

## Financial Freedom, Self-Determination And Social Change Of Small-Scale Women Entrepreneurs Through Microcredit

Radha Thangarajan<sup>1</sup>, Dr.P. Samantha<sup>2</sup>, Dr.S. Chandra<sup>3</sup>, Pavithra<sup>4</sup>, Dr. Santosh M Sunkapur<sup>5</sup>, Raji N<sup>6</sup>

1. Assistant professor, Department of Commerce, St. Claret College Autonomous, Bengaluru, Karnataka, India.
2. Associate professor, Department of MBA, SACWC, Cumbum, Theni, Tamilnadu, India.
3. Associate professor, Department of Commerce, SACWC, Cumbum, Theni, Tamilnadu, India.
4. Assistant Professor, Department of Management Studies, Christ Academy institute for Advanced Studies, Bengaluru, Karnataka, India.
5. Professor, Department of Commerce and Management, B S Channabasappa First Grade College, Davanagere, Karnataka, India.
6. Assistant professor, Department of Commerce, St. Claret College Autonomous, Bengaluru, Karnataka, India.

**How to cite this article:** Radha Thangarajan, Dr.P. Samantha, Dr.S. Chandra, Pavithra, Dr. Santosh M Sunkapur, Raji N (2024) Financial Freedom, Self-Determination And Social Change Of Small-Scale Women Entrepreneurs Through Microcredit. *Library Progress International*, 44(5), 26-34

### ABSTRACT

*Microcredit is recognized as a powerful tool for alleviating poverty and enhancing the standard of living, particularly among women. Various financial institutions, including NABARD, have been extending financial support through microcredit to individuals typically excluded from the formal financial sector. NGOs and MFIs play a crucial role in assisting these individuals by facilitating group formation and helping them identify income-generating activities (IGAs). This study primarily aims to assess the financial and social benefits gained by women entrepreneurs after participating in microcredit programs and how these benefits contribute to their financial and social empowerment. The study employs stratified random sampling, with data collected directly from respondents managing micro-enterprises or conducting IGAs through an interview schedule. Findings reveal that microcredit programs enhance participants' profit-earning capacity, leading to improved decision-making abilities and increased social benefits. However, despite these advantages, participants face several operational and marketing challenges that limit the overall effectiveness of the program.*

**KEYWORDS:** Micro Credit, Women Empowerment, Micro Enterprises, Financial Freedom

### 1. INTRODUCTION

Microcredit is regarded as a transformative tool in the global fight against poverty, offering financial access to marginalized sectors of society. It involves providing small loans, primarily to women from underprivileged areas, often on a group-based lending model. These women form Self-Help Groups (SHGs) by pooling their savings to initiate Income Generating Activities (IGAs). Governmental agencies and NGOs support these groups by facilitating microcredit and linking them with banks for additional loans. The primary objective of these loans is to empower women both

financially and socially, enabling them to establish micro-enterprises and engage in various IGAs, ultimately improving their economic independence and social standing.

## **2. REVIEW OF LITERATURE**

Benjamin F Lyngdoh and Ambika P Pati (2013) in their study ‘micro finance and women empowerment; a case study of matrilineal Tribal society of India’ points out that micro finance has a positive impact on women empowerment in matrilineal tribal society. It also contributes the effectiveness of such programmes in socio political outcomes. Sarumathi S and Dr. Mohan. K (2011), in their study finds that the members, especially women gained self-confidence and skill improvement after joining micro credit programme. This programme brings economic improvement, peace and happiness either directly or indirectly Kumar Dhanonjoy, Hossain Afjal *et.al* (2013) opines that, increased economic activity and the control over income as a part of micro finance programme improved the knowledge, women skills, mobility and support networks. However, influence from their family regarding the use of micro credit and the marketing problem of products they produce retard the effectiveness of the programme Jency S, Siniya. A (2016) in their study finds that lack of adequate working capital is the major problem faced by women while running their operations. Increased cost of marketing leads them to focus on direct marketing system, which sometimes adversely affecting their business. There is the absence of sufficient information regarding various schemes of subsidies and policies of government to support micro enterprises.

## **3. SIGNIFICANCE OF THE STUDY**

In India women's participation in entrepreneurial activities is growing rapidly and is recognized as a crucial driver of economic growth. Currently, nearly 50% of Indian women are involved in entrepreneurial ventures, either directly or indirectly. To promote and support women entrepreneurs, the government has introduced various development and assistance programs, focusing on capacity building rather than solely offering subsidies. Despite these initiatives, India ranks 70th out of 77 countries in terms of favorable conditions for women entrepreneurs. Microcredit programs have emerged as a powerful tool to support women, particularly those from marginalized regions. In Kerala, government initiatives like *Kudumbashree* and various NGOs play a significant role in women's empowerment. Through SHG-Bank Linkage programs and other support systems, they help women establish and sustain micro-enterprises and Income Generating Activities (IGAs). These initiatives not only enable women to save independently but also contribute to improving their standard of living, social status, and decision-making abilities. This study is relevant as it aims to provide a comprehensive understanding of women entrepreneurship by analyzing profit and savings patterns, along with the challenges faced by women entrepreneurs in the region.

## **4. STATEMENT OF THE PROBLEM**

Women empowerment stands for providing an environment where women can participate in both personal and social decision making. It also means providing more access to financial, economic and legal resources in order to ensure equal rights. Micro credit plays an important role in women empowerment by bringing them into the light of financial inclusion. This study is conducted to know the financial and social empowerment gained by women entrepreneurs through micro credit programme. Study primarily analyzes the financial performance of various micro enterprises /IGAs run by women. It also studies the financial and social benefits received by them.

**5. OBJECTIVES OF THE STUDY**

The main objectives of the study are

1. To identify the availability of micro credit for micro enterprise / IGAs to the members of SHGs.
2. To evaluate the financial performance of microenterprises / IGAs run by women using micro credit in Changanassery Taluk.
3. To examine the financial and social empowerment of women through various benefits received.
4. To analyze the problems faced by women entrepreneurs.

**6. HYPOTHESIS OF THE STUDY**

- H<sub>0</sub> : There is a correlation between loan and profit of the sampling units.
- H<sub>0</sub> : There is a relationship between benefits derived by the respondents.
- H<sub>0</sub> : There is no significant difference between rankings of problems faced by sampling units

**7. RESEARCH METHODOLOGY**

The study is based on both primary and secondary data. To collect data, a well structured interview schedule was prepared. Various forms of discussion with SHG members also make part of the study. Secondary data sources like books, magazines, websites etc., have also been used to gather information.

**SAMPLE DESIGN**

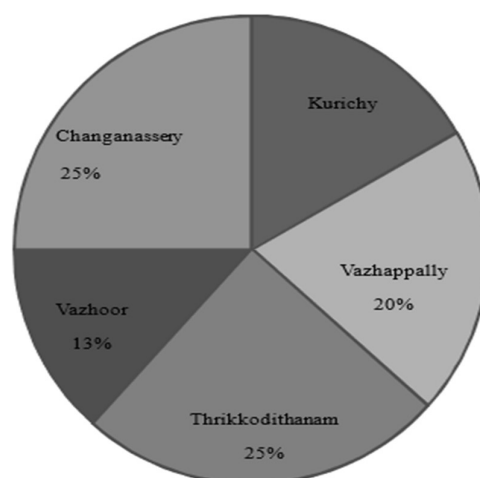
Changanasery Taluk of Kottayam district has been purposely selected for the study. Kottayam is the first district that attained 100% literacy in India. Changanassery Taluk contains 15 villages of which 5 villages representing different strata's, namely Kurichy, Vazhappally, Thrikkodithanam, Vazhoor and Changanassery were selected for the study. 8 women SHGs from each village were selected and those members who are running micro enterprises/IGAs from each selected SHG, constitute 60 samples for data collection.

**TABLE 1: SAMPLE DESIGN FOR THE STUDY**

Villages	Women SHG selected	No. Of members	Percent age
Kurichy	8	10	18%
Vazhappally	8	12	20%
Thrikkodithanam	8	15	25%
Vazhoor	8	8	13%
Changanassery	8	15	25%
Total	40	60	100%

*Source: Primary data*

PIE CHART 1: SHG MEMBERS IN CHANGANASSERY TALUK



#### ANALYSIS TOOLS

1. Percentage
2. Ranking
3. Chi-square Test
4. Friedmans Test
5. Correlation analysis

#### 8. ACTIVITY BASED CLASSIFICATION OF SAMPLE UNITS

Table 2 shows the activity-based classification of sampling units from sampling areas. Out of sixty sample units 18 sample units are engaged in food production, 15 sample units are running retail, 9 are engaged in farm activities, 9 are doing agriculture as their IGA and 9 are engaged in animal husbandry activities.

TABLE 2: ACTIVITY BASED CLASSIFICATION OF SAMPLE UNITS

Activities	Kurichy	Vazhoor	Thrikkodithanam	Vazhoor	Changanassery	Total
Retail Units	2	3	3	3	4	15
Farm	2	1	3	1	2	9
Agriculture	4	2	2	0	1	9
Food production	2	4	2	2	8	18
Animal husbandry	0	2	5	2	0	9
Total	10	12	15	8	15	60

Source: Primary data

#### 9. ANALYSIS OF THE AVERAGE AMOUNT OF CURRENT LOAN RAISED

Table 3 depicts the average amount of current loan raised by the sample units on the basis of activities. Out of 18 units engaged in food production 9 units have taken loan upto Rs 30000 each and 4 units have taken loan of more than Rs. 90000 each. Out of 15 samples engaged in retail, 8 units have taken loan up to Rs. 60000 each 4 units have taken more than Rs 90000 each as loan. In case of units engaged in farm activity, 4 units have taken loan up to Rs. 90000 each but only one unit has taken loan of more than Rs 90000. In agricultural units, 4 units have been taken loan of Rs

60000-90000 each. Out of 9 units engaged in animal husbandry, 6 units have taken loan up to Rs 60000 each.

*TABLE 3: ACTIVITY BASED CLASSIFICATION OF SAMPLE UNITS SHOWING AVERAGE AMOUNT OF CURRENT LOAN CYCLE*

Activities	Upto Rs. 30000		Rs. 30000-60000		Rs. 60000-90000		Above 90000		Total	
	No of sample	Average Amount	No of sample	Average Amount	No of sample	Average Amount	No of sample	Average Amount	No of sample	Average Amount
Retail Units	3	22000	5	55000	3	80000	4	126250	15	72400
Farm	2	20000	3	50000	3	70000	1	110000	9	56667
Agriculture	1	28000	3	40000	4	71250	1	120000	9	49444
Food production	3	25000	6	36667	5	77000	4	105000	18	61111
Animal husbandry	2	20000	4	45000	2	73000	1	100000	9	51778
Cumulative Total	11	115000	21	226667	17	371250	11	561250	60	291400

#### **8. ANALYSIS OF TURNOVER, COST AND PROFIT OF MEMBERS**

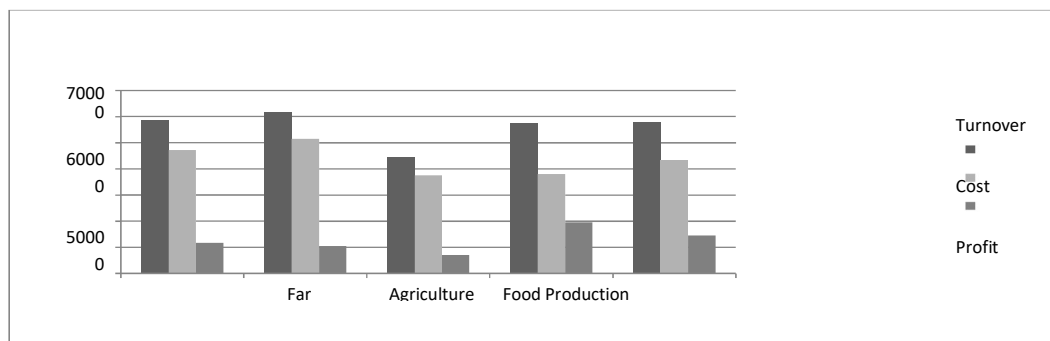
*TABLE 4: TABLE SHOWING AVERAGE AMOUNT OF TURNOVER, COST AND PROFIT*

Activities	No of sample	Turnover (avg.amount)	Cost (avg.amount)	Profit (avg.amount)
Retail Units	15	58850	47200	11650
Farm	9	62000	51500	10500
Agriculture	9	44500	37500	7000
Food production	18	57500	38000	19500
Animal husbandry	9	58000	43500	14500
Cumulative Total	60	280850	217700	63150

*Source: Primary data*

Table 4 represents sales, cost and profit gained by the different units on the basis of their activity. Profit is the main aim of every business. It is also the criteria for the next level of loan to these units. Sales and cost are the two main factors which determine the profit. Therefore, it is important to analyze the turnover, cost and profit of these units in order to find out the financial empowerment of members. From the table it is revealed that, the units which are engaged in farm activities have highest average turnover i.e. Rs62000. Next come retail units with an average turnover of Rs58850 followed by animal husbandry units with Rs58000. Units with agricultural activities reported the lowest amount of average turnover i.e. Rs44500. Cost of production and sales are high for Farm activities with an average amount of Rs51500, there for it affects their profit, and they made only an average profit of Rs10500, the second lowest profit compared to all sample units. Average amount of profit is high for food production unit's i.e. Rs 19500 for an average cost of Rs38000. Agriculture is considered as the riskiest activity with low sales, profit and high cost of production.

FIG 1: AVERAGE AMOUNT OF TURNOVER, COST AND PROFIT



## 9. RELATIONSHIPS BETWEEN AVERAGE AMOUNT OF LOAN AND AVERAGE AMOUNT OF PROFIT

TABLE 5: TABLE SHOWING AVERAGE AMOUNT OF LOAN AND PROFIT

Activities	Loan (avg.amount )	Profit (avg.amount)
Retail Units	72400	11650
Farm	56667	10500
Agriculture	49444	7000
Food production	61111	19500
Animal husbandry	51778	14500
CumulativeTotal	291400	63150

Source: Primary data

H0 : There is a correlation between loan and profit of the sampling units.

Table 4 shows the activity based classification of average amount of loan availed and average amount of profit gained by the sampling unit. In order to analyze the impact of loan on profit, correlation method was used. Calculated value (r) is 0.26 and it shows positive correlation exists between amount of loan and profit made by sampling units. Hence H0: There is correlation between loan and profit of the sampling units, can be accepted.

## 10. ANALYSIS OF BENEFITS DERIVED BY THE MEMBERS

In order to analyze the social empowerment gained by the members, it is essential to understand the gains or benefit derived by them through this program. Five variables such as learning new skills, decision making, improvement in relationship, improvement in social status and self-confidence were identified as the factors which determine the social empowerment. Ranking method has been adopted and the respondents were asked to rank the variables on the basis of their preference. Highest preferred variable gets the weights of 5 and lowest get the weight of 1. Majority of the respondents opined that they gained new skills after joining the programme. Chi-square test was adopted to identify the relationship of weighted scores.

TABLE 6: BENEFITS RECEIVED BY THE MEMBERS

S.I NO.	Benefits	Weighted score	Percent age	Rank
1	Learning New Skills	260	28.57	1
2	Decision Making	140	15.39	5
3	Improvement in Relationship	170	18.68	3
4	Improvement in Social Status	180	19.78	2

5	Self confidence	160	17.58	4
	Total	910	100	

Ho: There is a relationship between benefits derived by the respondents.

Since the calculated value (45.592) is higher than the Table value (9.4877) at 5% level of significance, we accept the alternative hypothesis that there is no goodness of fit between observed and expected values. That is there is no relationship between benefits derived by the members.

## 10. ANALYSIS OF THE RANKING OF PROBLEM FACED BY MEMBERS

*TABLE 7: RANKING OF PROBLEM FACED BY MEMBERS*

Activities	Kurichy	Vazhappally	Thrikkodithanam	Vazhvoor	Changanassery
Marketability Problems	38	30	46	44	34
Negative attitude of banks	28	34	42	38	40
Delay in operation	46	38	36	28	34
Lack of awareness	44	40	34	36	38
Lack of support	24	38	26	34	30

*Source: Primary data*

It is also very important to analyze the problems faced by the women entrepreneurs in order to get an exact picture of their empowerment. Table 7 shows the area wise classification of the weighed ranks of problem faced by members. Five attributes or variables identified as marketability problems, negative attitude of banks, delay in operation, and lack of awareness and support constitute their problems. Ranks were assigned on the basis of preference. Friedman test has been conducted to analyze the rankings of problem face by sampling units.

H0: There is no significant difference between rankings of problems faced by sampling units Friedman Test:

Calculated value (2.24) is lower than table value (9.4877) at degree of freedom  $5-1=4$  and level of significance .05, we accepted the null hypothesis that there is no significant difference between rankings of problems faced by the samplings units.

## 11. FINDINGS OF THE STUDY

1. It has been observed that majority of the members availed loans ranging between Rs. 30000 to Rs. 60000.
2. All units are making profits by running micro enterprises or IGAs.
3. Study finds that, turnover and the cost incurred by the units are directly related. This adversely affects the profitability of the units.
4. There is correlation existing between average amount of loan availed and average amount of profit generated by the sampling units
5. Besides of financial benefits, women entrepreneurs also gained several social benefits such as learning new skills improvement in social status and relation- ships, self-confidence etc.
6. Delay in operation, negative attitude of banks and several other risk factors are posing as threats to the successful functioning of the business.

## 15. SUGGESTIONS

1. Increased cost of production is the major reason which hinders the profitability of the units. Supporting institutions strive hard to support women entrepreneurs to reduce the cost.
2. Proper training must be given to the members in order to overcome the marketing problems and creating operational awareness.
3. Literacy and formal education are the factors which affect productivity and income. Policy makers must initiate programmes to develop overall educational improvement of women

entrepreneurs.

4. Banks must be ready to provide more financial assistance by way of reduction in interest rates and subsidized loan to women entrepreneurs.

## **16. CONCLUSION**

Microcredit plays a crucial role in the financial, economic, and social empowerment of women by providing them with the opportunity to establish micro-enterprises and engage in various Income Generating Activities (IGAs). It has significantly improved women's access to finance, leading to increased personal income and numerous social benefits. However, despite these advantages, many women entrepreneurs face challenges such as a lack of technical and operational knowledge, which hinders the efficient management of their businesses. The study reveals that all units utilizing microcredit are generating profits by effectively managing their operations. However, it does not specifically address whether these profits are adequate or sufficient when compared to the rising cost of living in the economy.

## **17. REFERENCES**

- Nasir, W. M. N. bin W. M., Al Mamun, A., & Breen, J. (2017). Strategic Orientation and Performance of SMEs in Malaysia. *SAGE Open*, 7(2). <https://doi.org/10.1177/2158244017712768>
- Omar, N. A., Md Aris, H., & Nazri, M. A. (2016). The effect of entrepreneurial orientation, innovation capability and knowledge creation on firm performance: A perspective on small scale entrepreneurs. *Jurnal Pengurusan*, 48, 187–200. <https://doi.org/10.17576/pengurusan-2016-48-15>
- Vij, S., & Bedi, H. S. (2012). Relationship between entrepreneurial orientation and business performance: A review of literature. *The IUP Journal of Business Strategy*, 9(3), 17-31.
- CS Reddy 2005, Self-Help Groups: A Keystone of Microfinance in India - Women empowerment & social security, Mahila Abhivruddhi Society, Andhra Pradesh (APMAS)
- Radha, T. & Viji, R. (2021) "SHG- A dynamic tool for socio-economic up gradation of semi-urban women" *International Journal of Research in Commerce, IT and Management*, Vol.11, Issue.2, pp.1-5. Retrieved from [https://ijrcm.org.in/article\\_info.php?article\\_id=9541](https://ijrcm.org.in/article_info.php?article_id=9541)
- Radha T. (2024). Volatility in Sustainable Financial Growth through Predictive Analytics for Women Entrepreneurs in Tamilnadu. *International Journal of Intelligent Systems and Applications in Engineering*, 12(21s), 3774 –. Retrieved from <https://www.ijisae.org/index.php/IJISAE/article/view/6127>
- Jha, Abhas Kumar, (2000). "Lending to the Poor- Design for Credit", *Economic & Political Weekly*, February 19-26, pp.606-609.
- K. Rajendran, 2012, Micro Finance Through Self Help Groups –A Survey of Recent Literature In India, *International Journal Of Marketing, Financial Services & Management Research* Vol.1 Issue 12, December.
- Lalitha, N., (1998), "Micro Finance: Rural NGOs and Banks Networking", *Social Welfare*, October, 45.7:13-17.
- Radha T. (2024). Evaluating Institutional Support for Financing Women Entrepreneurs in Tamilnadu and Karnataka using Predictive Analytics. *International Journal of Intelligent Systems and Applications in Engineering*, 12(4), 3461 –. Retrieved from <https://ijisae.org/index.php/IJISAE/article/view/6862>



- Thangarajan, R., Jaganathan, P., Thirumoorthy, K., Kesavan, H., & Pradeep, P. (2024). An empirical study on financial performance of micro finance Institutions. *Multidisciplinary Science Journal*, 6, 2024ss0428. <https://doi.org/10.31893/multiscience.2024ss0428>
- Radha T. (2024). Volatility in Sustainable Financial Growth through Predictive Analytics for Women Entrepreneurs in Tamilnadu. *International Journal of Intelligent Systems and Applications in Engineering*, 12(21s), 3774 –. Retrieved from <https://www.ijisae.org/index.php/IJISAE/article/view/6127>
- <https://jier.org/index.php/journal/article/view/1275>
- <https://jier.org/index.php/journal/article/view/1248>
- Lakshminarayana K.S.2012) UGC Minor Research Project, Governance of Micro Finance Institutions with Reference to Selected Micro Finance Institutions of Karnataka.
- M. Anjugam and C. Ramasamy 2007, Determinants of Women's Participation in Self-Help Group (SHG)-Led Microfinance Programme in Tamil Nadu, Agricultural Economics Research Review Vol. 20, pp 283-298.
- Pushpa Sinha, 2010, Impact of Micro Finance in Poverty Alleviation and Socioeconomic Empowerment of Rural Women Economic Affairs Vol. 55 No.3, (Page 195-205) n
- R Vijaykumar, 2009, Reinstating the SHG Perspective in Micro Finance, EPW, Vol 44, Pg No 68 Anu Muhammad, 2009, The Grameen & Micro Credit: A Tale of Corporate Success, EPW, Vol No 44, Pg No 35
- Singh, Kamaljit, 2005, Banking Sector Liberalization in India: Some Distributing Trends, ASIED.