CHAPTER - II

REVIEW OF LITERATURE AND THEORETICAL BACKGROUND OF THE STUDY
CHAPTER – II

REVIEW OF LITERATURE

2.1 General

Reviewing related literatures helps the researchers to develop clarity and comprehension in any study. So, it is necessary first to review the various concepts, research methodologies and analytical tools used by researchers in earlier studies. Such an attempt would help the better and precise understanding of the perspectives of the research problem and would also facilitate the researcher to modify and improve the present analytical framework in the right direction to suit the problem situation. The findings of earlier studies would guide the researcher in setting the hypothesis and objectives and enable him to compare his own findings. This chapter briefly reviews the concepts, research methodologies, analytical tools and findings of the past studies, which are relevant to the present study.

The review is presented under the following headings for better perception and clarity. This chapter makes an endeavour to study the existing literature on micro finance, entrepreneurship and micro entrepreneurs.
2.2 Review

2.2.1 Studies Related to Micro Finance

Karunaratna, (1992)\(^1\) in his study “Informal Micro-lending and Entrepreneurship Development in urban Sri Lanka” points out that cumbersome nature of bank procedure, collateral orientation, temporarily, small and illegal nature of the business, negative attitude of borrowers towards bank, insufficient working time of banks and lack of banking abilities and awareness has led to the poor being not accessable to banking facilities.

McGuire et al., (1998)\(^2\) in their study “Second tier Micro Finance Institutions in Asia” examined that in recent years, a number of countries in Asia have established 'second-tier' or 'wholesale' micro finance institutions to channel funds from the government or donor agencies to individual 'retail' micro finance institutions (MFIs) at concessional interest rates. The largest of these is the Palli Karma Sahayak Foundation (PKSF) in Bangladesh, but second-tier institutions are also major players in India, Sri Lanka, the Philippines and Thailand. Such institutions can be a very effective means for governments and donor agencies to channel support to MFIs. Second-tier institutions can also contribute significantly to a more efficient micro finance sector by setting and enforcing appropriate performance and reporting standards.

Karmakar (1999)\textsuperscript{3} in his book “Rural Credit and Self Help Group - Micro Finance Needs and Concepts in India” argues that various credit policies launched by the successive governments in India have had a poor impact on rural development and have not produced any advantage for all the stakeholders, including rural borrowers, banks, and the governments. This leads to the introduction of micro credit schemes in the rural areas the author points out that one of the major problems facing traditional rural credit is the poor performance of the recovery mechanism.

The author holds the opinion that micro enterprise generate employments opportunities but have some constraints, such as their tendency to remain small due to lack of resources, lack adequate infrastructure, poor marketing information mechanisms, inadequate technological transformation to meet quality standards, inability to access financial markets, and the absence of clear cut governments polices etc. He emphasizes the role and importance of micro finance in the development of micro enterprises and recommends that group, region and issue specific approaches should be followed.

Hilary Metcalf and Roger Benson (2000)\textsuperscript{4} in their study “From Unemployment to Self-employment: Developing an Effective Structure of Micro

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\item Hilary Metcalf and Roger Benson, From Unemployment to Self-employment: Developing an Effective Structure of Micro-Finance Support in NIESR Discussion
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Finance Support” observed that for the last two decades, the state has provided assistance to unemployed people wishing to enter self-employment. The emphasis of assistance has been on advice and training. Financial support has tended to be highly restricted. Yet research has indicated that low initial financing may contribute to business failure and that unemployed people face barriers to access commercial loans.

Khalid Mustafa et al., (2000)\(^5\) in the study “NGOs, Micro Finance Poverty Alleviations: Experience of Rural Poor in Pakistan” seeks to delineate the role of NGOs in micro finance and study their aggregate impact on poverty reduction in rural Pakistan as a result of micro finance efforts. A vast majority of the poor in Pakistan reside in rural areas, and severity of their poverty is greater than in the urban areas. The idea of increased empowerments of the poor vulnerable in the society has not been given unequivocal support by the political elite and the state bureaucracy. Therefore the NGOs as support organizations have to establish their autonomy, credibility, and competence in these environments to assist the poor in rural areas in their quest to acquire greater control on their lives and improve their standards of living.

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Sofia Mumtaz (2000)\textsuperscript{6} in their paper “Targeting Women in Micro Finance Schemes Objectives and Outcomes” examined the gender component of the Rural Support Programme Alleviation Project (RSPAP) initiated by the National Rural Support Programme (NRSP) in Rawalpindi and Islamabad. The attempt to fight poverty by providing micro loans to the poor has gained currency in Pakistan as well.

Prioritizing women in micro finance scheme, is expected to have positive implication for moving the household poverty. By enhancing the economic importance of women for the household, and by organizing them to work for their individual and collective good, the status of women within the household is also expected to improve, as is their value within the community, and at the wider societal level.

In the study of “Micro finance Institutions in India” Piyush Tiwari and Fahad (2001)\textsuperscript{7} revealed that more than the subsidies, the poor need access to credit. Absence of formal employment makes them non-bankable which forces them to borrow from the local money lenders at exorbitant interest rates. Many innovative institutional mechanisms have been developed across the world to enhance credit to poor even in the absence of formal mortgage. This study also


\textsuperscript{7} Piyush Tiwari and Fahad, Micro finance Institutions in India, Housing Development Finance Corporation, Roman House.169, Backbay Reclamation, Mumbai, 2001, p.23, \url{http://www.micro.finance/micro_financeinstitution.in}.  

discusses the conceptual framework of a micro finance institution in India and the successes and failures of various micro finance institutions around the world which have been evaluated and the lessons learnt have been incorporated in a model micro finance institutional mechanisms for India. The paper concludes that micro finance can contribute to solve the problem of inadequate housing and urban services as an integral part of poverty alleviation programmes. The challenge lies in finding the level of flexibility in the credit instrument that could make it to match the multiple requirements of the low-income borrowers without imposing unbearably high cost of monitoring its end-use upon the lenders.

Mary Mckernan (2002)\(^8\) in the study “Impact of Micro Credit Programs on Self-Employment” revealed that the micro credit programmes provide a two-tiered approach to poverty alleviation credit for the purchase of capital inputs to promote self-employment and non-credit service and incentives these non credit aspect may be important for the success of micro-credit programme. This study uses primary data on household participants and non participants in Grameen Bank and two similar micro-credit programmes to measure the total and non-credit effect of micro credit program participation on productivity. It finds large positive effect of participation and the non-credit aspect of participation on self-employment profit.

\(^8\) Mckernan, S., M Impact of Micro-Credit Programs on Self-employment, 2002, http://www.urban.org/url
Baskaran (2002)\(^9\) has studied the “Impact of Credit on Small and Medium Industry (SMIS) in Sri Lanka” According to the OLS regression results, SMI loans have a positive impact on investment the estimation for the level of investment in function of the amount of loans granted in SMI loan scheme in the period 1980 to 1992. The model proposed is a simple linear regression model, which exhibits the relationship between investment (the dependent variable) and the amount of the loan granted (the independent variable) in SMI loan scheme.

Imran Matin (2002)\(^{10}\) studied the “New Thinking and New Forms of Micro Financial Service Provision in Bangladesh: A Comparative Study of ASA, SAFESAVE and GONO BIMA” argued that the contemporary micro finance industry is complacent about its products and mostly relies on copying and replicating the dominant models. The author examines these issues through case studies of three micro finance providers in Bangladesh all of which experimented with different types of micro finance products. It has been argued that the process of innovation is far more complex than the tool-centric approach suggested in recent market research in micro finance literature. This is especially true when innovations imply significant departures from dominant organizational culture.


Dwarakanath (2002)\textsuperscript{11}, in his article “Rural Credit and Women SHGs - A Profile of Ranga Reddy District in Andhra Pradesh”, stated that the women led SHGs have successfully verified how to mobilize and manage thrift appraise credit needs and enforce financial self discipline. The study of self help women groups in Andhra Pradesh reveals the effectiveness of these groups’ with linkage programme and awareness among rural folk about the significance of women’s credit.

Peter Koveos et al., (2004)\textsuperscript{12} studied the “Financial Services for the Poor: Assessing Micro Finance Institutions” The objective of this study is to analyze the framework within which micro finance institutions (MFIs), deliver their services and provide an assessment of their operations and financial management. These institutions are examined because of their current importance to a special group of consumers, primarily the poor and disenfranchised in the developing world, and of their future promise as an economic development solution. Since the objective of these institutions is somewhat unique, the manner of their assessment must also differ from that used to assess the performance of traditional financial intermediaries. In particular, assessment of MFIs must recognize their dual (bank and development instrument) status. Their efficiency, then, must be analyzed in terms of its economic (or financial) dimension as well as its social dimension. The

\textsuperscript{9} Peter Koveos and Dipinder Randhawa, Financial Services for the Poor: Assessing Micro finance Institutions, Managerial Finance, 30(9): 2004, pp.70-95.
first dimension may be examined with traditional measures, while examination of
the second requires measures that reflect the MFI's social objectives. In order to
accommodate the special nature of MFIs, this study proposes the use of a
Balanced Scorecard approach. It contributes to the study of financial institution
performance by examining a non-traditional group of institutions using a variety
of assessment measures. The findings should be of value to those interested in the
financial sector as well as those involved in public policy decision making.

A study was conducted by Anand Kumar et al., (2005)\textsuperscript{13} studied on “Role
of Micro finance in Disaster Mitigation”. The study aims to examine the suitability
of using micro finance for natural disaster risk reduction at the household and at
the community level and also delivering it in the wake of a natural disaster. This
study explains the micro finance strategies comprising: diversifying income
source; designing new loan products; risk management; sustainability of micro
finance institutions post disaster and liquidity management post disaster. The
major findings of the study show that micro finance should be recognized as one
of a series of measures within a disaster risk management strategy. Along with the
eco-friendly farming it can help to overcome poverty in developing countries.

\textsuperscript{13} Anand Kumar and Jeyanth K. Newport, Role of Micro Finance in Disaster
http://www.emeraldinsight.com/insight/view/contentitem
Nirman Bhavan, (2004)\textsuperscript{14} in the Scheme of Micro finance program has indicated that the scheme of micro-credit has been found as an effective instrument for lifting the poor above the level of poverty by providing them increased self-employment opportunities and making them credit worthy. Total requirement of micro-credit in the county has been assessed at ₹50,000 crore. Micro-credit programme works through NGOs/ SHGs and the merit lies in weekly monitoring and refund of installments. The rate of recovery under SIDBL’s micro credit programme is as high as 98 per cent.

Kalyansundaram (2005)\textsuperscript{15} pointed out that micro credit not only deals about lending but also address the issue of health development and empowerment. Beside savings and lending micro credit policy should incorporate insurance.

Shahidur R. Khandker (2005)\textsuperscript{16} in his study “Micro Finance and Poverty: Evidence Using Panel Data from Bangladesh” examines the effects of micro finance on poverty reduction at both the participant and the aggregate levels using panel data from Bangladesh. The results suggest that access to micro finance contributes to poverty reduction, especially for female participants, and to overall poverty reduction at the village level. Micro finance thus helps not only poor participants but also the local economy.

\textsuperscript{15} Kalyansundaram, M., The Hindu, 26th September 2005, p.3.
Drawing conclusion from a small number of very different innovations in three different organizations clearly needs to be approached with some caution. However, a number of general points can be drawn from these comparative experiences.

Sukhwinder Singh Arora (2005)\textsuperscript{17} in his study “The Future of Micro finance in India: The Micro finance India Conference and a look at an Expanding Market”. The author argued that, the new generation of micro finance was slow in coming to India. Low levels of grants to micro finance institutions, an unfavorable policy environment, substantial traditional banking infrastructure and search for context specific solution has constrained rapid scale up. The first breakthrough emerged from policy support to enable informal self-help group 15-20 members (mainly women) to transact with commercial bank. These groups build up and rotate savings amongst themselves, open bank accounts and take responsibility for lending and recovering money financed by banks. With the missionary zeal of the National Bank for Agriculture and Rural Development (NABARD), Insights gained by NGOs the repayments and social impacts, this national movements now encompasses 1.4 million such groups (over 20million members)

Rob Dixon (2006)\textsuperscript{18} in the study “Micro Finance: Accountability from the Grassroots” examined the ways of using the accountability framework to explain the emerging tensions in accountability and how an intended bottom-up approach became progressively supplanted. This paper is set within an emerging Zambian micro finance organization moving into crisis. The primary data were collected by conducting a series of semi-structured interviews with key local micro finance specialists, managers, accountants, clients and the past and current loan officers. Live observation of the client-loan officer interface and internal meetings provided triangulation on accountability relationships in the midst of crisis. The data were analyzed using NVIVO, a qualitative computer software package and the findings shows that tensions between vertical and horizontal accountability in practice can be directly translated into heightened pressure and stresses on both the non-governmental organization (NGO) and its loan officers, which constrain overall accountabilities to other stakeholders and disguise other potential dysfunctions.

Bronwyn Coate et al., (2006)\textsuperscript{19} in the study “Taking Care of People and Communities: Rebuilding Livelihoods through NGOs and Informal Economy in Southern Thailand” explored the role of NGOs in facilitating economic recovery to the tsunami devastated regions in Southern Thailand. This includes large

\textsuperscript{18} Rob Dixon, Micro finance: Accountability from the Grassroots, Accounting, Auditing and Accountability, 19(3): 2006, pp.405-427.

\textsuperscript{19} Bronwyn Coate et al., Taking Care of People and Communities: Rebuilding Livelihoods through NGOs and Informal Economy in Southern Thailand, Disaster Prevention and Management, 15(1): 2006, pp.135-145.
international NGOs as well as small community based or local NGOs and how these organizations engage with one another as well as with government authorities and of course the local community to aid recovery. In particular, focus will be on how NGOs are able to assist local residents, especially those engaged in the informal sector in rebuilding their livelihoods in a region that has been devastated by a natural disaster.

The finding shows that in Thailand just over 70 per cent of the population is employed in the informal sector of the economy. One of the key findings of this paper is that central to economic recovery is the need for policy makers directing recovery strategies to reflect measures that are broadly supportive of the informal sector across different industries including tourism and fisheries, and which provides the basis of economic livelihood for a large proportion of the affected Thai population.

Rusdy Hartungi (2007)²⁰ studied the “Understanding the Success Factors of Micro Finance Institutions in a Developing Country”. The findings of the study revealed that the factor contributing to the success of BRI lay on the decision to keep adapting its practice with environmental changing. Also BRI is very innovative in choosing collaterals so in one hand, the credit is still interesting for lower class community, but at the same time they work as compensation in case

the clients fail to repay their credit and thus ensuring the sustainability of the MFI. Well-trained and dedicated staffs operating a simple, transparent system, clear incentives to staffs and clients, tight internal supervision and audit capacities and financial procedures and sound financial risk management contributes to its success as well.

Tilakaratna, and Wickramasinghe, (2007)\textsuperscript{21} in their study, “Micro Finance in Sri Lanka - A Household Level Analysis of Outreach and Impact on Poverty” examined the issues related to the micro finance sector in Sri Lanka such as: outreach of micro finance, role of informal sources of finance and the impact on poverty and welfare of households. The study concludes that to create sustainable micro-enterprises in Sri Lanka, there is a need for: MFIs to facilitate or get directly involved in providing ‘credit-plus’ services to their clients; Development of rural infrastructure facilities that would encourage the private and NGO sectors to get involved in micro finance provision; Recognition of the heterogeneity of micro finance clients and their needs in designing more effective micro finance instruments.

Monika Tushir et al., (2007)\textsuperscript{22} had studied the, "Role of Micro finance to Uplift the Economic Condition of Women Households in Haryana through SHG", 


\textsuperscript{22} Monika Tushir et al., Role of Micro finance to Uplift the Economic Condition of Women Households in Haryana through SHG, 2007.
which revealed 60 per cent of the total poverty of world lives in Asian countries. The extension of services of Micro finance Institutions to poor people in the most populated countries in Asia, such as India and China, is relatively low. Haryana is primarily an agrarian state. Since agriculture is a seasonal occupation the people tend to remain idle in rest of the year. Micro finance builds mutual trust and confidence between bankers and the rural poor people. The National Credit Fund for Women or the Rashtriya Mahila Kosh is working exclusively for poor women. Its loan is available solely and entirely to this target group. Evidence shows that groups of women are better customers than men, they are better managers of resources - benefits of loan are spread wider among the household if loans are routed through women. Mixed groups are often inappropriate in Indian society. Record of all male groups is worse than that of all women groups, everywhere. This study focused the growth of women SHGs in the Haryana state in comparison to men and mixed SHGs formed in the year 2006. It can be analyzed in the Haryana state; the major chunk is of women SHGs, which shows the interest of the government in the upliftment of women. Out of 16,381 SHGs in the year 2006 the proportion of women SHGs in relation to men SHGs is much more. The percentage of women SHGs in the total SHGs formed is 66 per cent while in case of men SHGs it is just 19 per cent and the proportion of mixed SHGs is the least of all the three that is 15 per cent. It can be seen that the members of women SHGs
is highest in the Mewat District of Haryana which is 15 per cent of the total women SHGs. There is significant improvement in the recent years and the SHG concept has picked up with constant support of the state government, banks and NGOs. They suggested that the banks have helped a lot in promoting SHGs but it’s required that banks must focus on spreading education for SHGs formation.

Sabrina Regmi (2007)\textsuperscript{23}, in her study "Micro Finance, Women, and Patriarchy in Nepal: A Critical Analysis of Women's Economic Rights", points out that micro credit offers such economically poor women opportunities to generate their own incomes and thus accumulate property on their own is a challenging opportunity for violated Nepalese rural women who have not gone through proper education and thus lack skills and knowledge to earn income on the basis of education. Hence provided women gain access to micro credit and engage themselves in income generating activities outside the home and earn profit, they can challenge the existing patriarchal system and thus can become economically active enough to generate their own property. Women coming from extended family who are benefiting from micro credit find several hindrances in their quest to economical empowerment as they face challenges of the hierarchical subordination position.

Niels Hermes and Robert Lensink (2007)\textsuperscript{24} in their study “The Empirics of Micro Finance: What do we Know?”, examined that micro finance has received a lot of attention recently, both from policy makers as well as in academic circles. Two of the main topics that have been hotly debated are explaining joint liability group lending and its implications for reducing information asymmetries and the trade-off between the financial sustainability and the outreach of micro finance programmes. This feature contains three novel empirical contributions providing new insights with respect to why and how the joint liability group lending works. It also contains the first large-scale systematic analysis of the trade-off between the financial performance and the outreach of micro finance institutions.

Dhilip (2007)\textsuperscript{25} conducted a study on, "Role of self Help Groups in developing women Entrepreneurship in Tirunelveli District” identified the factors which influence the women entrepreneurs and to find out the role of District Industries Centre (DIC) in promoting entrepreneurial development among women and the problems faced by the women entrepreneurs and to suggest remedial measures to solve the problem faced by the women entrepreneurs.

This study revealed that the educated women were come forwarded as entrepreneurs and traditional skill played a vital role in motivating the women

entrepreneurs. Most of the women entrepreneurs (60%) of the SHG's in the study area were sole traders, it implied that their self-confidence and courage. Most of the women entrepreneurs (59%) were participated in the training programmes conducted by District Industries Centre and some NGOs. 82 per cent of the women entrepreneurs were got family support and only 18 per cent of them did not get the family support. Inspiration of relatives and friends was the most important impetus factor of the women entrepreneurs. It was found that the 31-40 years age group women entrepreneurs’ decision making was so good compared to the other age groups 20-30 years and above 40 years. On the basis of the data analysis and the views of the respondents the researcher drew the following suggestions; Entrepreneurial Training should be made compulsory for all the SHG members and the NGOs are to be motivated by the Government to participate actively in giving training to the SHG members. Government should take special care on women entrepreneurs in getting credit facilities from the nationalized banks. Minimum interest rate can be fixed for the loans of women entrepreneurs. Marketing the products is the serious problem of women entrepreneurs. Necessary steps must be taken to improve the marketing facilities for the products produced by the SHG women entrepreneurs.
Fredrick (2008)\textsuperscript{26} has studied “Empowering Women through Micro Finance” reveals that the participation of women in SHGs has enriched their economic empowerment. The involvement of women in the group significantly contributes to improvement in the quality of life, social status and confidence of the members.

Nalini (2008)\textsuperscript{27} has studied “Delivery Methods of Micro Finance” (a study with reference to micro finance institutions and SHGs in Tirunelveli district) and analyzed that the delivery methods of micro finance. This study emphasises that, the main aim of micro finance is promoting small entrepreneurs, but most of the SHG members are not interested to involve them in income generating activity. The main problem faced by micro finance institutions are SHGs are eager to avail micro credit and they borrow micro credit beyond their repaying capacity and most of them were utilized for the micro credit for domestic consumption.

Rama Devi (2008)\textsuperscript{28} in her study “Micro Finance: An Effective Strategy to reduce Poverty”, The study revealed that, despite the progress made by the Micro Finance Movement in India over the past decade, at the macro level, the sector has

\textsuperscript{26} Fredrick, J., Empowering Women through Micro Finance, National Conference on Status, Constraints and Scope for Fisher Folk Development through Micro finance, Thoothukudi, 2008, p.7.


not been able to make much impact. The average loan amount per beneficiary works out to just about ₹2,000 or so; too small to enable the poor families to cross the threshold of poverty. To start even a tiny enterprise that could generate some regular income, the amount of micro-credit should be at least ₹20,000-25,000. Also pointed out that quite a few MFIs have been charging relatively higher interest rates 15-36 percent on the loan given to poor families. This is perceived by many as exploitative and against the spirit of micro-credit. Since most MFIs deliver their services at doorstep to village rather than requiring the clients to come to bank branches, and have lower transaction costs are much higher than those of the formal banking channels.

Rajkumar and Sankaran (2008)\(^{29}\) made a study on the topic “An Economic Study of Efficacy of Micro Finance on Rural Poor in Tamil Nadu” discussed the effect of micro finance on the rural poor in Singampunari Block of Sivagangai District, Tamil Nadu. The result of the study shows that most of the people in the study area are empowered due to SHGs. Most of the SHG members have become entrepreneurs and there has been a considerable improvement in their income in the pre SHG period only. The result also shows that most of the respondents are left free from the clutches of money lenders after becoming the members of SHGs. It has been observed from the study that there is a considerable improvement in

savings, expenditure, investment and productive assets in the post SHG period. Also, there is a substantial progress in health awareness, educational awareness, gender awareness and political awareness in the post SHG period.

Adi Lakhmi and Rajesh C. Jampala, (2009)\textsuperscript{30}, in their paper “Self Help Group Movement emerging as robust Development Model. The study revealed that majority of the international investment banks are entering micro finance sector which is one of the fastest growing sector. Rapid expansion of the industry and the impressive profitability of many micro finance organizations have stimulated investor in this sector. This sector has the potential of fulfilling twin objective of achieving social benefit and financial returns.

Satheeskumar and Selvaraj (2009)\textsuperscript{31} in their study “Role of NABARD in Promotion of Micro Credit” highlights the achievement of the micro finance programme and coverage of SHG assistance to 3.30 crore poor families, approximately 16.50 crore people estimated to have been assisted through bank credit upto 31\textsuperscript{st} March 2006. Cumulative Bank Loan of ₹11,397.55 crore, approximately 90 per cent of SHGs are exclusively women groups. Average Bank Loan per SHG works out to ₹50,000, over 95 per cent on time repayments of loan.


Ranjithkumar (2010)\textsuperscript{32} has studied “Micro Finance and Poverty Alleviation” and points out that micro finance can contribute to solve the problem of poverty alleviation programmes. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrowers without imposing unbearably high cost of monitoring its- end-use upon the lenders. A promising solution is to provide multi-purpose loans or composite credit for income generation. Careful research on demand for financing and saving behavior of the potential borrowers and their participation in determining the mix of multi-purpose loans are essential in marking the concept work.

Soumitro Chakravarty et al., (2015)\textsuperscript{33} in their paper reveals that, the mechanism of Self-Help Group based Microfinance has been very dominantly used over the last few decades across various parts of the world to alleviate poverty and empower women including developing countries like India. Microfinance based SHGs provide customized financial services to the members who use these loans for productive purposes. A majority of the beneficiaries use

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\textsuperscript{32} Ranjithkumar, Micro Finance and Poverty Alleviation, Survival and Growth Strategies for Business Dynamics, Commerce Wing Directorate of Distance Education Annamali University India, Scitech Publications (India) Pvt.Ltd, 2010, p.273.
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these loans for enhancing their farm based activities and setting small enterprises which are engaged in activities like candle making, pickle making, handicrafts etc. The SHG movement which has seen a noticeable growth over the past couple of decades has coincided with the emergence of Information and Communication Technologies (ICT), which have revolutionized the way business is conducted worldwide. In such a scenario, it is interesting the explore the potential role that ICT can play in enhancing the productivity of Women’s cooperatives and small farmers who avail micro-finance services through self-help groups. The present working paper tries to explore this aspect in context of a developing country like India relying heavily upon an extensive review of literature on the subject and information gathered from interviews and focus group discussions with NGOs project coordinating staff and SHG group members.

Sumanjeet Kaur (2015)\textsuperscript{34} in his study evaluates the impact of women’s access to finance on their empowerment in Patiala district of Punjab state. The intervention of Micro Finance has brought tremendous changes in the life of woman at the grass root level. The Self Help Groups (SHGs) are the instrumental in empowering rural women with affordable banking, insurance and entrepreneurial approaches. Therefore, the present economic challenges have

emphasized the need of woman’s participation in socioeconomic contributions for sustainable developments. The main objective of this research paper is to study the perceived impact of micro credit on the women empowerment. This is moved with two research questions that are (i) Micro Finance creates Women Empowerment and (ii) The SHGs are the best econometric tool for women empowerment. Hence, the study is confined to Patiala District of which 50 SHG members and officials have interviewed using judgment and convenience sampling technique to obtain results on research questions of the study. The study recognise that microfinance has positive impact on women empowerment and also benefiting their small businesses which are struggling with finance to fund their businesses due to lack of collateral security, and other unofficial screening criterion. The paper noted that the available microfinance institutions are lending for consumption purposes and charges high interest rates which make it difficult for the women in business to borrow. NABARD should take steps to eliminate harassment caused to the SHG leaders at the time of bank linkage. Besides, SHGs require proper guidance and regular visits by the promoters i.e. GOs, NGOs and Banks for achieving cohesiveness and smooth functioning SHG activities.
2.2.2 Studies Related to Entrepreneurship

Howard H. Stevenson et al., (1986)\textsuperscript{35} studied “Preserving Entrepreneurship as Companies Grow” explained that as an entrepreneurial company becomes successful and grows, the seeds of destruction are sown for the very entrepreneurial impulses that initiated the success in the first place. The transition from an entrepreneurial growth firm to a “well managed” business is often accompanied by a decreasing ability to identify and pursue opportunities. This article addresses some of the techniques that have allowed entrepreneurship to flourish in spite of a company's success.

Jane Sear and David Simon (1999)\textsuperscript{36} conducted a study on the “Indigenous Micro Credit and Enterprise Establishment: A Sri Lankan Case Study show that a wide variety of traditional and non-traditional enterprises have been established or expanded in rural areas with credit from SEEDS. The self-sustainability of SEEDS-initiated enterprises is considered in terms of the comprehensiveness and usefulness of the enterprise support and training provided, and whether enterprises are dependent upon external factors for survival. Credit recipient enterprises have often substantially improved individual and community wealth, and evidence was found of a limited ‘trickle-down effect’. The overall quality of life has improved

for most SEEDS loan recipients, as they establish enterprises which make them financially independent. Social consequences include female empowerment and improved self-confidence for successful entrepreneurs.

Savithri (2002)\textsuperscript{37} made “Comparative Study of Women Executives and Women Entrepreneurs in Chennai City”. The study gauged the stress on women executives and women entrepreneurs and the factors influencing stress, the stress level, its impact on them, etc. It is found that stress played a vital role in a wide range of common ailments, such as headache, allergy and skin diseases, blood pressure, ulcer, diabetes and heart diseases. Stress affects sleep, productivity and growth. Workload also causes stress. Women entrepreneurs develop stress when there is labour problem, wastage and loss occurring in the organisation and the feeling that they do not have enough time to do everything that is required. For women executives stress originates from personality, family and organisation. Both the parties are affected physically, psychologically and then create stress in the family and in the organisation. It is also found that women entrepreneurs in the trading and service sectors have more stress than women entrepreneurs in other areas.

Dean Shepherd et al., (2003)\textsuperscript{38} in the topic “Entrepreneurship Research in Emergence: Past Trends and Future Directions” evaluated the emergent academic field of entrepreneurship to better understand its progress and potential. Focusing entrepreneurship research at the intersection of the constructs of individuals, opportunities, modes of organizing, and the environment will define the field and enhance legitimacy. Decision theory, start-up factors of production, information processing and network theory, and temporal dynamics are put forward for entrepreneurship scholars to explore important research questions in these intersections.

Sindhu et al., (2003)\textsuperscript{39} in their study found that entrepreneurship has been recognized as an essential ingredient of economic development. Very high literacy rate and lack of employment opportunities paved way for many unemployed youth including women to take up small-scale business units. In this study entrepreneurial success index (ESI) was developed to measure the level of success of women in agri*business and the respondents were classified into four groups of very high success, high success, medium success and low success.


Gangaram Singh et al., (2004)\textsuperscript{40} studied the views on “Self-Employment and Personality Exploratory Study” revealed that, significant interaction between personality, gender and having a close self-employed relatives with respect to view on self-employment. The result also indicates that self-employment has positively related to perceived ability and personal investment.

Dean S. Karlan et al., (2006)\textsuperscript{41} studied “Teaching Entrepreneurship: Impact of Business Training on Micro Finance Clients and Institutions” points out that a growing number of micro finance organizations are attempting to build the human capital of micro entrepreneurs in order to improve the livelihood of their clients and help further their mission of poverty alleviation. Using a randomized control trial, they measured the marginal impact of adding business training to a Peruvian Village Banking Program for female micro entrepreneurs. The treatment led to improved business knowledge, practices and revenues. The micro finance institution also had direct benefits through higher repayment and client retention rates. Larger effects found for those that expressed less interest in training in a baseline survey have important implications for implementing similar market-based interventions with a goal of recovering costs.

\textsuperscript{40} Gangaram Singh and Alex Denoble, Views on Self-employment and Personality Exploratory Study, 2004, p.25.
Rajeshwari (2008),\textsuperscript{42} in her study “A Study in Vendor Development Micro & Small Enterprises Supplies to PSUs in Hyderabad and Visakapatnam” pointed out that a small-scale enterprise is saddled with inhibiting factors, where market operations are concerned. In this scenario, reaching out to the market, accessing information, identifying prospective buyers, executing job orders, planning marketing strategies timely realization of sales amounts etc., becomes very taxing for the entrepreneur. Consequently, the entrepreneur is unable to pay due attention towards planning marketing strategies, and exploring new markets. However, he entrepreneur has to realize the important of marketing his goods to the right buyer, and has to focus on his product meeting the requirement of the customers, be it regarding quality, timely delivery, price or quantity.

Manimekalai (2008)\textsuperscript{43} in her research paper “Impact Of Micro Financing In Promoting Women Micro Entrepreneurship - An Analysis” analyse the impact of micro financing, outreach and performance, socio economic impact on women entrepreneurs at the grass root both in rural and urban areas, and to examine the achievement of micro financing in terms of savings, access to credit, reduction in transaction costs, etc. The empowerment index was developed taking as many as 260 variables of both economic and social affairs. The results revealed that model


wise, except the NGO guided but self-supported models, all others have said have empowered in the post SHG situation compared to pre SHG. NGO wise, it was observed that the ECG group members have been found to be highly empowered and other have attained the status of being empowered. But the PDI groups have not been empowered. The ECG groups are highly empowered because, they are quite old, more than 90 per cent have initiated enterprises with bank loan and also participated in various other community development activities. On the other hand, the PDI groups remain self supported with petty trades or just with group savings, not much involved in community development activities, etc., and therefore scored very less and lagged behind. The Pre and Post SHG empowerment index levels indicate that in the economic spheres the pre SHGs scores were relatively higher than social spheres. The study found that the micro finance program has indeed impacted the women in entrepreneurship development.

Amitabh Bhatnagar (2008)\textsuperscript{44}, in his book “Rural Micro Finance and Microenterprises: The Informal Revolution Overview”. The study emphasized that Institutions having large infrastructures, such as state owned commercial banks, credit unions, financial cooperative are required to play a significant role in scaling up financial services for the poor/poorest. It has to be realized that financial services for, the poor have to be part of the financial sector. The current

situation where micro finance has mostly developed outside the domain of the formal financial sector - with the government and donors while addressing financial sector reforms, not incorporating micro finance within its ambit, is not desirable. Large scale sustainable micro finance can be achieved only if financial services for the poor are integrated in to the overall financial systems of developing countries.

Julie Carwile, (2009)\textsuperscript{45} in her dissertation points out that the importance of knowing how to learn in the entrepreneurial context and the variety of ways for an entrepreneur may access knowledge and new experiences for the purposes of learning, with implications for entrepreneurship programs, government agencies, and secondary and post-secondary educators.

Syed Shah Alam et al., (2011)\textsuperscript{46} in their study investigates, “The Key Factors affecting Success of Women Entrepreneurs in Southern Region in Malaysia”. Data was collected using a self administered questionnaire that was distributed through mail survey. Multiple regression analysis was used as a more suitable methodology to identify the important determinants of success of women entrepreneurs. The results suggest that family support, social ties and internal

\textsuperscript{45} Julie Carwile, A Case Study of the Self-directed Learning of Women Entrepreneurs in the First Four Years of Business Ownership, Ph.D., Dissertation, Virginia Commonwealth University, 2009, p.223.

motivation affect positively and significantly to the success of women entrepreneurs in the small business. The survey result also shows that women entrepreneurs having problem when they enter into the business. The implications of this study are discussed along with some recommendations.

Viswanatha Reddy (2012)\textsuperscript{47} in his paper reveals that entrepreneurship among women in India is a recently fast growing concept. The Central and State Governments have initiated a number of measures in recent years for giving a great fillip to the cause of women entrepreneurship development by way of granting a variety of special concessions, incentives, subsidies, rebates and assistance of varied nature, financial, technical, organizational and managerial, etc. The banking sector also has been contributing its share for this cause. They have evolved a number of schemes of assistance to the benefit of women entrepreneurs. Several of the women entrepreneurs, who have set up industrial and commercial units with great optimism, are not able to achieve all their targeted goals. It is all because of plethora of problems they are confronted within the course of promotion and development of their units. Several of these units have not been able to achieve the desired levels of operational efficiency and economic viability.

Savita Kumari (2012)\textsuperscript{48} in her article reveals that, in India the past image of restricted and home bound women is slowly going under change. The Indian women even after facing many obstacles are now becoming educated and economically independent. Government has come forward with many facilities, concessions and incentives exclusively for women entrepreneur. But in spite of these women have to go a long way fulfilling their multiple roles of a mother, wife and business women as well.

Upadhye Jayashree (2012)\textsuperscript{49} made an analytical study and finally she concludes that self-confidence, self-esteem, educational level and knowledge make women to handle different tasks in life. Male dominance towards women should change. There should get support from government and institutions and agencies to develop women entrepreneurs. Already there are certain schemes for women entrepreneurs, these schemes should be properly implemented and make them to be familiar to use every scheme.

Abhishek Kumar Chintu et al., (2012)\textsuperscript{50} in their article concluded that traditionally, women have been under-represented in organizations and the argument for equal opportunity employment has not produced sufficient results in

India. Women continue to play a marginal and peripheral role in the overall national context despite constituting almost half the population with a critical role in production and social processes. This is not only inequitable but also hampers development with high efficiency cost. For, no country can sustain its development if it underutilizes its women as a productive resource. There is evidence that women may be more aware than men of the potential costs of leadership. Women do worry about the contradictions between acceptable feminine behavior and requirements of powerful positions.

The educated women do not want to limit their lives in the four walls of the house. They demand equal respect from their partners. By the efforts taken by Government for uplifting the lives of women many reforms have taken place so far in their status and growth of self employment. They are becoming an innovator and entrepreneurs. However, Indian women have to go a long way to achieve equal rights and position because traditions are deep rooted in Indian society.

Ajay Sharma et al., (2012)\textsuperscript{51} in their paper remarked that women entrepreneurs’ play an important role in local economies and a large percentage of micro-enterprises in developing countries are undertaken by women. Rural women frequently have primary responsibility for agricultural production, in addition to

domestic responsibilities and childcare. In a developing country like India where
economic status of women is very pathetic especially in rural areas and
opportunities of earning are very less in this scenario the SHGs have paved the
way for economic independence of rural women.

Mathapati (2013)\textsuperscript{52} in his article reveals that women’s entrepreneurship has
a tremendous potential in empowering women and transforming society. Yet this
potential remains largely untapped, with less than 10 per cent of the entrepreneurs
in South Asian countries being women.

Women entrepreneurship development is a vital part of human resource
development. The development of women entrepreneurship is very low in India
(comparing to another developed countries), especially in the rural areas.

Mahaboob Basha et al., (2013)\textsuperscript{53} in their study found that, women plays
prominent role for the development of economy. In India, the situation is different,
certain superstitions, controls on women kept in back. Women success is there in
all areas like house wife, teacher, professor, lawyer, engineer, doctor, pilot,
scientist, technocrats and economists. In fact, women can manage the home
efficiently, and why cannot she manage the business in an efficient manner. The
success of women is not equal in all countries, based on social, cultural,

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demographical, geographical environments it is changing from one country to another country. Now, Women required certain unique motivational factors apart from economical support and government support. These unique motivational factors stand up women to get success as a women entrepreneur.

Monica Singh (2014)\textsuperscript{54} in her study tried to find out the difference among various set of people of the crucial factors which are concerned with the women Entrepreneurial opportunities at large. Issues have been identified through various review of literature. The author conclude with a quote of Mary Kay Ash, founder of Mary Kay Cosmetics. “Don’t limit yourself. Many people limit themselves to what they think they can do. You can go as far as your mind lets you. What you believe, remember, you can achieve.”

Daniel Mumba (2014)\textsuperscript{55} in his study investigated the information seeking behaviour of Zambian women entrepreneurs, specifically focusing on their information needs, information sources, barriers to information access, and usage of information and communication technologies (ICTs). The results of the study also show that family, friends, and acquaintances are some of women’s major sources of information. Others are tradeshows, internet, workshops and seminars.

Other findings of the study indicate that the level of knowledge and use of information and communication technologies among Zambian women entrepreneurs is very low. The majority of them lack computer skills and have limited knowledge of computer applications. Results of the study also reveal that women entrepreneurs face numerous barriers to information access. Some of the barriers cited are lack of financial resources, high cost of ICTs, poor networks, non-availability of current information, poor government policies, and lack of information skills among women business owners. The study recommends that the Zambian government, the private sector and other stakeholders take measures to provide entrepreneurial support to Zambian women business owners, especially as it would improve their business environment for entrepreneurial success and for the economic development of the country.

Anita Tripathy Lal (2014)\textsuperscript{56} in his article reveals that today the Indian women entrepreneurs increasingly are a force to be reckoned with. "According to the Women’s Global Entrepreneurship study conducted in US, UK and India, commissioned by Dell (2012), it has been found that the ideal country for a woman starting a business in 2012 could well be India." So the primary objective of the research to study the significant rise of Women Entrepreneurs in India and how it has evolved since the pre-independence days (Before 1947), during the

\textsuperscript{56} Anita Tripathy Lal, Women Entrepreneurs in India - Over the years, WP 2014/07 FORE School of Management, New Delhi.
British colonial days. The study also analyses the reasons that have prompted the women entrepreneurs to unleash their entrepreneurial energies into start-ups. The study further strives to correlate the reasons which have prompted the women entrepreneurs to start-up during these different periods. The study finally concludes to what extent the various support systems in India can further foster a conducive ecosystem for the Women Entrepreneurs in India.

Brinda Shree et al., (2015)\textsuperscript{57} in their study reveals that, entrepreneurship and other development purposes finance play a vital role especially micro-level finance. Micro level credit is a boost for rural women development process. So microfinance and rural women entrepreneurship are interrelated. They further concluded that poverty is omnipresent in the world. Micro-finance and entrepreneurial activities are the only great solution to poverty alleviation. Micro level credit uplifts and creates entrepreneurial process in rural area and creates rural woman entrepreneur. Rural woman gets social and economic conditions increased through micro credit activities.

Manashi Mazumdar et al., (2015)\textsuperscript{58} in their article reveal that, women’s entrepreneurship contributes to the economic well-being of the family and communities and also reduces poverty. It ensures country’s economic growth and development. The empowerment of women to a large extent depends on taking part in some development activities. Therefore the promotion of micro and small scale enterprises has been recognized as an important strategy for advancing the economic empowerment of women. At the household level, women’s microenterprises and small scale businesses play an important role in ensuring the survival of poor household and in building up women’s confidence, skills and socio economic status. However it is seen that women are the most deprived category in the society specifically in developing countries. In India also the economic status of women is very low especially in rural areas and opportunities of earning are very less. In this scenario the Self Help Groups (SHGs) are considered as institutional innovation that fosters empowerment of rural women. Therefore the need for designing exclusive self-employed and other development programmers for promotion of women empowerment is essential. Keeping in view this importance of the research work on women empowerment, the present study aims at discussing some important aspects of women empowerment through micro

entrepreneurship development and SHGs. These aspects include status of women SHGs, advantages of micro enterprise in building women empowerment, scope of micro enterprise development etc.

2.2.3 Studies Related to Micro Enterprises

Kaladhar (1997)\textsuperscript{59} analysed the design, structure and governance of micro finance in India. The study made a comparison between international micro finance with India. The study finds that in terms of reach India has done well, whereas in respect of women as percentage of borrowers India is at a lower proportion compared to other countries. In respect of other productivity indicators like value of savings, deposits per staff members, the value of loans per staff members along with number of loans per staff members, indicate that the micro finance function is being performed much better in other countries. The areas of concern, however, are the savings as percentage to total rural and semi-urban loan portfolio along with recovery as percentage of demand. In these areas, there is a substantial scope for improvement.

Kristin Hallberg (2000)\textsuperscript{60} has studied “A Market Oriented Strategy for Small and Medium Scale Enterprises” and examined that Micro enterprises are normally family business or self-employed persons operating in the semi-formal


and informal sectors, most have little chance of growing into large scale firms, accessing bank finance or becoming internationally competitive. Serving them often requires distinct institutions and instruments such as the group-based lending methodologies used by some micro finance institutions. Government can accelerate the development of market for financial and non-financial services suited to the special characteristic of small enterprises by promoting product innovation and building institutional capacity. In financial market, improving small and medium enterprises access to credit requires an increasing in the number of financial institutions that find lending to small and medium enterprises to be profitable, and therefore sustainable.

Tripathy and Jain (2002)\textsuperscript{61} conducted a study in “32 Gram Panchayats in Two Community Development Blocks in Jagatsingpur and Nauparain” which is one of the most backward states of India. The study reveals that the key of the effective implementation of any rural based project lies in a series of rigorous monitoring of pre envisaged end activities of the project. The success of the rural micro finance programme, therefore, lies in the formation of quality groups and the adequate and timely credit support along with the appropriate and profitable economic activities. The study states that credit to subsidy ratio under the programme has to be at least in the ratio of 3:1.

Chirajeevulu (2003)\textsuperscript{62} in his article states that DRDA of Warangal District has made very conscious efforts to thoroughly internalize the new paradigm of development through SHGs. As a result organization of Women into SHGs has taken the shape of a movement in the district. In this district, women are organized themselves into a society legally which came into existence with 35 SHGs hailing from 12 villages. This paves the way to some very spontaneous innovations of women in the district like chili processing unit of 514 women. This project proved that women have tremendous energies to start their own enterprise if they are given the right opportunity.

Prasant Sarangi (2003)\textsuperscript{63} made a study on the women lead SHGs in the villages of Ganjam District of Orissa State. The study reveals that the SHGs of these villages are organized by government agency rather than NGOs. The SHGs in this district have successfully implementing their plans at the local level with proper guidance from the government machinery at various levels. They are extending helping hand at district administration in different rural development project. The rural development activities range from construction of road to sanitation programmes of the district.

\textsuperscript{63} Prasant Sarangi, Self Help Groups: A Experiment in Orissa, Kurushetra, 51(4): 2005, pp.81-84.
Purushotham (2004)\textsuperscript{64} in his study pointed out that marketing support to micro enterprises cannot be extended effectively by the present development staff in most of the districts because they are not sensitized to the entrepreneurial needs of the poor further they are not equipped with the professional entrepreneurship development skills. The study also emphasized the reality that today the real constraint in rural microenterprises promotion is not shortage of funds but the scarcity of suitable extension workers at the gross root level. The field evidence suggests that with appropriate Market support strategies, the members of SHGs could be effectively assisted to identify and build micro enterprises as a source of their employment and income.

Judith Shaw (2004)\textsuperscript{65} in the study “Micro enterprise Occupation and Poverty Reduction in Micro finance Programs: Evidence from Sri Lanka” has explained that the micro enterprise earnings of micro finance clients in South-eastern Sri Lanka are linked to their initial incomes. Poorer clients face geographic, financial and socio-cultural barriers for entry to the most promising micro enterprise occupations, leading them to select low-value activities with poor growth prospects. In semi-urban areas, poverty impacts could be strengthened by supplementing loans with nonfinancial interventions encouraging poor clients to select higher-value occupations. In arid rural areas, where micro enterprises face

\textsuperscript{64} Purushotham, P., Marketing Support to the SHGs, Kurushetra, 52(4): February 2004, p.28.

\textsuperscript{65} Judith Shaw, Micro Enterprise Occupation and Poverty Reduction in Micro finance Programs: Evidence from Sri Lanka, RMIT University, Victoria, 2004, pp.18.22.
severe market and infrastructure constraints, micro enterprise development is unlikely to facilitate.

Govind Kelkar et al., (2004)\(^{66}\) states that the increase in women’s economic activities, even if within the household, with all other things remaining the same days lead to an increase in women’s working day. The study states that in rural Bangladesh the women are entirely responsible for domestic work which means that the price they have to pay for some improved well-being and increased self-respect and influence in household matters is that of increasing their hours of work. This study also confirmed that a large number of loans disbursed in women’s names are used by the men in the households. Thus even in a situation where loans to women are handled by men, there is an enhancement of women’s place within the household.

Hilaria Soundari (2005)\(^{67}\) analyzed the future directions of micro finance and states that the direction in which the SHG moves determines the destiny of the members. The study points out four possible directions that a group can take in future. They are susceptible group—a group focuses only on loan and economic benefits, submissive group—even after 10 years they continue to depend on others, stagnant groups—have undertaken different development activities but they stand


still when the leaders met some problem, sustainable group-learnt the art of interdependence have shown significant growth.

Chinnadurai (2005)\textsuperscript{68} in his article analyzed the self-employment opportunities of women and the problems faced by them especially in the service sector. The study states that women involvement is merely as temporary labourers both in rural and urban areas. Even though they have been working with dedication and involvement they do not get proper recognition or any kind of appreciation for their work. The study indicates that social changes will make women more compiled and responsible. In order to attain economic and political empowerment of women, it is essential to make them realise their role in building up a new set up values through education and employment which ultimately leads to attain better social status.

Gupta and Namita Gupta (2006)\textsuperscript{69} analysed a project of SHG which was started at Chandigarh in the year 2003 by Punjab Engineering College. Three SHGs of Chandigarh were chosen for the project, credit and marketing help were provided to start micro enterprises. The result shows that these three SHGs have completed two cycles of one year duration each successfully with the help of implementing agency. After one more cycle, these SHGs have generated sufficient money and developed required expertise and money and working independently.

The study also stated that after the success they are better in their family matters. Most of them are now able to repay their old debts and started asset building.

Gangaiah and et al., (2006)\textsuperscript{70} conducted a case study in Karakambadi village, which was adopted by the Rashtriya Seva Samithi (RASS), a Non-governmental organisation. The study ascertains the impact of Self Help Groups on the generation of income and employment. The opinion of sample respondents revealed that 39.11 per cent of the respondents reinvested their income on agriculture, 20.30 per cent of them revealed that a part of the income generated was utilised for educating their children and 15.84 per cent of them spent it on health care. 11.38 per cent of the respondents told that income generated was spent for meeting the household expenditure and 13.37 per cent reported that they have spent it on purchase of productive assets. Thus the field experiences reveal that the micro finance provided by SHGs is productive enough and had a favourable effect on employment and income generation and also resulted in qualitative improvement of human resources.

Archana Sood (2007)\textsuperscript{71} made a case study on a SHG named Kohima in Nagaland. The study states that SHG has moved to success with the support of the National co-operative Union of India (NCUI). For that, co-operative Education Project officials helped them to learn more about income generating activities. The


\textsuperscript{71} Archana Sood, March of a Women SHGs in Kohima to Success, Kurukshetra, 56(1): 2007, pp.43-44.
SHGs were invited to participate in various seminars conducted by NCUI. They were trained in making wooden shoes. The training programme was conducted in collaboration with the Nagaland State Industries Department. Some of the group members are invited by the Land Resource Development as a Master trainer to train a group of women. Later the group was trained in wooden carpet making. They have also mastered the art of stitching jute bags.

Samendra Nath Dhas (2008)\textsuperscript{72} in his study analysed the women micro entrepreneurs of North Bengal who have formed SHGs recently. The study states that women micro entrepreneurs are not very aware or very keen on taking up projects devised by District Rural Development Cell as they involve huge project costs. Rather they tend to stick on to enterprises followed by them earlier.

Suresh Sundaresan (2008)\textsuperscript{73} states that the landscape of micro finance has changed dramatically, especially at the upper end, where capital markets are rapidly becoming integrated with the financing and investment needs of the micro finance markets. This rapid growth and inflows of comparatively large amounts of capital presents its own set of challenge. On the other hand at the lower end NGOs remain the mains lay for the poorest of borrowers. Where the loan sizes is very small and the interest rates remain very high. The study states that technical innovations may well hold the key to reduce the cost of delivering small loans and

\textsuperscript{72} Samendra Nath Dhas, Micro Finance for Women – Necessities, System and Perception, Northern Book Centre, New Delhi, 2005, pp.81-84.

accepting very small savings deposits. This may in turn pave the way for making
the micro finance approach more scalable.

Shivashankar Reddy and Chitrashekharchiralli (2009)\textsuperscript{74} made a case study
which examines the relationship between SHGs and political empowerment of
women. The study states that the women who are depending on men are not
usually acting as representatives in panchayat raj institutions. The women who are
involving themselves in economic activities are able to earn independently and
take independent decisions in panchayat raj institutions. Thus the study concluded
that the women economic empowerments through SHGs are facilitating the
political empowerment of women.

Amir Afaque and Ahmad Faizi (2009)\textsuperscript{75} in their study states that SHG
group, which are engaged in the economic activity are finding marketing of their
product as a big problem. The products produced by SHGs are most often not
demand driven and thus fails to meet the demands of quality and value for money.
This problem is going to get aggravated due to the ongoing process of
capitalization, liberalization and globalization. The rural markets are going to
witness major structural changes in the near future. The study also pointed out that
the rural livelihoods in a number of sectors are being threatened.

\textsuperscript{74} Shivashankar Reddy, A.V., and Chitrashekharchiralli, SHG and the Political
Participation of Women in Panchayat Raj Institutions: A Case Study, Southern
\textsuperscript{75} Amir Afaque Ahmad Faizi, Self Help Groups and Marginalised Communities,
Concept Publishing Company, New Delhi, 2009, p.61
Usha Revelli (2009)\(^{76}\) in her article “Women of SHGs Taking on the Market” explained that many rural and tribal women in Andhra Pradesh are experiencing for reaching changes in their economic, social and domestic situation due to SHGs. The women started to run their own business through SHGs in these tribal villages. SHGs in these tribal areas of Andhra Pradesh participate in a community process that was initiated by UNIFEM. They have been empowered to market their small forest produce there by earning a good profit. The women empowered with the solidity of their collectives, empowered with product and market knowledge and supported by their own external financial resources perform very well in the market place. The women of their SHGs have demonstrated women power in the market place.

Jeyaseelan (2009)\(^{77}\) states that even though the number of new SHGs credit linked programme keeps on increasing every year the percentage of growth shows a decline in the last few years. It shows that the microcredit programme has made a shift from an expansion stage to the stabilization stage.

Anu Mohamad (2009)\(^{78}\) analysed the recent scenario of Grameen Bank (GB) in Bangladesh and states that the increasing commercialization of microcredit, polarization of micro credit agencies and the coercive nature of


extraction which have given birth to highly profitable business enterprises in Bangladesh but its real success lies on creating profits by integrating the poor to the market. The study also states that though the GBs success as a Bank in a new form is acknowledged Grameenised private sector has not brought about anything different except misleading people with some rhetoric social business.

Rashmi Gopinathan (2010)\textsuperscript{79} in his thesis concluded that, the growth of entrepreneurship signifies the economic development of a country. Women constituting nearly 50 per cent of the population have specific role to play in this area. Of late women entrepreneurs especially in rural Maharashtra have been able to show certain achievements. They have not only brought a change in themselves but have also brought drastic changes in their families and villages. The impact of entrepreneurship development among women with micro enterprise has displayed a positive impact on the family. For attaining this several promotional agencies and institutions have been set up at national and state levels. The key driver for entrepreneurship development among women has been money due to families’ economical problems such as jobless husband or husband who is drunkard or on contractual work. During the course of study, it was researched that though initially, it is a monetary benefit the women venture into business, but later it is the interest and passion towards business which helps her to sustain the business.

Vasanthakumari (2012)\textsuperscript{80} in her article found that despite impressive contributions to the society, women in India have only secondary status in the society. They are generally under-employed due to limited command over resources. Their position can be improved only by providing employment opportunities. Micro credit based enterprises have significance in this context. The successful functioning of these enterprises provides economic independence to women. Organising women through SHGs and equip them to undertake income generating activities through the formation of micro enterprises have created an economic revolution in the country. Emergence of women entrepreneurs and the beginning of micro enterprises development have followed from these achievements. The intervention of voluntary efforts from promotional agencies need not be emphasized. As against this background the present study has been undertaken.

Choudari Appa Rao (2012)\textsuperscript{81} in his study conclude that it is the backward class people in the rural areas who are more interested in joining the SHG to start micro enterprises to generate more income. SHGs through bank linkages have provided them a chance to become micro enterprises and also provide employment. The most predominant micro enterprise found in the rural areas of


the sample districts are petty business, where the owner herself can do the most of the work without any dependence on other members. The study suggests that the whole SHG movement in Andhra Pradesh should be reoriented towards training women for starting micro-enterprises by providing prompt and needed amount of loans.

Ajay Sharma et al., (2012)\textsuperscript{82} in their study reveals that women entrepreneurs’ play an important role in local economies and a large percentage of micro-enterprises in developing countries are undertaken by women. Rural women frequently have primary responsibility for agricultural production, in addition to domestic responsibilities and childcare. In developing country like India where economic status of women is very pathetic especially in rural areas and opportunities of earning are very less in this scenario the Self Help Groups (SHGs) have paved the way for economic independence of rural women. This paper reviews concisely the literature in this field and addresses in particular opportunities and challenges faced by women entrepreneurs in rural areas. It examined the impact on women empowerment through micro entrepreneurship development and SHGs.

Rajani et al., (2014)\(^{83}\) in their study concentrates on the transitional status of Indian women, the challenges they have to face, in general. The main theme is to describe on the aspects of women empowerment and to give an overview on the major steps taken by the nation in that connection and on the concept of Self Help Groups (SHGs). The study highlights some of the main objectives of SHGs with regard to women empowerment. Kerala is a small state which has the highest female sex ratio in the country. So explanations regarding SHGs are given mainly from the background of Kerala. The attempt of the researchers is to bring out the importance of women empowerment in the present scenario and the involvement of SHGs in it. SHGs in Kerala are mainly meant to empower the rural poor especially the women in rural areas, but the study concludes that if these SHGs are formed by mixing up women in the upper financial strata along with women in the lower financial strata, the combination would bring out miracles. Facing the challenges together is far better than making trials standing alone.

Arnaud Daymard (2015)\(^{84}\) in his paper examines the nature and determinants of female entrepreneurship in India based on survey data. The first part assesses basic characteristics of female entrepreneurship in India, while the


subsequent sections analyse key determinants of female entrepreneurship based on the literature, and test their importance at the state level in India with the support of regressions on panel-data. It also reviews existing policies bearing on female entrepreneurship and makes recommendations for further policies in this area. Entrepreneurship can create new economic opportunities for women and contribute to overall growth and exit from poverty. The potential flexibility in time use from entrepreneurship can also facilitate balancing work and family obligations for women. However, entrepreneurs, both male and female, are relatively scarce in India compared to peer countries, and tend to work in small units often outside the formal sector. While many of the barriers to entrepreneurship are common to both genders (access to capital and business networks, adequate training and facilities) female entrepreneurs face gender biases stemming from socio-economic factors or specific biases in laws such as inheritance laws.

Nagalakshmi (2015)\textsuperscript{85} in her study reveals that, in globalized arena the hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in society. Women are increasingly being conscious of their existence, their rights and their work

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situation. And yet the middle class strata women have accepted their role and are not ready to alter for fear of a social backlash. Today, woman entrepreneurs represent a group of women who have broken away from the beaten track and are exploring new avenues of economic participation. Among the reasons for women to run organized enterprises are their skill and knowledge, their talents and abilities in business and a compelling desire of wanting to do something positive. The present paper focuses on the entrepreneurship and economic development, government and institutional support provided to women entrepreneurs etc.

2.3 Theoretical Background of the Study

The doctrine of balanced growth has several author’s who interpret, it in their own way. The theory of balance growth states that there should be simultaneous and harmonious development of different sectors of the economy, so that all sectors and all section of the people grow in unison. The doctrine of balanced growth has been advocated by Rosenstein Rodan, Ragnar Nurkse and Arthur Lewis.

Rosenstein Rodan was the first economist who propounded the theory of balanced growth. According to him social and marginal product of an investment will increase the rate of growth of the economy.

The most pertinent obstacle to economic development is the shortage of capital. Poverty is both a cause and a consequence of a country’s low rate of capital formation.
The low level of real income, reflecting low investment and capital deficiency is a common feature of the vicious circles.

According to Nurkse, vicious circles of poverty are at work in underdeveloped countries which retard economic development. If however they are broken economic development will follow, the vicious circles operate both on the supply side and demand side.

On the supply side, there is the small capacity to save resulting from low real income. The low real income is due to low productivity which in turn is due to deficiency of capital. The deficiency of capital is the result of low capacity to save. On the other side, inducement to invest is low, because of low demand which is due to low level income of the people.

Therefore the only way out of this impasse according to Nurkse is more or less synchronized application of capital to a wide range of different industries.

Investment has to be made in a variety of industries to bring the people to the path of development and progress.

The theory of the big push, Paul N. Rosenstein Rodan points out that a big push or a large comprehensive programmed is needed in the form of a high minimum amount of investment to overcome the obstacles to development in an under developed economy and to launch, It on the path to progress.
The theory states that proceeding ‘bit by bit’ will not launch the economy successfully on the development path rather a minimum amount of investment is a necessary condition for this.

All the above mentioned theories points out that capital / Investment is essential to bring the economy to the stage of development.

In this context micro credit to Self Help Group for investing and starting micro enterprises there by helping them to come out of various circle of poverty and to the path of development assumes greater importance.86

2.4 Summary

The researcher has reviewed 34 studies related to micro finance, 25 studies related to entrepreneurship and 28 studies related to micro enterprises. On the basis of the reviewed 87 studies, it can be deduced that women entrepreneurs are playing a very significant role in the development of a country, but at the same time, they are facing disparate problems which are detrimental to the development of women entrepreneurship. Thus, there is need for more specific studies on women entrepreneurship using structured questionnaires and appropriate tools, so that the various aspects of women entrepreneurship could be understood in the

larger context. This can then become the basis of designing interventions to address this problem.

The above research works indicates that, few studies were made on micro finance, entrepreneurship and micro enterprises, but that was entirely focused on secondary data. It can be understood that this research tries to fill a few research gap in the chosen area.