

***BREAKING BARRIERS: MICROFINANCE AND THE RISE OF WOMEN  
ENTREPRENEURS IN DISTRICT SRINAGAR.***

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**Abstract:**

Microfinance Institutions (MFIs) seek to alleviate poverty and encourage self-sufficiency by providing small-scale credit, savings services, and financial literacy. The study identifies the obstacles that continue to exist in converting financial access into sustainable development outcomes while also highlighting the degree to which microfinance acts as a catalyst for economic independence and empowerment through an evaluation of lived experiences. As a result, microfinance has become a vital tool for promoting financial inclusion, especially among underprivileged and excluded groups in emerging nations. The current study investigates how microfinance promotes women's empowerment in District Srinagar within this larger context.

**Keywords:** *Microfinance, Women Entrepreneurship, Employment, Microfinance Institutions*

**Introduction:**

Microfinance can be defined — “as the offering a diverse array of financial services to clients with low incomes, including impoverished households in both urban and rural areas, who typically do not have access to traditional banking services.”- (Debadutta Kumar Panda, 2009). MFIs in India operate as trusts registered under the Indian Trust Act, 1882/public Trust Act, 1920; societies registered under the Societies Registered under the Mutually Aided Cooperative Societies Acts of the States; and non-banking financial companies (NBFC)-MFIs, registered under Section 25 of the Companies Act, 1956 or as NBFCs registered with the Reserve Bank. These MFIs are dispersed throughout the country, and due to multiple recording authorities, there is a diversity in their organizational structures. Although most MFIs entered the microfinance sector after the SBLP model was well-established, their business has evolved at a faster pace compared to the former. MFIs demonstrate greater aggressiveness and innovation in reaching out to rural populations through well-established distribution channels compared to the formal banking system.

Women are provided with crucial information regarding laws, gaining knowledge on accessing government resources and legal institutions. Awareness about social issues, strategic institutions, and constitutional rights and remedies is highly pertinent to women's ability to collectively address discriminatory treatment within households and communities. (Sanyal, 2009). In this context, microfinance serves as a mechanism to foster women's empowerment on a comprehensive scale—encompassing social, economic, psychological, and political dimensions. This approach challenges and eliminates their subordination, prompting policy changes in both state and market institutions. Beyond offering savings and credit services, microfinance contributes to holistic social and economic justice for marginalized sections of society, serving as a crucial platform for inclusive growth. Consequently, women's empowerment is both a process and an outcome of microfinance initiatives aimed at alleviating poverty.

In the 64 years of independence, the emphasis on the socialistic pattern and the role assigned to the public sector had limited the scope for the growth of private entrepreneurship. But the liberalization policy of the government has thrown open a vast area of the economy for private entrepreneurship. Under such circumstances, special efforts to develop women entrepreneurship are more keenly felt.

From playing the role of a bread-maker and care-taker of the family, she has moved to playing multiple roles in this modern era, blending her in-born abilities of care with professionalism, with a touch of elegance. Today's women are multifaceted, with a career of their own while playing the role of a loving mother, sister, wife and daughter at home. Today, women do not mind exploring fields which were otherwise not considered obvious choices for them. Earlier

there were not many streams open to women. But today, they are exploring career options in different fields and at the same time they are able to grow well in those fields.

The JKEDI through one of its zonal offices known as Centre for Women Entrepreneurship situated at Press Lane, Lal Chowk, Srinagar has been working in all possible ways to include budding women entrepreneurs under its various microfinance programs and schemes. The motivation of this research study is to verify the presence of CWE, JKEDI in the canvas of pioneering entrepreneurship development institutes of Jammu and Kashmir.

### **Literature Review:**

Meenakshi Sundaram (1988)<sup>38</sup> in her study on Poverty Alleviation Programmes at the very outset stated that if the causes of poverty were properly analysed before planning for its alleviation, any poverty alleviation programme would be successful. In her opinion, the major cause of poverty is the lack of purchasing power in the poor. According to the author this could be on two counts. First, low level of household income and secondly, diversion of household income to the other essential requirements which becomes costly for no fault of the poor. She held the view that to make the programme more meaningful, employment has to be provided round the year to the poorest of the poor in such a manner that can result in creation of community assets and help to improve the ecology and environment of the area and also its productivity. The author further opined to shift the task of selection of beneficiaries to the people themselves rather than to that of a government official. Every village Panchayat (Mandal) should have a list of people who are below the poverty line duly indicating their skills. The list should consist of two parts, the first consisting of people who could only be provided with employment opportunities and the second, who can be given productive assets.

Stewart, De Wet, and Van Rooyen (2012) looked into how microfinance affected Sub-Saharan Africa. Those who had and did not receive microfinance services were contrasted in the conceptual study. The study came to the conclusion that microfinance was ineffective at reducing poverty. Known as the United Nations Millennium Development Goals, it also disempowers women in some situations. According to the study, in order to comprehend the need for financial services among the underserved classes, a comprehensive assessment of the pilot programs is required prior to their implementation on a broader population.

According to Yunus (2003) and Deshpande and Niraj (2003), banks in India are often for those who have money, not those who don't. They had to borrow, save, and invest money to keep their family safe in order to escape poverty. In order to meet the needs of India's impoverished small business owners, there was a perceived need for different policies, processes, savings and loan products, additional supplementary services, and novel delivery methods.

Conroy (2003) defines microfinance as the provision of financial services to low-income and impoverished households that have little access to official financial institutions. Another way to characterize microfinance is as banking for the poor. The establishment of microfinance banks to improve the poor's access to savings and lending options is currently being promoted as a crucial development tactic to support economic growth and the eradication of poverty. In India, Self Help Groups (SHGs) are used to carry out microfinance programs. An SHG is a group of people who live in the same area and share comparable socioeconomic characteristics. SHGs are groups of people who voluntarily band together to achieve shared objectives. These groups have a same caste, heritage, social identity, or traditional employment.

Karmakar (2008) explained that the expansion and development of Self-Help Group (SHG) federations have been observed across different levels in states such as Andhra Pradesh, Uttar Pradesh, and Bihar, aimed at fostering the growth of microenterprises. Additionally, insights were provided regarding the introduction of inventive products within the microfinance sector. The research emphasized disparities in the regional allocation of microfinance services, with the southern region reaping the greatest advantages from such services.

According to Bhatt & Tang (2001), a single policy was insufficient to provide microfinance to the various segments of micro-entrepreneurs. A successful entrepreneur did not rely just on microfinance, according to the secondary data-based study. Because various entrepreneurs have varied needs, a

microfinance program must offer a wide range of services, such as credit, appropriate training, and market information, all of which are essential for the development of entrepreneurship.

An essential part of India's small-scale banking system is the Regional Rural Bank (RRB). These establishments were innovative in that they offered banking services to small-scale individuals in general and the impoverished in particular. In its 1972 report, the Banking Commission advocated for the establishment of local banks in rural areas of India. It was anticipated that a small bank would support the goal of small-scale development by offering credit facilities to the underserved and impoverished class of individuals who had not been able to satisfy their credit needs from the institutions that currently provided credit to the small-scale masses (Agarwal 1991). These banks would complement the current institutional agencies and be locally based, commercially organized, and focused on rural areas. Beginning in 1975, India's regional small-scale banks have grown to be an essential component of the nation's small-scale banking system. By establishing a vast branch network across several states, these banks have done a commendable job of lending money and offering banking services to the country's small-scale population (Gulsan and Kapoor 1984).

Otero and Rhyne (1994) noted that microenterprises serve as a critical source of employment and income for many impoverished individuals lacking other options. In urban areas, up to 50% of the workforce may participate in microenterprise activities. In rural regions, many families integrate microenterprises with farming, often relying on them as their primary income source. Montgomery, Bhattacharya, and Hulme (1996) examined the effects of the Government Thana Resource Development and Employment Programme (TRDEP) credit initiative in Bangladesh, focusing on its impact on income, productivity, and poverty. Their findings revealed that substantial increases in household income resulted in a higher proportion of spending on food, with wealthier poor households benefiting more from the credit program.

According to Bhatt & Tang (2001), a single policy was insufficient to provide microfinance to the various segments of micro-entrepreneurs. A successful entrepreneur did not rely just on microfinance, according to the secondary data-based study. Because various entrepreneurs have varied needs, a microfinance program must offer a wide range of services, such as credit, appropriate training, and market information, all of which are essential for the development of entrepreneurship. The micro-enterprise training program for low-income women in Boston, Massachusetts, was examined by Dumas (2001). For the purpose of training micro-entrepreneurs, 55 participants in all were chosen from the Community Entrepreneurs Programme (CEP). At the start and midpoint of the two-year training program, structured interviews were used to gather the data. Additionally, a constant comparative grounded theory technique was used to analyse the qualitative investigation. The researcher came to the conclusion that individuals had changed significantly as a result of the training. They began their businesses, learnt how to manage them well, and used managerial abilities to raise their standard of living.

Grosh and Somolekae (1996) investigated the potential for microenterprises to drive industrial sector development, highlighting an alternative perspective that views the informal or microenterprise sector as a foundation for industrialization. Although it is widely believed that the informal sector could contribute to this process, they noted a lack of scholarly efforts to pinpoint specific pathways for achieving this. They emphasized the need for policy support to enable microenterprises to foster industrialization.

According to Gurumoorthy (2000), the Self Help Group (SHG) is a practical substitute for achieving rural development goals and obtaining community involvement in all programs related to rural development. It was a structured organization created to give rural women microcredit based on their collective resources without requiring collateral security in order to inspire them to start their own businesses and develop into ambitious women.

Boateng and Poku (2019) looked into the difficulties women micro-entrepreneurs have getting funding. Purposive in-depth interviews were used in the qualitative study to gather information from 50 respondents in Ghana's Lower Manya Krobo township. A thematic analysis was performed on the data. The poll found that family members, mostly husbands, provided the majority of female participants with their initial funding. Because they lacked collateral, traditional banks and

microfinance organizations refused to lend money to women. However, microfinance institutions provided the majority of males with their initial startup funding. The study found that identical marketing products had a detrimental effect on entrepreneurs' sales by influencing consumer demand. The report also recommended that the government concentrate on improving the soft skills of female business owners. The report also recommended that the government concentrate on improving the soft skills of female business owners. To teach women micro-entrepreneurs about company management and innovative ideas, it has also been suggested that training sessions and seminars be organized on a regular basis.

According to Frederick and Monsen (2011), while waves of entrepreneurship and innovation might be harmful for some, they also present new chances for economic revitalization and prosperity in a region. It is necessary to plan properly. Economic progress may not always follow from high rates of entrepreneurship. It is necessary to adapt policy measures to local circumstances. Even when there is a lot of entrepreneurship, economic progress might be hampered by overprotecting workers, destroying incentives, or engaging in welfare apathy. To put it briefly, in order to prevent being swamped and sunk by a wave, you may need to sail straight into it.

According to Haugh and Talwar (2016), societal and cultural norms influence how much women in developing nations participate in and profit from entrepreneurship, despite the fact that entrepreneurship is increasingly seen as essential to development. The linkages between social entrepreneurship, empowerment, and social change have been examined using data gathered from 49 participants of a small-scale social firm in North India. The social order itself was altered by creative business practices that supported women's economic activities while also adhering to regional social and cultural conventions that limit their agency. They define emancipatory social entrepreneurship as (1) empowering women and (2) helping to transform the social structure in which women live.

In their case study of the credit and savings program (CSP) of Rashtriya Grameen Vikas Nidhi (RGVN) in Assam, Borbora and Mahanta (2008) investigated how credit contributes to the creation of job prospects for the underprivileged. Additionally, they evaluated the SHGs' function in encouraging thrift among the impoverished and the program's commitment to the social and economic empowerment of women in particular as well as the impoverished in general. Eighty percent of the members of the chosen SHGs came from low-income families, according to the survey data analysis. The groups' members were involved in profitable business ventures. It was discovered that the program had been successful in forming the members' saving habit.

A study on the Impact of Zaimbuko's Micro-Enterprise Programme in Zimbabwe: Baseline Findings done by Carolyn Barnes and Ericak Cog (1999)<sup>17</sup> identified the impact of involvement in the Zaimbuko project affecting clients and their homes. The study highlighted that there is great scope for capturing the clients ability to save if the legal issues can be resolved. The reality of hungry seasons and periodic shortages of working capital are responsible for their poverty, which can be improved with savings and/or insurance products. Easier access to group funds could help women to overcome periodic crisis and might prevent some exits.

### **Research Methodology:**

The data was collected by using a structured questionnaire in which frequencies of various indicators pertaining to different variables were analysed. The data was further processed using the IBM Statistical Package for the Social Sciences (SPSS).

		Entrepreneurial Activities	Extent of Microfinance
N	Valid	384	384
	Missing	0	0
Mean		3.6073	3.4573
Std. Deviation		.78334	.71511

The descriptive data in Table show that the Centre for Women Entrepreneurship (CWE) provides a comparatively large amount of microfinance in Srinagar district, which contributes to increased entrepreneurial activity. The mean score for entrepreneurial activity is 3.6073, while the mean for

the amount of microfinance is 3.4573, both on a scale of 1 to 5. This shows that respondents believe there is a considerable presence of entrepreneurial activity and a large offering of microfinance services in the area. The standard deviation values of 0.78334 for entrepreneurial activities and 0.71511 for the degree of microfinance reflect modest heterogeneity in answers, indicating that participants had a consistent view of both variables. These results emphasize the significant significance that CWE's microfinance services play in supporting entrepreneurship in Srinagar.

Path	Unstandardized Estimate	S.E.	Standardized Estimates	C.R.	P
Extent of microfinance	.513	.066	.464	7.743	***
Entrepreneurial activities	1.000		.765		
Entrepreneurial activities	.911	.059	.849	15.361	***

It further depicts a hypothetical structural equation model that shows cases the interdependence between Two variables, namely the Extent of microfinance and Entrepreneurial activities. In the present model, the independent variable is the Extent of microfinance, whereas the dependent variable is the Entrepreneurial activities. The findings of the investigation indicate a positive and statistically significant relationship between Extent of microfinance and Entrepreneurial activities ( $\beta=.464, P<0.05$ ).

The standardized coefficient of 0.464, a positive association between Extent of microfinance and Entrepreneurial activities, as shown in the route connecting these two variables. The correlation coefficient values (C.R. values) show large magnitudes, suggesting that the observed associations are statistically significant. The fit indices indicate that the model has a good fit, since the factors exhibit statistical significance with p-values over 0.05 (as shown in Table 43). Therefore, the total model fit was evaluated by using seven distinct fit indices, which together demonstrated a statistically significant positive association between Extent of microfinance and Entrepreneurial activities.

### **Conclusion:**

The research analyzed perceptions regarding the scope of microfinance, emphasizing the volume of loans issued, the total value of microfinance disbursed, and the extent of outreach, particularly among women. The mean score ranging from 3.41 to 3.59 suggests that respondents perceive the scale of microfinance operations as adequate for supporting local entrepreneurs, particularly during the initial stages of business development. Respondents indicate that, in general, the quantity of loans and the total funds disbursed are sufficient to satisfy fundamental entrepreneurial financing requirements. This finding aligns with (Banerjee et al., 2015), who highlighted the significance of access to and availability of microfinance in facilitating small enterprises and fostering inclusion. The establishment of JKEDI and CWE in Srinagar has significantly broadened the financial options available to women who might otherwise face challenges in obtaining formal credit. The study reveals a significant issue regarding the quantity and percentage of women beneficiaries. Additionally, mean scores and response patterns suggest that numerous respondents view the outreach to women as inadequate, highlighting a gender gap in access to microfinance. Furthermore, this aligns with the findings of (Duvendack et al., 2011), who identified enduring barriers such as social norms, mobility restrictions, lack of collateral, and intra-household bargaining dynamics that hinder women's full access to and utilization of microfinance services. The implication is that, while institutions such as CWE explicitly target women and JKEDI has made significant strides toward inclusivity, structural gender inequalities persist in influencing access patterns. Women may be disproportionately underrepresented as loan recipients in relation to their entrepreneurial potential, or they may obtain smaller loan amounts and encounter more rigorous scrutiny. Addressing these gaps necessitates both institutional commitment and broader social interventions to challenge prevailing norms and enhance women's autonomy in financial decision-making.

The scope of microfinance offered by CWE, while regarded favorably, indicates potential for enhancement. Augmenting the volume of loans granted, elevating the overall disbursement sum, and refining outreach initiatives especially for women in marginalized rural regions would amplify

CWE's influence. Group-based financing arrangements, including Self Help Groups and joint liability groups, ought to be promoted to improve participation and repayment dependability.

To augment entrepreneurial endeavors, JKEDI and CWE should prioritize enhancing market accessibility via exhibits, local bazaars, and connections with internet platforms like Amazon Karigar and Flipkart Samarth. Equipping entrepreneurs with training in digital sales, branding, packaging, and product cataloguing will enhance revenue generating. Grants for business development or hybrid funding that amalgamates loans and subsidies may facilitate the scaling of promising enterprises.

Finally, the coordination among JKEDI, CWE, financial institutions, NGOs, and governmental bodies should be enhanced to facilitate credit access and support services. Establishing a specialized Women Entrepreneurship Fund at the university level would substantially augment financial assistance for creative and growth-driven women entrepreneurs. Awareness initiatives, financial literacy campaigns, and extensive informational outreach are crucial for promoting increased female participation in microfinance programs.

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