ROLE OF FINANCIAL INSTITUTIONS FOR ECONOMIC
EMPOWERMENT OF WOMEN:
A Study in Visakhapatnam District of Andhra Pradesh

Synopsis submitted to
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INTRODUCTION

India’s Eleventh Five Year Plan (2007-12) has recognized for the first time that women are not just as equal citizens but as agents of economic and social growth. The approach to gender equity in the plan is based on the recognition that interventions in favour of women must be multi pronged and they must provide women with basic entitlements to address the reality of globalization and ensure an environment free from all forms of discriminations, disparities deprivations and of violence against women. India has committed to facilitate the Millennium Development Goals (MDG) and is a signatory to many International Conventions, including Convention for Elimination of all forms of Discrimination against Women because any development strategy will be lop sided without involving women who constitute half of the world population.

All developing countries today, focusing on the need for development of women and their active participation in the mainstreams of development process. It is also widely recognized that apart from managing household, bearing children, women are going out from their homes for earning income not only from traditional cultivation but working in factories and running small and petty enterprises. They have also proven that they can be better entrepreneurs and development managers in any kind of human development activities. Therefore, it is important and utmost necessary to make women empowered in all spheres of development process. The empowerment of women also considered as an active process, enabling women to realize their identity and powerfulness in socio-economic development.
The Financial Institutions by virtue of their long experience and expertise are in a better position to play the promotional role in the economy. Financial Institutions can also undertake what William Diamond, the World Bank Economist calls “Direct Efforts” in the sense that the efforts are directed towards achieving the specific objectives of the Government from time to time.

Women need special attention to realize their potentialities and effective participation in decision making process at home, community governance and work place.

This conductive environment should include basic amenities such as better health, nutrition, education, sensitization on their rights and protective laws, employment opportunities and expansion of income generating activities, etc.

Globally the gender equalities are playing a major role impeding progress towards the poverty reduction. Women are generally involved in productive work but lack of resources or assets they are not performing their roles effectively. The patriarchal system of society and power conflict in the family structure made them to struggle with powerlessness. To combat this vicious circle, women need massive doses of interventions for their emancipation in all spheres of life.

**Empowering Women and Alleviating Poverty**

The Government Policy to encourage Small and Cottage Industries emerged as an important strategy for development bankers geared themselves to this task and give priority to development of economically backward people and provide concessional finance as well as special efforts are made to encourage entrepreneurship.
The creation of enterprise is, no doubt, costly and expensive and the return will be delayed and meager especially in the early stages. But these are the risks which are to be undertaken by any entrepreneurs along with the financial and moral implications of it. Against this backdrop, the researcher tries to study, “Role of Financial Institutions for Economic Empowerment of Women in Visakhapatnam District of Andhra Pradesh”. As the future belong to real entrepreneurs, those competent and capable enough to face the challenges of increased competition, decline of protected markets, new technologies and foreign collaboration will survive in the market. Education is a strong intervention which influences media that sets values, develops attitudes and creates drive in people towards professional and vocational directions, perceptions, motivation and awareness. All these combined together propel the people to acquire skills and competencies to achieve goals with determination and commitment which were considered as an important tool especially for Women’s Empowerment.

Entrepreneurship development among women is an empowerment strategy to promote income generating enterprises which generate sufficient livelihood and economic sustenance to family income.

Women are often more vulnerable to poverty than men. To overcome these challenges, barriers and existing disparities the women must acquire capabilities, skills, capacities on the one hand and self-confidence, self identity and self esteem on the other hand. The process of motivation, risk bearing, leadership qualities with economic sustenance is the crucial root for empowerment.
REVIEW OF LITERATURE

There are many a says and thoughts with empirical analysis based on many thoughts hold the following envisagement based on the ideas and thoughts the researcher humbly forfeit some of the thoughts, to the readers.

A review of literature is made on the studies related to economic empowerment of women carried out in India and abroad.

As far as the review of literature is concerned it consists of the following areas such as empowerment, gender discrimination and exploitation, motivating factors and reasons for women’s entry into economic activity, Attitude of husband, Role stress, Role conflict, job satisfaction. Various research studies have been conducted in different States in India. Therefore an attempt has been made to analyse the nature, findings and conclusion of various studies in order to evaluate the present status of women entrepreneurship in India.

RESEARCH METHODOLOGY

The research study was conducted in Visakhapatnam which is a coastal district of Andhra Pradesh with two regions of contrasting ecological and topographical features.

According to 2001 Census, Visakhapatnam city had a population of 38.32 lakhs. The sex ratio is 985 females per 1000 males. The average literacy rate is 52.3 per cent, out of which 69.7 per cent were males and 50.1 per cent were females.
The main dimension of this study focused on the effectiveness of the financial institutions in providing economic empowerment among women entrepreneurs in the city of Visakhapatnam. Further it also analysed various aspects relating to economic activity under taken by women entrepreneurs like nature, development, challenges and problems faced by them in the work site and at home.

The present study seeks to examine the Role of Financial Institutions for Economic Empowerment of Women in Visakhapatnam District of Andhra Pradesh.

STATEMENT OF THE PROBLEM


OBJECTIVES OF THE STUDY

The following objectives have been identified for the purpose of the study:

1. To identify the role of financial institutions for the empowerment of women entrepreneurship development.

2. To study the socio-economic dimensions of women entrepreneurs.

3. To find out the motivational and facilitating factors of women entrepreneurs.

4. To assess the dual role conflict between work and home among women entrepreneurs.
5. To identify the problems being faced by women entrepreneurs in undertaking economic enterprises.

6. To suggest the relevant measures to improve performance of women entrepreneurs.

**HYPOTHESES OF THE STUDY**

The following are hypotheses formulated for testing the problem:

1. Higher the socio-economic status of women entrepreneurs higher will be their empowerment.

2. Level of motivational and facilitating factors differs from one family to other family.

3. Dual role conflict among the women entrepreneurs will have a negative influence on their development.

4. Family support, financial position, training and awareness will solve entrepreneur’s problems.

**RESEARCH DESIGN**

Application of appropriate methods and adoption of scientific frame of mind is a sine-qua-non of a systematic inquiry. Collection of reliable and accurate information is vital to draw valid conclusions. The present study is based on both primary and secondary data.

The study entailed a good deal of preparation and planning in order to secure the necessary up dated data and information. Considerable time has been invested to identify the respondents and to establish personal contact with them. The fieldwork for the study was staggered over more than a year i.e. from June 2005 to August 2006.
i. **Collection of Primary Data**

The primary data for the study was collected by using one elaborate questionnaire for women entrepreneurs. The aspects on which the data was sought to be collected from the sample respondents include socio-economic status, migratory character, household income, motivation and facilitating factors, performance, role conflict and problems.

The tools used in exploration of the women entrepreneur's questionnaires were finalized on the basis of the experiences of the pilot study. Thirty five women entrepreneurs of the selected sample were covered during the pilot survey. In the light of the observations and experiences of the pilot survey, necessary changes were incorporated in the questionnaire. This phase of the research process has helped a great deal in enhancing the contents of the questionnaire in tune with objectives set out for the study.

ii. **Collection of Secondary Data**

The process of gathering reliable and meaningful information is the cardinal aspect of the enquiry and forms a central link in the operational plan for the entire research design. City Industrial Center, Vishakhapatnam and Andhra Pradesh State Financial Corporation, Visakhapatnam was of a great source to obtain a list of women entrepreneurs. The secondary data are drawn from research reports, published books, journals, bulletins and internet. The libraries of Andhra University (Dr.V.S. Krishna Library), Center for Women Studies, Center for Population Studies, School of Economics, Andhra University, Visakhapatnam, Osmania University Libraries, Hyderabad
and the Library and Center for Women’s Studies, Sri Padmavati Mahila Visva Vidhyalayam, Tirupati are immensely used for the collection of secondary data.

### iii. Selection of Sample

The study has taken into consideration women entrepreneurs in Visakhapatnam city and covered various areas of the city. The sample is drawn from the firms, which are spread in Visakhapatnam city. In total, 250 sample women entrepreneurs have been chosen on purposive basis.

In the second stage the researcher has selected the respondent women entrepreneurs by using random sampling technique. Thus total sample of 250 women entrepreneur respondents are surveyed.

### SAMPLE DESIGN

<table>
<thead>
<tr>
<th>S.No</th>
<th>Particulars</th>
<th>No. of Respondents (Women Entrepreneurs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Beauty Parlours</td>
<td>42 (16.8%)</td>
</tr>
<tr>
<td>2</td>
<td>Fancy stores</td>
<td>60 (24.0%)</td>
</tr>
<tr>
<td>3</td>
<td>Hardware/Electrical</td>
<td>38 (15.2%)</td>
</tr>
<tr>
<td>4</td>
<td>Readymade/cloths</td>
<td>32 (12.8%)</td>
</tr>
<tr>
<td>5</td>
<td>Food processing/Paper products</td>
<td>53 (21.2%)</td>
</tr>
<tr>
<td>6</td>
<td>Others</td>
<td>25 (10.0%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>250 (100.0%)</strong></td>
</tr>
</tbody>
</table>
METHODS OF STUDY

Primary data was entered using Statistical Package for Social Sciences (SPSS), Software and STATISTICA, Chi-square test, and F-tests were carried out for testing the hypothesis.

A. The $\chi^2$ test

The Chi-square ($\chi^2$) test is one of the simplest and most widely used non-parametric tests in statistical work. The symbol $\chi^2$ is the Greek letter chi. The $\chi^2$ test was first used by Karl Person in the year 1900. The quantity $\chi^2$ describes the magnitude of discrepancy between theory and observation.

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where $O$ refers to the observed frequencies and $E$ refers to expected frequencies.

B. The F-test or the Variance Ratio Test

The F-test is named in honor of the great statistician R.A. Fisher. The object of the F-test is to find out whether the two independent estimates of population variance differ significantly, or whether the two samples may be regarded as drawn from the normal population having the same variance. For carrying out the test of significance, the F is calculated. F is defined as

$$F = \frac{S_1^2}{S_2^2} \text{ where } S_1^2 = \frac{\sum (X_1 - \bar{X}_1)^2}{n_1 - 1}$$
and $S_2^2 = \frac{\sum (X_2 - X)^2}{n_2 - 1}$

It should be noted that $S_1^2$ is always the larger estimate of variance, i.e., $S_1^2 > S_2^2$

$$F = \frac{\text{Larger estimate of variance}}{\text{Smaller estimate of variance}}$$

$V_1 = n_1 - 1$ and $V_2 = n_2 - 1$

$V_1$ = Degrees of freedom for sample having larger variance.

$V_2$ = Degree of freedom for sample having smaller variance.

The calculated value of $F$ is compared with the table value for $V_1$ and $V_2$ at 5% or 1% level of significance. If the calculated value of $F$ is greater than the table value, then the $F$ ratio is considered significant and the null hypothesis is rejected. On the other hand, if the calculated value of $F$ is less than the table value the null hypothesis is accepted and it is inferred that both the samples have come from the population having the same variance.

Since $F$ test is based on the ratio of two variances, it is also known as the variance ratio test. The ratio of two variances follows a distribution called the $F$ distribution named after the famous statistician R.A. Fisher.

**ANALYSIS OF DATA**

Analysis of data means studying the tabulated material in order to determine inherent facts or meanings. The acquired data from 250 respondents was given simple statistical treatment and presented in the form of cross tables. The chapters of the study contain the tabulation of data, analysis and their interpretation.
CHAPTERIZATION

The total study consists of nine chapters with appendices.

Chapter-I : Presents about the women’s economic status for women empowerment in India.

Chapter-II : Outlines of a brief review of literature viability to the study purpose.

Chapter-III : Explains the Methodology of present study and portrays the profile of Visakhapatnam District of Andhra Pradesh.

Chapter-IV : Presents the socio-economic status of women entrepreneurs.

Chapter-V : Deals with Perception, Motivation and Facilitating Factors for women entrepreneurs.

Chapter-VI : Discusses the role conflict among women entrepreneurs.

Chapter-VII : Outlines problems faced by women entrepreneurs.

Chapter-VIII : Presents testing of the Hypothesis.

Chapter-IX : Deals with major findings and suggestions emanating from the present study. Apart from the nine chapters, the Appendices contains a copy of the Interview Questionnaire and the references made for the study purpose were given in the Bibliography.
MAJOR FINDINGS

1. The present study illustrates that majority of the women entrepreneurs were married and belongs to the age group of 30-39 years.

2. It is found that majority of women entrepreneurs belonging to Hindu religion and most of them belong to Backward Caste.

3. Among the women entrepreneurs highly educated graduates and post graduates were dominating than others.

4. Most of the women entrepreneurs are living in nuclear families and the family size ranges between 1-3 members.

5. The income levels of the women entrepreneurs ranges between Rs 2 to 4 lakhs per annum and their annual consumption was between Rs 1 to 2 lakhs. This led to annual savings up to Rs1,00,000.

6. The study shows that a significant number of women entrepreneurs have started their organization between 3-5 years ago at the time of the study.

7. Majority of the women entrepreneurs in this study were opted economic enterprises like beauty parlours and food processing units. It seems that majority of them have sole proprietorship.

8. Most of the women entrepreneurs started their activity with an investment of owned capital / borrowed capital between Rs1 to 2 lakhs. Majority of the women entrepreneurs have waited more than three months for sanction of bank loan for their business.
9. The study inferred that a major group of respondents has got up to 10 percent of returns at their initial stage, later their returns showed an upward trend i.e. more than 10 percent. They are expecting a downward trend in returns due to mushrooming growth of similar enterprises.

10. Most of the women entrepreneurs have started with five and less number of workers, but now the strength of workers is increased to more than five members. The domination of female workers in the women entrepreneurs was found.

11. The executives, supervisors and workers were selected in to the enterprise through references from the known people. Because of good will in the organization, workers are not willing to quit quickly from the enterprise because the pay scale is comparatively more than other similar units, but executives do not like to stay for long time in the same organization.

12. The incentives given by the women entrepreneurs to their employees vary depending upon their nature of job and prioritization of the selected work.

13. Majority of the entrepreneurs were dealing with the employees in a smooth manner and they have given priority to the employees in decision making process of the work.

14. The location of the unit of the women entrepreneurs have situated in the priority of nearest to home, existence of similar units and near to the customers who used to visit regularly so that the capacity utilization is increased from initial stage to present position.
15. Indigenous and imported machinery yields the entrepreneurs more profits and improvement in the productivity which leads to increase in sales turnover from initial to present.

16. It was noted that opinions of executives, sales force and intermediators were taken to project sales. Market survey of customers in assessing the demand and supply aspect of the product were given acute attention by the entrepreneurs.

**PROBLEMS**

1. **Personal Problems**

   Among the major personal constraints absence of need for achievement, economic independence and autonomy of women in India are the dominating factors. She is confined to her role as homemaker which acts as inhibition in her life. Poor risk bearing ability, less change prone lack of emotional maturity, incompetent in handling technical, financial, sale, production, public relations and other managerial activities, physical and mental stress and strain, health problems, lack of confidence in handling managerial task i.e. financial, technical, managerial, lack of information and experience pose hurdles in their entrepreneurial activities.

2. **Educational Problems**

   Educational constraints are quite prevalent among the women. Lack of knowledge about financial, technical and managerial aspects of business, mainly lack of information about various Government Schemes, improved technology, agencies and institutions supporting entrepreneurial activity, availability of raw material, marketing, law
and legal procedure pertaining to business, loan schemes and procedure of availing loan, which again generates obstacles in their advancement.

3. Technological Problems

Lack of technical know-how, lack of specialized skills, non-availability of modern technology, difficulties in maintenance of machinery are some of the technological related constraints, or rather major constraints in running the enterprise. This is one of the vital factors in success of any business.

4. Financial Problems

For any economic activity finance is the back-bone. Lack of financial support and availability of resources at the initial stages of advancement may discourage women, de-motivated them in entering into business decisions, may cause loss and sometimes compel them to discontinue business. Further limited working capital, lack of financial assistance from institutions, inadequate incentive schemes by Government, cumbersome and complex procedure of availing loan, low profit, less income, repayment of loan. Economic incredibility of women, lack of collateral security, aggravates the problems in enterprise.

SUGGESTIONS

Government should assist women to acquire entrepreneurial characteristics by providing technology and information which helps aspiring women to identify projects. Appropriate Voluntary Organizations should encourage by conducting exhibitions and seminars and organise vendor development programs to offer
incubator facilities where an entrepreneur can manufacture a product without investing on infrastructure. Government and N G Os should promote small and medium enterprises of women with the support of constant counseling by special team members to help the aspiring women to identify their projects is needed.

The family members of the women entrepreneurs should be sensitized on the issues to provide support, help, sharing of domestic activities, adjustment etc. for the effective functioning of their firms. Appropriate encouragement and need based assistance should be provided by the family members.

The women entrepreneurs should be encouraged to take up leadership roles in all spheres of their lives. Training programmes for product / business development, marketing skills and methods should be facilitated to them along with sensitization on life skills technical skills, managerial skills etc. for effective participation in their business ventures.

Enterprising women have further ability to work hard. The imaginative ideas have to come to a fair play. Hard work is needed to build up an enterprise.

Women entrepreneurs must have an intention to fulfill their dreams. They have to make a dream transferred into an idea enterprise studies show that successful women work hard.

A woman entrepreneur has also to perform all the functions involved in establishing an enterprise. These include idea generation, and screening, determination of objectives, project preparation,
product analysis, determination of forms of business organization, completion of formal activities, raising funds, procuring men machine materials and operations of business.

In a nutshell, women entrepreneur are those women who think of a business enterprise, initiate it organize and combine the factors of production, operate the enterprise, undertake risk and handle economic uncertainties involved in running a business enterprise.

**CONCLUSION**

Women constitute almost half of the total population in India but they are not enjoying their freedoms, equalities, privileges, on par with their male counterparts. Since implementation of planning in India, several policies and approaches were made to reduce inequalities between women and men. As a result a shift from ‘welfare’ to ‘development’ to ‘empowerment’ to ‘human development’ approaches has taken place to change the position and status of women. Both government and NGO’s sectors were intervening to empower the women. The National Empowerment Policy, 2001 also emphasized that women’s economic empowerment may be visualized only with the development of women entrepreneurship.

With the impetus given to women entrepreneurs they have shown significant impact on all segments of the economy in India. Generally the areas chosen by women are retail trade, restaurants, hotels, education, cultural, insurance and manufacturing. Majority of the women entrepreneurs have undertaken enterprises like Beauty Parlours, Fancy Stores, Hardware / Electrical, Readymade / cloths, Food processing / Paper products,
and others in the study. A shift of economic activities from such above areas to Industries, Trade, Commerce, Hotels and others large scale enterprises owned by women entrepreneurs. Support from Government Organisation and Non Government organization should be provided. Then only women will be in high yielding enterprises and their real empowerment can be seen. Women entrepreneurial development is one of the important area where majority of countries have focused upon as a part of overall Human Resource Development. It is well ascertained by policy makers across the countries that strategic development of an economy required equal participation and equal opportunities to all sections and gender. Entrepreneurial development is one significant instrument for sustainable socio-economic development.