

Unlocking Opportunities: A Data-Driven Study on Microfinance and Women Entrepreneurs in India's Small and Medium Enterprises

Ms. Ramika Verma

Assistant Professor, Tecnia Institute of Advance Studies, Rohini, New Delhi, India
ramikaverma30@gmail.com

Abstract: *In India, microfinance has been crucial in encouraging women to start their own businesses, particularly in the small and medium-sized business (SME) sector, where it is still difficult for them to have access to traditional financial institutions. By examining its effects on company expansion, financial independence, and general empowerment, this study seeks to evaluate the effects of microfinance on female entrepreneurs. Data has been gathered from a wide range of women-led SMEs in various Indian regions using a quantitative research methodology. The study looks into important topics such loan availability, microfinance money utilisation, financial literacy, business growth, and the socioeconomic advantages of entrepreneurship for women.*

The results indicate that microfinance plays a vital role in company growth by helping women launch and grow their businesses, which enhances financial security and creates more job opportunities. However, obstacles including exorbitant interest rates, pressure to repay loans, and a lack of financial literacy still prevent microfinance efforts from reaching their full potential. Furthermore, the study investigates how microfinance institutions (MFIs) and self-help groups (SHGs) promote financial inclusion and looks at how government regulations and assistance initiatives might increase their efficacy.

The purpose of this project is to test and examine the effects of microfinance, a crucial tool for female entrepreneurs. A "standard questionnaire," which was developed using a five-point interval scale, yielded a sample of 145 respondents.

Keywords: Microfinance, Women Entrepreneurship, Small and Medium Enterprises, Women Entrepreneurs

I. INTRODUCTION

Microfinance for female entrepreneurs is becoming a more effective instrument for creating jobs in rural areas in the current economy. Most financial services and microfinance programs have created a number of related services to reduce poverty and empower women in society. Amita Vijay, Pragya Kasana, Yogendra Jain (2021). Women entrepreneurs operate a large percentage of micro businesses in developing countries and make a substantial contribution to local economy. Rural women are typically mostly in charge of agricultural output in addition to caring for the home and the children. Dr. Ajay Sharma; Ms. Sapna Dua Mr. Vinod Hatwal (2012). In developing countries like India, where women's economic status is terrible, especially in rural areas, and there are few opportunities for earning money, Self Help Groups (SHGs) have enabled rural women to become economically independent. The microfinance program aims to increase the economic empowerment of poor women by providing financial services. It is expected that the program will break the cycle of "low investment - low income - low investment," which will enable low-income households to escape poverty. The current study shows, based on firsthand and secondary data, that although the microfinance program might have helped these women beyond their usual credit limits, it hasn't helped them get past project limitations Neha Shah (2009). In addition to playing a crucial role in their homes, women also make a substantial economic contribution to their communities. However, a number of obstacles have made it difficult for them to perform this role successfully, including as poverty, family responsibilities, unemployment, discrimination in society,



and insufficient income. Dr. Shalini Devi (2023). Micro finance is a relatively new phrase, with the word "micro" meaning "small," that deals with poverty alleviation concerns by giving money to businesses, primarily in rural areas, so they can raise their income levels and improve their quality of life. Self Help Groups (SHGs) are a crucial tool for offering a range of financial services and plans to women throughout India, where they dominate the microfinance market (Archana, 2013). The women of all over the world are actively participating in their local economy which is helping them to get a well-developed understanding of the specific markets and customers (Tien, et.al, 2019). The current study will be very helpful in understanding how small and medium-sized women entrepreneurs contribute to economic development and how microfinance contributes to the emergence of entrepreneurship. Through this, we will also talk about how the main goal of microfinance is to empower women, who historically haven't been able to engage in economic activities. In order to analyse the influence of both financial and non-financial services, this study explores the mediating role of microfinance services on the survival and expansion of female entrepreneurs (Akpan & Nneji, 2015).

II. LITERATURE REVIEW

Microfinance is the act of giving low-income and impoverished households and their microbusinesses a small range of loans as well as financial support in the form of deposits, loans, payment services, money transfers, or insurance (Singh & Yadav, 2012). Much research has been done in a number of areas to determine how microfinance affects women entrepreneurs running small and medium-sized businesses. This characteristic functions similarly to a development tool for reducing vulnerability and poverty. Despite this, one of the key elements influencing women's success in capital and financial services has been microfinance, particularly for small and medium-sized business owners. Women make up over half of the global population and are regarded as the superior members of our society. As a result, this encourages women's growth and small- and medium-sized business ownership among rural women. Through quick and noticeable results for many impoverished people, particularly women who are confined to their homes to conduct household chores, microfinance has also been a developmental instrument for reducing poverty in several countries (Sigalla & Carney, 2012). Small and medium-sized business owners now have more control over household decisions pertaining to resource allocation, savings, and investments thanks to access to microfinance, which specifically helps them live better lives and raise living standards. The days when women from all walks of life planned to die inside a chamber are long gone because, like their male counterparts, women are contributing to the economy and writing new tales of extraordinary success through their wit and hard work. They have started to venture into the very competitive realm of economic independence and entrepreneurship. The expansion of small and medium-sized business owners is essential for creating large job possibilities and has emerged as an exceptionally strong and vibrant sector of the Indian economy. These small and medium-sized business owners influence the economy by creating new jobs and money through the development of novel goods and services. India has at all times been a land of entrepreneurs and they have also inhabited a strategic position in the Indian economy (Kumar, 2014). Furthermore, microfinance supports these female entrepreneurs by providing loans to assist them hone their entrepreneurial abilities and launch their own microbusinesses (Swapna, 2017). By increasing their social power, it also helps them become more independent. These women are now seen as workers, shoppers, and entrepreneurs who will replace the global economy. These days, these microfinance initiatives play a significant role in producing high-level employment possibilities and revenue to support social well-being.

(Usman, & Tasmin, 2016). These financial services significantly improve the performance of firms owned and operated by women. They give these business owners the chance to make money and have a beneficial impact on their success. These women have achieved enormous success over the last two or three decades by leaving their mark in various spheres of life through their service in high-ranking public positions. By guaranteeing that they become financially independent by managing their own households, the nation authorises or permits an increasing number of women from the traditional or conventional level onwards (Nayak & Mahanta, 2012). In the rural and semi-rural areas of the overall economy, the burden of creating jobs for many rural women is largely being carried out by female-led small and medium-sized businesses. More importantly, though, they are using their own achievements to help and empower other women by giving themselves jobs, professional training, and basic financial literacy, among other things. With one



another's knowledge, experience, abilities, and inventiveness, Indian women are highly qualified and capable of creating successful enterprises. As a result, the microfinance sector has made a substantial contribution and helped to further highlight Indian women from an entrepreneurial standpoint. More significantly, the availability of these financial services has ultimately prompted an examination of fresh approaches to growth and income production. Women are frequently the target of microfinance because they have historically had less access to credit and other financial services, which constitute a significant and expanding portion of the informal sector. (Pokhriyal, et.al, 2014). They frequently choose or target rural women because, from the perspective of public policy, doing so frequently makes sense. Due to their higher payback rates, the number of female clients or business owners is significant. As a result, there is a strong public and business policy in place to choose female borrowers. Self-help organisations in India are an innovative way to foster entrepreneurship and create jobs (Geetha & Babu, 2016). They all contribute to the well-known goal of economic and community-based improvement for the individual, their family, and the community. Rural women have gained a thorough understanding of the financial system and are aware of the banking procedures after joining these organisations. In order to assist businesses in creating unique and creative products, the members of these financial institutions or organisations save and contribute to those common funds. These groups' primary goal is to collaborate and work together, continuously save money by creating a common fund through contributions from all members, and use appropriate support for their vital needs (Venkataraman, et.al, 2016). These self-help groups are based on mutual respect, trust, resolve, and willpower, and they are responsible for carrying out the group's transformation. In order to encourage and develop these small and medium-sized business owners who are also able to form self-help organisations, the Indian government offers a number of initiatives and programs. Small and medium-sized businesses are constructively limited to a limited range of useless and ineffective activities by their insufficient approach to financial services and lower investment resources. Self-Help Groups (SHGs) and a variety of financial sectors have emerged as new avenues for involvement in the microfinance movement. With the help of these organisations, women's entrepreneurship is rapidly growing among rural women worldwide. Women's investments have had a significant influence since microfinances have provided them with a better platform to explore their skills and knowledge in order to increase the level of empowerment in society (Lecoutere, 2017). Small loans from them have made ethical and adequate business consciousness among the women because the rural women entrepreneurs create or bring about by fetching self-reliance in the community though it does not recommend them abundant freedom for capitalism. The members of these groups are also inspired by the administration and NGOs to handle self-employment ventures accompanied by locally obtainable materials and assets (Saxena, 2012). At present there are numerous NGOs and commercial institutions who are contributing towards micro finance mostly to small and medium entrepreneurs. The above-mentioned organisations have been encouraging women to establish their venture and have also reduced their dependency on men. Self Help Groups and these micro-finance institutions has acquired plenty of favourable outcomes during the previous year's amongst small and medium women entrepreneurs and also got popular in contributing towards empowerment of women. Its utmost importance is that it allocates the access to the capital or resources to small entrepreneurs. India's microfinance organisations have communicated to finance Minister Nirmala Sitharaman pleading for a partial commendation pledge of Rs 10,000 crore for the banks that would poke them to lend. Throughout the time of pandemic, they additionally provided food, ration support, hygiene product support like masks, gloves, sanitizers along with many medical services to their borrowers (Sharma, et.al, 2021). Simultaneous support from the government of nation and microfinance services helps in getting rid of the gender specific based road-blocks by generating a straight forward approach for women to kick off their entrepreneurial journeys. Yet there are lot initiatives that need to be taken for making the entrepreneurial environment more conducive for small and medium entrepreneurs. The women operated entrepreneurial businesses have a tendency to eventually guarantee systematic repayments because these micro-finance lenders will eventually create an impenetrable influencer passage in the formation of women entrepreneurs for higher credit discernment. Progressively women entrepreneurs are extending their entrepreneurial outlook and proceeding in the direction of unprecedented radius of business areas (Kuratko, et.al, 2015). Since it is women who run the family circle as a higher level of nourishment for women that will ensure preferable authorisation whereas in good shape and healthier and more superior future for their little ones and the nation.



III. OBJECTIVE OF THE STUDY

1. Evaluating the effects of microlending to female entrepreneurs.
2. To determine the ways in which microfinance facilities impact the lives of women entrepreneurs.

IV. METHODOLOGY

The study is empirical in character. There were 145 respondents that took part in the survey. Respondents' information was gathered using a standardised questionnaire. The mean and t-test were used to determine the study's outcome. Convenience sampling was the sampling strategy used.

V. STUDY'S FINDINGS

Table 1 shows Respondent's age group, those who are less than 30 years are 35.17%, respondents between 30 to 40 years were 24.13%, respondents who were 40 years and above are 40.68%. Looking at the civil status of the respondents, single are 32.41%, Married are 28.27%, and Divorcee / Widow are 39.31%. Regarding Educational Background, Uneducated are 28.96%, Primary / Secondary are 31.72%, and Professional are 39.31%. About the use of Microfinance, using for self-employment are 40.68%, Repayment of old loan are 32.41%, and educational expenses are 26.89%.

Table1. Respondent's Demographic Details

Variable	Number of respondents	%
Age		
Below 30 Years	51	35.17
30-40 Years	35	24.13
Above 40 Years	59	40.68
Total	145	100%
Civil Status		
Single	47	32.41
Married	41	28.27
Divorce/ Widow	57	39.31
Total	145	100%
Educational Background		
Uneducated	42	28.96
Primary / Secondary	46	31.72
Professional	57	39.31
Total	145	100%
Use of Microfinance		
For self employment	59	40.68%
Repayment of old loan	47	32.41%
Educational expenses	39	26.89%
Total	145	100%

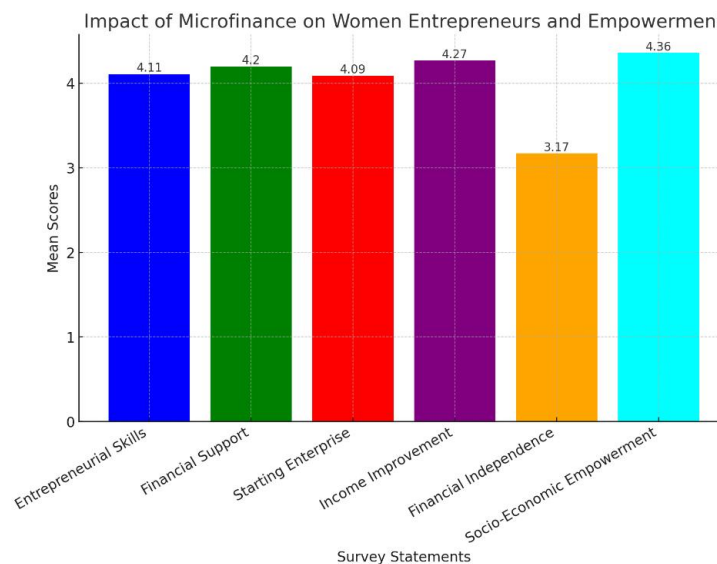
Table 2. Impact of Microfinance on Women Entrepreneur and their Empowerment

S.NO	Survey's Statements	Mean Value	t-Value	Sig.
1	Has microfinance helped women to develop the skills needed to operate a business?	4.10	13.029	0.000
2	To what extent microfinance helps women to support them and their families financially?	4.3	14.536	0.000
3	Did microfinance play a role in helping women to start their	4.07	13.087	0.000



	own business?			
4	Has access to microfinance helped women to increase their income over time?	4.20	14.931	0.000
5	Do you think microfinance has improved women's ability to save money and manage finances better?	3.17	2.280	0.012
6	Has microfinance helped women to pay off old loans and debts?	4.35	15.534	0.000
7	Does microfinance support women to control their finances?	4.16	13.548	0.000
8	Has microfinance reduced women dependence on private money lenders?	4.01	11.901	0.000
9	Do women feel more financially independent after receiving microfinance assistance?	3.15	2.003	0.024
10	Has microfinance helped women to gain more confidence and independence in both their personal and professional life?	4.46	16.264	0.000

Table 2 shows Mean values of the “Impact of Microfinance on Women Entrepreneur and their Empowerment” the first statements of T-test say about the development of Microfinance helps women develop skills to operate business “Microfinance helps women develop skills to operate business” the mean score is 4.10, next statement is “With the help of Microfinance Women supports their family and themselves” the mean value is 4.3. Third statement is “Microfinance help women to start their own business” with the mean score 4.07. Next statement is “Microfinance help women to improve their level of income” mean value is 4.20. Fifth statement is about to manage finances better o “Women entrepreneurs improves to manage their finances” the mean score is 3.17, next statement is about repayment of old debts and loans “With help of microfinance women can repay their old debts and loans” with the mean score of 4.35. Next statement is “Microfinance helps women have control over their finances” the mean value is 4.16, statement “Microfinance reduces the dependency of women on private money lenders to run their business” has the mean score of 4.01. Ninth statement is about the women financial independency “Microfinance makes women financially independent” with the mean score of 3.15, tenth and last statement is about socio economic empowerment of women “Microfinance gives women socio-economic empowerment” the mean score is 4.46. T-value of each statement of survey in the context of Impact of Microfinance on Women Entrepreneur and their Empowerment is found to be significant as the t-value of each statement are positive and significance value is found to be less than 0.05.



VI. CONCLUSION

The study revealed that women are increasingly actively participating in family and community decision-making worldwide (Raziq & Maulabakhsh, 2015). By giving them access to entrepreneurial prospects for the expansion of small and medium-sized enterprises, the study's findings guarantee that microfinance has improved their economic circumstances. As a result, the businesses that small and medium-sized female entrepreneurs create and manage greatly contribute to the expansion of the economies of practically every nation. In nations like India, where men predominate, women entrepreneurs continue to face numerous obstacles as a result of inadequate or nonexistent educational opportunities. (Garg & Agarwal, 2017). According to the study, the primary motivation for joining these self-help groups or microfinance organisations is to empower oneself by fostering independence, self-assurance, and self-reliance while also assisting in understanding one's fundamental morality. The empirical analysis of this situation has also demonstrated how certain female entrepreneurs are entitled to membership in self-help groups, which offer the opportunity to oversee savings and loans (Brody, et.al, 2015). We have provided examples of several situations in which these self-help groups have aided in the development of women's issues, the village economy, and their informational and guiding streams (Bovaird, 2007). The t-test was used to determine the research's conclusion, and since each statement's significant value is less than 0.05, all of the statements are deemed to be significant.

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