluated, and interpreted, making it difficult for the researcher to determine their relevance. For this reason, I have attempted to triangulate the secondary data by incorporating information from other independent sources in order to address the issue.

Information on the subject is gathered from research journals, trade magazines, bank annual reports, and the Internet. We examined as much recent material as possible when reviewing "Microfinance as a tool for the development of Women Entrepreneurship." I used publications from academic journals and trade periodicals to keep up with the newest developments in this field. Additionally, we gathered secondary data from Internet-based discussion communities.

Entrepreneurial development program for women

The Women Entrepreneurship Development Program (WEDP) aims to strengthen Women-Owned Businesses (WOBs) throughout India. It aims to develop entrepreneurial mindset among the female population and endeavours to motivate and guide them to set up their own enterprises. WEDP's is used to empower aspiring and established women entrepreneurs to start, run, and expand their businesses, as well as to foster the development of inclusive, resilient, and sustainable economies. It accomplishes this through addressing gender disparities in enterprise development in order to scale women entrepreneurs' contributions to growth and sustainable development, as well as to enable their meaningful engagement in the entrepreneurship ecosystem. Inputs on the process and practice of entrepreneurship development, communication and interpersonal skills, creativity, problem-solving, accomplishment motivation, resources accessible, and all elements of entrepreneurship are provided by the Women Entrepreneurship Development Program (WEDP). Case studies, group discussions, simulation exercises, field trips, and classroom lectures are all part of the training technique.

This program combines capacity building workshops with one-on-one mentorship to boost entrepreneurs and their businesses while also connecting them to institutions and the marketplace. Women Entrepreneurship Development Program allows participants to meet successful entrepreneurs in order to exchange, learn, and liasoning.

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Government Schemes Promoting Women Entrepreneurship

The Micro, Small, and Medium-Sized Enterprises (MSME) sector is critical to the development of every country's economy. As opposed to huge industries, it creates more employment prospects at a cheaper cost of capital. MSME symbolizes the rural and backward classes' economies, and when these sectors thrive, a country's economy develops naturally, with a greater Gross Domestic Product (GDP). Women have an important role in the development of MSME; women entrepreneurs own the majority of micro, small, and medium-sized businesses. As a result, the expansion of MSME also demonstrates the success of female entrepreneurs.

According to the Third All-India Census of Small-Scale Industries conducted in 2001-02 and subsequent estimations, women own only 10.11 percent of Micro and Small Enterprises in India, while they manage 9.46 percent of MSE. According to the most recent available data, there are 12.99 lakh women-owned and 12.15 lakh women-managed businesses. As a result, many schemes, some of which have already been implemented aby the govt. of India in 2008, specifically for the development of women-owned small and medium-sized companies (MSEs). I would like to include a brief description on some of the significant programs that are targeted exclusively at women or provide special benefits to female entrepreneurs.

1. Trade Related Entrepreneurship Assistance and Development Schemes for Women (TREAD)
2. Micro and Small Enterprises Cluster Development Program (MSE-CDP)
3. Credit Guarantee Fund Scheme
4. Support for Entrepreneurial and Managerial Development
5. Exhibitions for women under promotional package for Micro and Small Enterprises Approved by CCEA under marketing support

Microfinance and Entrepreneurial Development of Women

Despite the fact that both men and women experience problems in starting a new business, women confront additional obstacles to overcome. Some prevalent obstructions are negative socio-cultural attitudes, legal obstacles, practical exterior impediments, a lack of education, and personal challenges are just a few of the issues that need to be addressed. Women, particularly disadvantaged women, have risen to the top of the economic ladder as a result of the development of microenterprise ownership. Access to finance and financial services is one of the most important variables in determining the success of a microbusiness venture. Women have historically had less access to these services than men, for a variety of reasons. As a result, over the past two decades, lending for microenterprise development has emerged as a critical concern. According to research, investing in women is the most effective way to improve the health, nutrition, hygiene, and educational levels of families, and as a result, the overall health of society. Consequently, particular assistance for women in the financial and non-financial sectors is required. In terms of limited access to financial services, women rely mostly on their own limited economic resources or, in some circumstances, loans from other family members for investment capital, which is a problem in many developing countries.

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Female entrepreneurs are effectively restricted to a narrow range of low-return businesses that involve minimum capital outlays, few tools and equipment, and rely on farm products or low-cost raw materials due to limited investment capital. The development of entrepreneurial activities of women is continuously supported by microfinance sector, since its inception more than two decades ago, the microfinance sector has demonstrated exceptional resilience. According to the NABARD women Self Help Group-Bank Linkage Programme, which is the largest microfinance program in the world, currently serves 101 million households through 7.9 million women self-help groups, generating annual thrift and deposits of approximately INR 1,36,914 million, annual loan offtake of approximately INR 3,72,869 million, and loan outstanding of approximately INR 5,71,192 million. The Women's Self-Help Group (WSHG) is primarily concerned with the enlisting of women in society through social and economic factors. It leads to the provision of resources and the empowerment of women. Members of the Women's Self- Help Group (WSHG) not only receive microfinance and credit when needed, but they also receive entrepreneurial training, participate in an awareness program concerned with establishing microenterprise, and are encouraged to develop leadership characteristics and live a confidential life.

Numerous studies have revealed that a variety of factors contribute to making it more difficult for women in small enterprises to earn a profit.

1. Lack of market understanding and prospective profitability, making it tough to choose abusiness
2. Inadequate capital
3. Expensive capital borrowing
4. Credit policies that might gradually destroy their business (many customers cannot pay cash;on the other hand, suppliers are very harsh towards women)
5. Increased societal pressure to share benefits as a result of overemploymentof relatives
6. Lack of rationality in pricing

Bank Schemes for the promotion of women entrepreneurs

As a result of the microfinance movement's rapid growth, the banking sector has emerged in a large way. At the moment, several commercial banks are showing a strong interest in launching programs specifically for women. Additionally, women entrepreneurs have received interest relief on credit from various big public and private sector institutions.

Table: 1. List of Banks promoting women entrepreneurs

Sr.No.	**Name of the Bank**	**Name of the Schemes**
1.	State Bank of India	Stree Shakti Annapurna Scheme

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2	Bank of Baroda	Akhsay Mahila Arthik Sahayta Yojna (AMASY)
3	Punjab National Bank	PNB Mahila Samridhi Yojna PNB Mahila Udyam Nidhi Scheme PNB Mahila Sashaktikaran Abhiyan
4	Bank of India	Priyadarshini Yojna
5	Central Bank of India	CENT Kalyani
6	Canara Bank	CAN Mahila
7	SIDBI	Mahila Udyam Nidhi
8	IDBI Bank	Mahila Udyog NidhiMahila Vikas Nidhi

Source: Prepared by author from Bank's website

Women's entrepreneurship is gaining momentum around the world, thanks to the backing of governments and public sector organizations. Opportunities created by globalization, integrated markets and jobs, family support, significant government support through various programs launched for women entrepreneurs, improvement in their living standards, and health and education are the factors influencing these women to come up with their own venture.

In India, women entrepreneurs affiliated primarily with micro, small, and medium firms because many women start their businesses with a very little net worth (low budget venture) and ensure low risk. As a result, women's revenue participation is lower due to the size of their businesses, but they generate more volume and employment in many industries (Annual report of MSME 2012–13). According to the fourth All India census of MSME, the number of women-owned businesses in the registered sector is 2.15 lakh (13.72 percent), while the number of women- owned businesses in the unregistered sector is 18.06 lakh (9.09 percent) of the total sectors.

Microenterprise and microfinance are generally accepted development strategies for poverty alleviation. This burden has been shared evenly by the government, commercial banks, and civil society. In the recent decade, SHGs have played an increasingly important role in providing micro-finance. Self-help organizations that have access to microfinance are helpful

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in eliminating poverty, empowering women, and fostering self-sufficiency in rural areas. With the cooperation of NABARD, the Reserve Bank of India (RBI) has offered medium-sized loans to women entrepreneurs, recognizing the importance of SHGs in the financing of small and medium-sized businesses. The success of women entrepreneurs serves as a catalyst for other women to aspire to the start, compete on an equal footing, and sustain their firms. Across the world, the majority of start-ups have failed owing to financial difficulties experienced by female entrepreneurs; but, because to SHGs, women entrepreneurs now have confidence in their ability to develop and realize their dreams. This type of growth is truly inclusive in India.

Table: 2. Self Help Groups across India

Year	Total No. of SHG's formed	No. of womenSHG's	Percentage of women SHG's
2009-10	3708410	2651450	71.49
2010-11	3988926	2955287	74.08
2011-12	3943127	2665212	72.66

Source: www.rural.nic.in

Table: 3. Details of women entrepreneurship in different states

States	Number of Registered Unit	Number of Women Entrepreneurs	Percentage
Tamil Nadu	9618	2930	30.36
Uttar Pradesh	7980	3180	39.84
Kerala	5487	2135	38.91
Punjab	4791	1618	33.77
Maharashtra	4339	1394	32.12
Gujarat	3872	1538	39.72
Karnataka	3822	1026	26.84
Madhya Pradesh	2967	842	28.38
Other States	14576	4185	28.71

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Total	57452	18848	32.82

Source: Micro, small and medium industries report from the ministry under the Government of India, 2012 –13.

3. CONCLUSION

In today's environment, we are fortunate to be in a situation where women's contributions to entrepreneurship are expanding at a rapid pace. Efforts are being made in the economy to enact legislation that guarantees equal participation in the political process as well as equal opportunities and rights in education and work. Despite this, there are a few missing parameters that must be rectified immediately. Short-term assistance programs that attempt to increase the productivity of women's labor by providing loans, technology, and skill training should be prioritized. Microfinance programs should provide women with specific personalized products delivered through appropriate channels that can help their businesses and families compete. Rural women's participation in micro- enterprises should be encouraged and accelerated. Rural women can make a significant contribution to the economy through effective and competent participation in entrepreneurial operations. Rural women have the fundamental indigenous knowledge, skills, potential, and resources to develop and operate businesses. Now, there is a need for understanding about loan accessibility, various funding sources, certification procedures, government welfare program awareness, motivation, technical skills, and support from family government and other organizations.

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