A Study on the Role of Microfinance in Fostering Economic Activities Undertaken by Women: A Case study of Sonitpur District of Assam

Mrinal Ghosh
(Senior Research Fellow, Dept. of Commerce, Gauhati University, Guwahati-14, India)

Abstract: Microfinance (MF) has been acknowledged as one of the most vital tools for economic upliftment of the people lying close to the poverty line. There is variety of microfinance delivery models in India viz; SHG-Bank linkage program, Grameen model, co-operative model, partnership model. The basic principles which features itself different from other sorts of credit delivery systems are - small amount of loan, lack of physical collateral but emphasis on social collateral and focuses on women borrowers.

The concept of women entrepreneurship is multifaceted in nature embodying economical, psychological, social, cultural, as well as environmental characteristics. India is one of the fastest growing economies of the world, where women constitute half of the total population entering into the workforce. The concept of women entrepreneurship is becoming a global phenomenon and in India it became prominent in the latter half of the eighties.

This paper tries to identify the various economic activities undertaken by the women through Microfinance. Also it analyzes the pattern of their business operation and their feedbacks receiving microfinance services. The analysis cum interpretation has been done with the help of statistical tools.

The findings of the study depicts that there is a long list of economic activities undertaken by the women of this area. The pattern of their business operation varies from enterprises to enterprises. Their feedbacks have provided significant insights which could act as a panacea in the repair process of MF services.

Keywords: Microfinance, women empowerment, poverty, income, standard of living

I. INTRODUCTION

In narrow sense, microfinance can be defined as small sums of money to the poor. Broadly speaking, microfinance refers to the provision of financial services, in the form of savings, credit, insurance, remittance transfers etc, to the vulnerable groups; especially the weaker sections of the society and low income families lying close to the poverty line. Microfinance program extend small loans to the poor for various purposes such as consumption, shelter, income generation, self employment etc. It allows the poor people to protect, diversify, and increase their sources of income. Microfinance program has been designed to provide a helping hand basically to the economically backward people, whose life is in threat due to financial insecurity. Thus microfinance provides the opportunity in giving a first step in breaking the vicious circle of poverty. The principles which govern the microfinance mechanism are - Small amount of loans, lack of physical collateral but emphasis on social collateral and focus on women borrowers.

The Task Force on Supportive policy and Framework for Microfinance has defined it as under: “Provision of thrift, credit and other financial services and products for very small amounts to the poor in rural, semi-urban or urban areas for enables them to raise their income levels and improve living standards”

According to Rutherford, “Microfinance refers to the means by which poor people convert small sums of money into large sums”

In few cases microfinance program, along with providing financial assistance, offers a combination of few other services also such as linkages with insurance and savings, skills development training and marketing network etc. Thus microfinance has assumed a greater significance, since it contributes to socio-economic development by empowering the poor and reducing poverty.

Women and Economic Activities

Women are essential part of a society. According to JA Schumpeter, “Woman who innovates, imitates, or adopts a business activity is called woman entrepreneur.” The concept of women entrepreneurship is multifaceted in nature embodying economical, psychological, social, cultural, as well as environmental characteristics. India is one of the fastest growing economies of the world, where women constitute half of the total population entering into the workforce. Economic empowerment of women is indispensible for sustainable development, pro- poor growth. But still women remained untapped resources for entrepreneurship. Their entrepreneurship can be identified as an extension of their kitchen activities, mainly pickles, spices, papad etc.
There are various factors that motivate women to take up entrepreneurial activities prominently it is not possible for women to undertake activities compatible with family responsibilities and household regular tasks. Their tasks are full of challenges. They have to encounter various problems such family opposition, public prejudices, social constraints etc. But entrepreneurship is attracted to women, by the idea of self employment in enterprises adjoining with their places of residence which provides them the flexibility to take care of both home and business. The concept of women entrepreneurship is becoming a global phenomenon and in India it became prominent in the latter half of the eighties.

Need and Importance of the Study

Swami Vivekananda once said, “it is impossible to think about the welfare of the world unless the condition of the women is improved. It is impossible for a bird to fly only with one wing.” Almost half of the India’s total population consists of women. But the proportion of women entrepreneurs is quite negligible. Entrepreneurial traits and competencies have not been developed among the women entrepreneurs. They are the neglected sections of the society. Women entrepreneurship is the right form of women empowerment. It allows them to bring a socio-economic change however small may be their entrepreneurial activities. The need for bringing women into the mainstream of entrepreneurship is because of their proven success in many fields which may lead to further economic reforms in our country. This study will provide few insights of the various economic activities undertaken by the women in the area, and the problems associated with it. Along with that, it will provide few suggestions which will enable them to undertake their economic activities smoothly and will help in attaining sustainable development and growth.

II. RESEARCH METHODOLOGY

Study Area

The study has been carried out in the Sonitpur district of Assam. As per the 2011 census it is spread over an area of 5324 sq/km with a population of 16,77,874. The district is bounded by Arunachal Pradesh on the north, Morigaon, Jorhat and Golaghat district on the south, Lakhimpur district on the east, and by Darrang district on the west. The people here are not a homogenous a lot. It consists of Assamese, the Bengalis, the Nepalis, the Adivasis, the Muslims and the Tribals such as Bodos, Mishings etc.

Sample Units

There are 14 blocks in Sonitpur district of Assam. Out of 14 blocks a sample of 25%, which account of 4 blocks are being chosen as the area for drawing sample. In forming the sample of blocks, care has been taken on the basis of demography, location specific features etc to give a fair representation of the district. And few, remaining have been detailed below in the table:

<table>
<thead>
<tr>
<th>Blocks Selected</th>
<th>Numbers of Villages Selected</th>
<th>Numbers of House-holds Selected</th>
<th>Total Number Of House-holds Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gabharu</td>
<td>2</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Sonitpur</td>
<td>2</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Dhekiajuli</td>
<td>2</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Balipara</td>
<td>2</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total nos: of households from four blocks (Sample Size)</strong></td>
<td></td>
<td>N=120</td>
<td></td>
</tr>
</tbody>
</table>

The study is based on both primary and secondary data. Primary data has been collected through structured and unstructured questionnaires/schedules. And secondary data has been collected through publication of various bodies, data published by research investigators, data published by technical journals and various necessary websites. In order to obtain the findings of the study, both qualitative and quantitative methods have been applied. Relevant research publications, journals books, manuals has been reviewed and presented in the study.

Objectives of the Study

The objectives of the study are:

- To identify the various economic activities undertaken by the women through Microfinance;
- To analyze the pattern of their business operation;
- To highlight the feedback of the beneficiaries obtaining Microfinance services;

III. SUMMARY OF FINDINGS

There is a long list of economic activities undertaken by the women of this district through microfinance. They operate from their residences generally, but few of them have also set up their extra business premises. Here is the classified list of summary of various prominent economic activities undertaken by them-
a) **Pickle making:** It is one of the important processed foods manufactured in this district. It is manufactured and sold from their residence generally. The important pickles produced by the women are mango pickle, garlic pickle, chilly pickle, drumstick pickle etc. The pickle production unit is semi set up by the women self help groups and to an extent by the individual entrepreneurs also. It has been observed that the products are sold largely in loose form, rather than standardized packaged one.

b) **Bamboo products:** Bamboo products such as *tukuri, Pachi, Dola, jaru* (broom) etc are produced by the women entrepreneurs of this district. The raw materials required are procured by them in local. These are mostly produced by the women of Adivasi community in their home. The products are supplied largely in the nearby tea gardens besides selling them in local daily and weekly market.

c) **Poultry:** Poultry farming which includes farming of domestic fowls like chickens, ducks, geese etc. is done by the women residing both in the rural and urban area. Their investment in this farming is low and provides income in shortest possible time. They are reared for the purpose of selling their meat and eggs. Absence of hatchery, research for evolving a locally made low cost feed are major factors which are impeding the growth of poultry sector in the district. However this is confined to backyard rearing in the area.

d) **Pig Farming:** Pig farming has constituted livelihood for the poor people belonging to the lowest economic strata living in the rural areas and have no means to undertake scientific farming. It is mostly done by the people of Bodo and Adivasi community people, in the rural areas. They sell their meat, and also their younger ones in the nearest possible market. Non availability of cross-bred piglets and the absence of proper knowledge regarding the commercial viability among the masses is one of the constraints towards the growth of the piggery activity.

e) **Tailoring & Beauty Parlor:** It includes cutting, stitching, knitting etc. This is one of the booming businesses undertaken by the women of this district. It provides employment to not less than three people. Tailoring is done by setting up the premises in the business area and also from the residence.

Beauty salons are good form of entrepreneurship, chosen by the women of this district. It includes variety of services such as hair cutting and styling, manicures and pedicures, cosmetic wakeups and makeovers etc. Beauty salons employ cosmetologists specializing in general beautification techniques. The investment require here is large but also provides good return.

- An analysis of the pattern of their business operation has shown many significant outcomes. Out of which few have been stated below:
  a) Among the various business enterprises owned and operated by the women, only few of them are registered under the statutory body and the remaining operates in vacuum.
  b) The ownership of the business remains with the women, but the enterprises are mostly run by the males.
  c) They generally do not prepare any blue-print cum operating plan for the business enterprises.
  d) Their business mostly started from their residences and from there it operates.
  e) They lack the requisite skill and experience to perform in their respective business areas.
  f) They follow traditional methods of production.
  g) They do not follow any special marketing policies.

- After undertaking a face to face interaction on the topic relating to microfinance and its related issues with regard to their business activities, the following feedbacks could have been summed up:
  a) Microfinance (MF) is a convenient option of saving;
  b) Microfinance Finance Institutions provides loan at low rate of interest in comparison to informal money lending sector;
  c) MF has helped them in providing first step in undertaking economic activities;
  d) Easy availability and repayment facilities are available in MF system;
  e) MF through Self Help Group (SHG) ensures strict weekly repayments;
  f) MF loans are of small amount which falls short of their business requirement;
  g) Most of the women entrepreneurs are not aware about the rate of interest charged on them, and the amount which comes as a result;
  h) Some of the clients of MF want to drop out because of their default in loan repayments, group disagreements in SHG’s etc.

IV. CONCLUSION

Very little is known about the economic relevance of women entrepreneurs. But the contribution of them towards the society is enormous. There are many number of women based enterprises operating in the area, giving employment to large number of people. The setting up of these enterprises has given rise to many
ancillary industries in its vicinity. But there are certain areas which need to be looked into. Women in our society are not encouraged to take up any economic activity. The enterprises already set up by them suffer from inadequacy of capital and managerial expertise. Efforts in all the areas are required for their development and greater participation in entrepreneurial activities. Meghalee Bora proprietor of Meghalee Food Products in Jorhat and Monomoti Kakati owner of Shree Ganesh Food Products in Guwahati has made Assam proud by receiving Global Recognition Award from the president of India for the micro small and medium enterprises in New Delhi. They have made significant achievement in their respective fields. In the context of women entrepreneurship the MF institutions could play a vital role in their overall development in various forms.

V. REFERENCES