

**“MICRO CREDIT URBAN WOMEN ENTREPRENEURS IN
VELLORE TOWN WITH SPECIAL REFERENCE TO CREDIT
ACCESSES AND AVAILABILITY – A STUDY”**

*Thesis submitted to Thiruvalluvar University in partial fulfillment of the
requirements for the Award of the Degree of*

**DOCTOR OF PHILOSOPHY
IN
ECONOMICS – COMMERCE**

By

Mrs. S. SANGEETHA, M.Com., B.Ed., M.Phil.,

Under the Supervision and guidance of

**Dr. G. YOGANANDHAM, M.A., M.Phil., Ph.D., P.D.F.,
Associate Professor of Economics**

&

Co-supervision of

**Dr. R. PADMAJA, M.Com., M.Phil., Ph.D.,
Head & Associate Professor of Commerce
D.K.M. College for Women, Vellore – 1.**



**DEPARTMENT OF ECONOMICS
THIRUVALLUVAR UNIVERSITY
(A STATE UNIVERSITY)
SERKKADU, VELLORE - 632 115
TAMIL NADU**

NOVEMBER - 2018

CHAPTER - VI

SUMMARY, FINDINGS, CONCLUSION AND SUGGESTIONS

From the on-going discussion, the scholar can conclude that there is an extraordinary relationship between the accesses and availability of micro-credit sources and urban women empowerment. However, other factors such as training facilities, social awareness, advising regarding the usage of micro credit and other non-financial services, also have impact on the urban women empowerment in India, Tamil Nadu and in the study area.

In developing countries, policies for empowering urban women micro-credit entrepreneurs have been based on three erroneous beliefs, viz., Micro-credit urban women entrepreneurs are unable to recognize themselves, they are too underprivileged to save and They need cheap credit for income-generating activities and establishing micro-enterprises. Hence, socio-economic empowerment of the respondents in the study area through their enterprise development is a major development concern of the present time.

The micro-credit loan facilities for self-employment, is not enough in empowering urban women micro-credit entrepreneurs in the study area because the other factors have strong impact on that. Finally, it is concluded that micro credit is a tool for respondents development in the study area. Further, the respondents in the study area need guidance about how to utilize public, private, natural and other resources and services in order to promote the urban women involved micro-credit business enterprises. It reveals that there is a need for proper guidance, awareness and knowledge on the part of the utilization pattern of micro-credits to the respondents in the study area. Therefore, micro-credit is not adequate in empowering the respondents in the study area, but it is of the very important component with the non-credit aspects in that process.

In this study reveals that the accesses and availability of micro-credit sources for the respondents has uplifted the status of the sampled respondent entrepreneurs in the study area. The micro-credit was highly helpful in empowering the respondents in

the study area to participate fully in social and economic life across all sectors to build stronger economies, achieve goals for their development and sustainability, and improve the quality and standard of their life, their families and the community at large. Moreover, the provision of microcredit without interest and collateral requirement had attracted large number of the respondents in the study area. Skills development and entrepreneurial training had enhanced the respondent's confidence and improved their skills in establishing micro-credit businesses which they own and can manage all by themselves. In short, micro-credit placed a strong emphasis on helping the respondents in the study area through un-organized money lending system and other social services as part of their poverty reduction strategy in the study area.

However, in spite of afore mentioned involvements, the study did not find any strategy for market orientation for the respondents products. Market creation for the products of the respondents in the study area is very important and should be carried out by micro-credit institutions beyond just providing credit services to the clients. To effectively address the gender related constraints and cultural sensitivity that limit equitable access of the urban women micro-credit entrepreneurs to the local markets, support services are required to create linkages between the respondents in the study area and local markets. This will not only facilitate the existing micro-credit urban women entrepreneurs in the study area in strengthening their business but also motivate others to create better decisions on micro-credit business establishment and taking credit from the institutions and un-organized sectors. The study also recommends that it is very crucial to conduct business education and training for the respondents in the study area.

Urban Women micro-credit entrepreneurs in the developing world make a large and often un-recognized contribution to the economic and social development of any countries. The number of micro-credit entrepreneurs, especially urban women, grows in response. They are offering a wide range of goods and services to satisfy the demand of the increasing number of urban consumers. The number of households headed by females is rising everywhere and presently accounts for at least 25 percent of all families. Urban women turn to micro-credit entrepreneurial activities for supplementing their family income and livelihood strategies for themselves and their family.

The overall impact of Urban Women owned micro-credit business enterprises in the study area is significant. Their business stimulates economic growth, provide services and more importantly, generate income for a population increasingly affected by unemployment and poverty. Many vital social services are now provided by urban women-owned micro-credit entrepreneurs in the study area.

There is a growing trend in Urban Women micro-credit entrepreneurs in Vellore Town. This reflects the greater opportunities for personal initiative, creativity, and leadership quality that are available to urban women who found their own micro-credit entrepreneurs in Vellore Town.

The main challenge for the respondents in Vellore Town is not only to set up successful business but to establish efficient voluntary associations that actively participate in the policy making process during the current economic transition. There are various Urban Women micro-credit entrepreneurs' federations in Vellore Town providing training to start micro-credit enterprises especially for urban women. However, such federations or training centers are private owned, so it is suggested that government can also establish more such training centers in order to develop entrepreneurial skills for the respondents in the study area. The initiative for establishing such programme is based on several assumptions.

- 1) Few of the Urban Women micro-credit entrepreneurs who assumed the risk of starting their own business benefit from programmes designed to increase their capabilities and skills in running a micro-credit business venture.
- 2) Few micro-credit business urban women have access to updated information about available financing schemes and how to apply for them.
- 3) Many women in the region are seeking economic independence but, few of them have the courage or the proper knowledge to create their own business enterprises.
- 4) Very few micro-credit urban women entrepreneurs in the study area are aware that they could help themselves and contribute to the policy making process by establishing their own effective associations.

The study found that urban women micro-credit entrepreneurs are satisfied with their enterprises in the study area. They choose to start an enterprise due to financial constraints, wished to make career in the field and for a sense of independence. One more thing observed that respondents in the study area are more devoted and committed to their work. And the major findings of the study are clearly stated given below:

Findings

- 1) The age profile of urban women micro-credit entrepreneurs in Vellore Town reveals that the overwhelming majority of them (50 percent) are in the age group of 31-40 years. The study reveals that, when the children are grown up and respondents can possibly think of business even if it involves part time work in order to supplement their family income.
- 2) The study revealed that, 50 percent of the respondents in the study area (i.e. 180 urban women micro-credit entrepreneurs out of 360) were Hindus, while Christians and Muslims constituted 28.90 percent and 21.10 percent respectively. It is obvious that the majority constitutes higher percentage.
- 3) The caste-wise break up reveals that, the Most Backward Caste plays the dominant role, i.e. 45 percent followed by 41.67 percent of Backward Caste. Forward caste and others constitutes 5 percent and 8.33 percent respectively. The reason for the dominant role of Most Backward Caste is that they obviously having a sound economic and social background with entrepreneurial skills.
- 4) Regarding the marital status 80.56 percent (i.e. 290 respondents out of 360) were married. It is observed that majority of the married respondents belongs to the age group of 31 – 40 years, they are in a position to do the income generational activities and employment for smoothly running of the household due to several reasons and also their husband would have motivated them to start a micro-credit business enterprises in order to supplement their family income and livelihood strategies.

- 5) It is noted that out of the 360 respondents, 32 percent (i.e. 118 respondents) of the urban women micro-credit entrepreneurs in the study area had family income in between Rs.10,001 to 12,000 per month followed by 27.20 percent of them have income in the range of Rs.12,001 – 14,000, very few had the family income of below Rs.8000 (i.e. 3.30 percent). However, only 11.20 percent of the respondents in the study area had the family income of above Rs. 14,000. It is observed that the respondents earning considerable monthly income by the way of establishing a micro-credit business enterprises in the study area.
- 6) The study found that out of 360 urban women micro-credit women entrepreneurs' 30 percent of them (i.e. 108 respondents) were making food products, followed by herbal products and Laser Printing, Xerox, DTP, STD constituting 10 percent each. While garment manufacturing, stuff toy making, household necessities, ornaments and cosmetics, constitute the same share of percentage (i.e. 5 percent). The study also revealed that the food products enterprises are playing a vital role in generation of income and employment of the respondents in the study area.
- 7) It is observed that out of 360 respondents' 80.56 percent of them had run their micro-credit enterprises in their own building and 19.44 percent of them were run their enterprises in rented buildings.
- 8) The study revealed that only 33.33 percent of the respondents in the study area out of 360 had prior experience in their same field before starting the enterprise. And 66.67 percent of them had no prior experience in the field before starting the enterprise.
- 9) It is observed that 61.11 percent of the respondents in the study area were exposed to various entrepreneurship developments training from various training institutes. And 38.89 percent of them were not under gone any kind of training before or after starting the enterprise.
- 10) The study revealed that out of 360 respondents' 66.67 percent of them were not employed before starting the enterprise, 33.33 percent of them were employed earlier So, the study reveals that the Micro-credit business activities are generating employment especially for the respondents in the study area.

- 11) It is found that 61.11 percent of the respondents in the study area were started their enterprise with own finance and 38.89 percent of them were started with the help of loans from banks and other financial institutions. It is observed that institutional finance from commercial banks and other government organizations playing a major role in providing financial and other assistance to beginners in the entrepreneurship development field. And also it is obvious that the financial institution has a definite role to play in this field.
- 12) It is noted that out of 360 respondents, 77.78 percent of them were sole proprietorship and only 22.22 percent were having partnership in their micro-credit enterprises.
- 13) It is interesting to note that during the discussions with the respondents and experts in the field revealed that the expansion of the units, maintaining better standard of living, education, fostering good health and acquiring property were the goals reported by overwhelming majority (80 percent) of the respondents in the study area.
- 14) It is observed that 80.56 percent of the respondents are taking their own decision in planning. Regarding the operational decision 70 percent are making their own decision. The decision-making practices in marketing the product were mostly taken by the husbands i.e. 47.22 percent. Out of 360 respondents in the study area, 47.50 percent of them taking their own decision to purchase their raw materials for their micro-credit enterprises and 39.16 percent of the decision were made by their husbands.
- 15) It is found that an analysis of the decision-making practices of the entrepreneurs revealed that women play a major role in planning, operation, marketing and purchasing of raw materials.
- 16) During the field visit, it can be observed from the study area, a greater majority had expressed 9.30 a.m. to 1.00 p.m. and 5.00 p.m. to 8.00 p.m. as their peak working hours. Time management of peak load was possible in the micro-credit enterprises by working for extra hours, proper planning and proper allocation of

work to others. Use of labour saving devices and following work simplification techniques helped them to manage peak load at home.

- 17) The study observed that 66.67 percent of the respondents in the study area had experienced low physiological fatigue and 33.33 percent of them had high physiological fatigue at their enterprises. The factors that lead to fatigue at enterprises were mainly raw material problem and marketing problems. At an average of 72.22 percent of the respondents in the study area had experienced low psychological fatigue and 27.78 percent of them had experienced high psychological fatigue at their enterprises. The factors that lead to fatigue at enterprises mainly labour problem and planning problem. Psychological fatigue was experienced by majority of the respondents in the study area in accounting at their enterprises.
- 18) The study revealed that 63.88 percent of the respondents in the study area spending below Rs. 50 thousand as rent/tax per annum. However, below Rs. 50 thousand expenditure for raw materials constitutes 55 percent and 45 percent were above Rs. 50 thousand.
- 19) It is revealed that 38.89 percent of the enterprise giving salaries / wages below Rs. 50 thousand per annum. 27.22 percent of the entrepreneurs were not spending for salaries / wages because they do not have employees in their enterprises.
- 20) It is observed that at an average of 48.89 percent of the respondent's enterprises preparing their Reinvestments below Rs. 50 thousand and only 15.56 percent were reinvesting of above Rs. 50 thousand. It is noted that 35.55 percent of the respondents in the study area are stated no response in this category, this is because of they are mostly a micro level growing enterprises.
- 21) The study found that 31.38 percent of the respondents in the study area out of 360 respondents' households, earning a sum of rupees 8001 and above per month from their own enterprises.

- 22) The study revealed that having realized the potentialities inbuilt for the respondents in the study area and the financial burden pressing on the respondents and the desire to give better education to their children forced them to start an enterprise in the study area.
- 23) It is found that the independency i.e. freedom of micro-credit urban women entrepreneurs in the study area forced them to start an enterprise i.e. 46.11 percent. It is observed that freedom factor plays a dominate role in forming the respondents to establish an enterprise in the study area.
- 24) It has been found that maximum assistance i.e. 46.67 percent was availed in the form of finance from the various organized and un-organized financial sources. The second most commonly bought assistance was technical at pre and post establishment period i.e. 16.66 percent, Assistance in the form of raw material (13.33 percent) machinery and equipment (11.67 percent) and marketing (11.67 percent) were availed only by a few respondents in the study area. Excessive burden of work and responsibility and difficulty in handling technical financial and managerial activities are the major constraints faced by women entrepreneurs among general and personal constraints.
- 25) The study observed that 68.33 percent of the respondents in the study area had faced constraints in the arrangements of finance during the inception period, followed by 63.33 percent of them had faced inadequate infrastructural problem. It is found that the required finance and adequate infrastructure are the two major things in establishing and developing a micro-credit enterprises in the study area.
- 26) The study revealed that 80 percent of women entrepreneurs faced constraints in getting money from buyer after credit sales. 66 percent of the women entrepreneurs had faced constraints in lack of marketing experience and slackness in demand. It is observed that marketing is a vital component of development for any product. And also observed that marketing is one of the major problem of women entrepreneurs. It is found that 40 percent of women entrepreneurs had faced constraints in lack of supply of raw materials for continuous production. It

has been found that labour and raw material constraints is not a serious problem of women entrepreneurs when compare to others.

- 27) The study revealed that ineffective consultancy services, non-availability of modern technologies, lack of technical know-how about the unit and difficulty in maintenance and repairing machinery are the technological constraints faced by the respondents in the study area. It is revealed that only less number of entrepreneurs had facing this problem but for many entrepreneurs it was not a big problem.
- 28) It is observed that under the financial constraints 90 percent of the respondents in the study area encounter limited working capital followed by 72 percent of them had faced lack of funds for fixed assets. It has been found that most of the respondents in the study area did not expect financial assistance from commercial banks and other financial institutions. This is because most of them started micro-credit enterprises with their own finance.
- 29) The respondents in the study area face more challenges than men to be self-reliant and enterprising because of the social and cultural norms prevalent in the study area. Their activities are culturally expected to revolve around child care and domestic work.
- 30) Business participation rate for the entire sample is 48.21 percent. Business participate rate is lower among food items and stationery items vending while it is higher in all others, vending of edibles requiring some preparations and alterations after sales, vending of non-edible items informal service sector and others includes laundry units' secondhand cloth sellers and beedi manufacturer and sellers.
- 31) The study reveals that 5 percent of the respondents in the study area reported that they were not-satisfied with their business, of this 3.33 percent expressed hatred for their profession. Only 23.89 percent of them reported that they were satisfied, of this 23.06 percent viewed that they were highly satisfied. 35.83 percent

expressed some way satisfied and 8.89 percent reported just satisfied about the business.

32) Out of the 360 respondents, 11.39 percent were stated easy formalities, treating with due respect (14.17 percent), Creation of positive approachable environment (16.67 percent), supply of money (7.22 percent), direct influence of the agents and spending less time (9.44 percent) plays a significant role in the process of accesses and availability of credit for urban women involved micro-credit business activities in the study area.

33) A large majority of them reported that they were not-satisfied with the accesses and availability of credit facilities to them in the study area. Of these, 33.89 percent were reported someway satisfied on credit facilities. Whereas, 14.72 percent of them were stated just satisfied and 3.61 percent of the respondents reported that they were not at all satisfied with the accesses and availability of credit facilities to them. On the other hand, only 23.89 percent were stated as satisfied with the prevailing credit facilities available to them for maintaining their business enterprises.

Conclusion

Though the economic growth accelerates the primary, secondary and tertiary sections of Tamil Nadu, there are certain variations in the development process among the districts and of the states in India. When turbulent conditions often occur in the backward districts, the tertiary sector, especially, micro-credit entrepreneurs and Self-Help Groups lend their support for the development of urban women micro-credit entrepreneurs in the study area. Urban women micro-credit entrepreneurs in the study area, inspite of many structural and technological constraints, are able to sustain themselves by their entrepreneurial skills and efficiency. They are providing employment to sub-marginal groups of the society and acting as valuable facilitation of micro-credit finance.

The study indicates that respondents in the study area have additional qualities such as creativity and perseverance which, help them in starting micro-credit business enterprises and successfully manage them. On the other hand, they still need

awareness, proper guidance, encouragement, skill and knowledge. More technical training programmes are of the need of the hour for the rural and urban women entrepreneurs in the society.

This study concludes that if the respondents in the study area are to be successful as leaders in any business in general and urban women involved micro-credit business activities in particular, then, they are going to help themselves by building strong networks and associations to serve as their tools. Effective Governmental intervention is needed to strengthen the micro-credit institution in general and urban micro-credit women entrepreneurs in the study area in particular. It would greatly relieve them from the clutches of poverty, unemployment and subjugation.

Suggestions

The results of the study show that micro-credit urban women entrepreneurs in the study area faced a number of problems, difficulties and constraints while obtaining credit facilities, particularly the accesses and availability of the sources of micro-credit for their enterprises.

The following suggestions are recommended to overcome these problems;

- 1) Banks and financial institutions must come forward to support and motivate the urban women micro-credit entrepreneurs to start the units in the study area.
- 2) Financial help should be provided to the respondents by government as well as non-government financial agencies as it removes their difficulty in procuring loans.
- 3) Sources of power supply should be raised for the respondents. The power supply should be regular in general for the micro-credit enterprises being run by the respondents in the study area in particular. The government should provide power at low rate and other facilities related with electricity to those units, which are started and operated by urban women micro-credit entrepreneurs in the study area.

- 4) Besides fiscal effort the entrepreneurship development agencies should create awareness among them regarding various loan schemes launched by the government from time to time.
- 5) Respondents have also communicated several financial problems in relation to non-availability of finance and their release in time. The attention of government and non-government organizations need to be drawn in rectifying these problems by making liberal assistance and gearing up the various facilities for enhancement of the status of their enterprises.
- 6) The respondents in the study area should be provided with special training and development programs for developing their innovative instincts in order to promote their business enterprises.
- 7) Respondents in the study area are to be encouraged by making easy procedures in getting loans without greater difficulties. This will invite more number of new micro-credit urban women entrepreneurs in general and in the study area in particular.
- 8) Urban women involved micro-credit enterprises required only short period Entrepreneurial Development training programme. Many respondents in the study area had benefitted through this programme. So Government should introduce the Entrepreneurial Development Training Programme right from the school level especially for girl students. This will induce the girls to their micro-credit enterprises, those who are unable to continue their higher studies or drop outs from the school level may be given chances to create their own employment.
- 9) Government bodies should offer more guidance and counseling to the new urban women micro-credit entrepreneurs at least in the study area. At present, State Government and Central Government are conducting Entrepreneurial Development Training Programmes (EDP) only in very limited centres in Vellore District. This should be decentralized.

- 10) More utilization of women power in micro-credit enterprises will augment employment potential in the study area. This will accelerate additional job opportunities especially for unemployed and under employed for their livelihood strategies.
- 11) Greater attention should be paid to organize federation for micro-credit urban women entrepreneurs, all over the states in general and district level in particular, this would help them in many ways for their development.
- 12) There should be more encouragement for urban women micro-credit entrepreneurs' involvement in productive activities. So, this would lead to more production due to their perfection and dedication in business activities.
- 13) An important measure to increase marketing facilities for their products, State should buy certain products from these micro-credit urban women entrepreneurs. This will be of much help for them. This leads others to enter into the field of productive activities and enhance their income for their family development.
- 14) State should organize frequent exhibitions for micro-credit enterprise's products to promote sales, this will encourage the respondents in the study area to promote their enterprises.
- 15) Formalities relating to issue of credit to their concerns should be liberalized.
- 16) Wide publicity should be given for the Micro-Credit Urban Women Entrepreneurial Development Training Programmes. Information relating to Micro-Credit Urban Women Entrepreneurial campus known only to the highly literate people. It should be popularized to others also, for this purpose there is need to create awareness among the respondents in the study area.
- 17) State can publish weekly magazine exclusively for urban women micro-credit entrepreneurs. This will guide them in buying raw materials, adopting of new techniques, marketing and availability of loan facilities, totally it will help them in all spheres of their business activities.

- 18) There should be more financial assistances by other Non- institutional financial concern and financial institutions apart from institutional finance. This will attract more urban women micro-credit entrepreneurs to join in the venture.

Strategic implications for fostering micro-credit urban women entrepreneurship in the study area, Vellore District, Tamil Nadu has traditionally been a society with low participation of women in the economy. But the fact remains that women represent nearly 50 percent of the total population and it is crucial to encourage women's role in the economy at every level.

After independence of our country, the Government of India and Tamil Nadu found that on the one hand industrial development was confined to a few developed cities and on the other it was concentrated in the hands of a few top business houses. At present, women's entrepreneurial role is limited in the large-scale industries and technology-based businesses. But even in small-scale industries, the women's participation is very low. Therefore, the government decided to promote urban women involved micro-credit entrepreneurial activities among women through various incentives in order to alleviate poverty. The following are the key strategies that can help to foster urban women micro-credit entrepreneurship in the study area;

- 1) Spreading awareness about government policies and regulations regarding business and industry among the respondents in the study area.
- 2) Government should review the existing regulatory framework like the working of Entrepreneurship Development Institute of India (EDII) and make necessary modifications to incorporate steps for spreading urban women micro-credit entrepreneurship in the study area.
- 3) The administrative hurdles should be reduced especially for the respondents in the study area.
- 4) There should be a provision for easy and subsidized financing for urban women involved micro-credit entrepreneurial projects from state level institutions like Small Industries Service Institute (SISI) and State Finance Corporations (SFC).

- 5) Government agencies should facilitate the entry of the respondents from rural areas into the projects where high growth is expected by providing them necessary assistance.
- 6) In order to encourage micro-credit urban women entrepreneurship in the study area, the Vellore District, government should provide incentives under industrial policy.
- 7) The government should provide the right type of infrastructural facilities and other financial incentives in the study area through cooperative banks, commercial banks, and regional rural banks operated under NABARD leading to the emergence of entrepreneurial class in the study area that can lead to urban women micro-credit entrepreneurial growth in Vellore District.
- 8) Special incentives, tax rebates, duty cuts, interest subsidy, and subsidized land and machinery can be provided to encourage respondents in emerging sectors.
- 9) Special recognitions and awards can be instituted for women participating in such targeted urban women involved micro-credit enterprises in the study area.
- 10) Higher education incentives for the respondents in the study area and advanced training programs for development of management skills among the respondents, and setting up of polytechnics and industrial institutes for micro-credit urban women entrepreneurs are the key thrust areas to strengthen the micro- credit women's entrepreneurial talent through education and training. Counseling in entrepreneurship through women oriented NGOs, cheap micro-financing, and bank support for new micro enterprises launched by women entrepreneurs, and privileged infrastructural support such as priority in land allotment and administrative approvals can also promote the cause of micro-credit women entrepreneurs substantially in the study area.
