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## Understanding impact of microcredit on socio-economic status of women micro-entrepreneurs

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Nivedita T. Dwivedi

Swarnim Start-up and Innovation University,  
Koba-Adalaj Road, Kalol, Dist. Gandhinagar, Gujarat 382421, India  
Email: nivedita.akdwivedi@gmail.com

Amit Kumar Dwivedi\*

Entrepreneurship Development Institute of India (EDII),  
P.O. Bhat, Via Indira Bridge and Ahmedabad Airport,  
Dist. Gandhinagar, 382-428, Gujarat, India  
Fax: +91-79-23969164  
Email: akdwivedi@ediindia.org  
Email: dwivedipgdm@gmail.com  
\*Corresponding author

**Abstract:** Microcredit is a small ticket loan provided by microfinance institutions for starting enterprise to the poor people. The study is conducted on those women beneficiaries who are the member of self-help groups (SHGs) and had taken microcredit and took entrepreneurial ways of livelihood and run a micro-enterprise in their localities. The findings of the study conclude that: 1) after becoming economically empowered, women's socio-economic status in the society as well as in her family have improved substantially and there is positive change observed in her personality also; 2) significant number of women micropreneurs fall in the age group of 31 to 40 participate in decision-making regarding family; 3) the women microcredit beneficiaries contribute too appropriately in their family's income; 4) women become responsible for microcredit, for repayments, for maintaining saving accounts and after bearing these responsibilities, women gain confidence to take charge of their lives and the lives around them; 5) microcredit is an empowerment tool for women who take-up entrepreneurial career.

**Keywords:** women micro-entrepreneurs; empowerment; microcredit; self-help groups; SHGs; socio-economic status.

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**Biographical notes:** Nivedita T. Dwivedi is an Assistant Professor from the Swarnim Start-up and Innovation University, Ahmedabad. She has earned her doctorate degree from the Chandra Shekhar Azad University of Agriculture and Technology, Kanpur and Master's degree from the Banaras Hindu University, Varanasi. She has published several research papers in leading journals and authored couple of books. She has worked earlier as a faculty at the Narendra Dev University of Agriculture and Technology, Kumargunj, Faizabad and Kamana Consulting Services.

Amit Kumar Dwivedi is currently working at the Entrepreneurship Development Institute of Ahmedabad, India (EDII-Ahmedabad) as a faculty. He has contributed a textbook, some reference books and edited book volumes in the associated areas of entrepreneurship. He has published research papers in various leading journals (*International Entrepreneurship and Management Journal – IEMJ*, *International Journal of Procurement Management – IJPM*, *International Journal of Entrepreneurship and Small Business – IJESB*, *International Journal of Business, Innovation and Research – IJBIR*); book chapters in edited books volumes and conference proceedings including Academy of Management (AOM) Global Proceedings (2018). He is part of the ‘Global Entrepreneurship Monitor India Team’ as national team member and co-authored four GEM India reports (2014/15, 2015/16, 2016/17 and 2017/18).

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## 1 Introduction

Funding is the lubricant, which oils the wheels of an enterprise. The function of funding is performed by banks, financial institutions and capital markets. Poor people borrow comparatively lesser amounts but process of lending to them is not so easy. Microcredit is an alternative to lend small amounts to poor with lesser efforts. Microcredit beneficiaries are characteristically self-employed having uneven earnings. Nowadays in India individual's economic independence is measured as a root for improving the women's status. Empowerment of women either in terms of social or economic activities can be availed through credit. Social and economic empowerment will ultimately increase their participation in decision-making either household or any sphere of life. Indian society is divided into many strata on the basis of caste, class religion, economic status, etc. and the country is culturally-diverse with several different ethnicities, has an enormous population base from which to single out entrepreneurial personalities (Dana, 2000). These factors also affect demand of credit as well as availability of credit for women. Microcredit acts as a means to satisfy the economic necessities of poor. Studies have been done by researchers on impact of microcredit on socio-economic status of women beneficiaries. Positive impact of microcredit on socio-economic status of women borrowers in Bangladesh has been observed (Afrin et al., 2008). There is high correlation between microcredit and children's education, income and assets and disproved studies that found microcredit to improve health and harmony in the family (Nader, 2008). Microcredit services can reduce poverty by providing economic support through income generating activity in addition to the loan instalment repayments. A woman's control over her assets and her knowledge of social issues is enhanced after borrowing from Bangladesh Rural Advancement Committee (BRAC's) microcredit program. BRAC and an insurance company operate a joint credit and health insurance program for extremely poor women. Microcredit also supplements women empowerment as it can enhance a woman's status in the eyes of other household members, as she is the source of an important resource, social mobilisation and legal education interventions in combination with credit (Zaman, 1999). Ang (2004) reported that women having better ability of controlling the use of loans in addition with credit worthiness. This is the reason for giving priority to women for microcredit.

As empowerment of women in a society raises her social status, it enables her to make decisions on her own resulting in economic independence. Moreover, it generates increased literacy rates among women, improved social status and social mobility within the community. Indeed effective poverty alleviation involves endorsement of women's participation and views contributing to their family and community welfare. Bhatt (2013), the founder of one of world's largest organisations of the poor and self-employed women workers says,

"Focus on women and you will find an ally who wants a stable community. She wants roots for her family. You get a worker, a provider, a caretaker, an educator, a networker, a forger of bonds. I consider thousands of poor working women's participation and representation an integral part of the peace and development process. Women bring constructive, creative and sustainable solutions to the table."

Empowering women financially through income generating activities is vital to poverty alleviation in a society since it acts as a supplement for family welfare (Rao, 1996). However, women's mobility and interaction depends on her family, especially in rural areas. Ribeiro et al. (2012) argued that "while family undoubtedly shapes women as well as men, we should consider that, for centuries, men enjoyed a freedom of personal choice and mobility that women did not." For example, women in rural area are prohibited to interact with men who are not from their family. Such constraints deter women from achieving their autonomy. Empowerment cannot be incorporated by the state or by change agencies or agents like extension personnel, government agents, officials, social workers and non-governmental organisations (NGOs). They can, only provide a platform and act as a catalyst for an environment conducive for women to prosper. In democracy economy is affected by equal participation of both men and women together in which entrepreneurship is an economic activity started by an individual or group having dynamic importance in the progress of a society (Hipango and Dana, 2012). When all the factors of production, risk bearing, employment generation for others are systematised by women in rural area, it is termed as rural women entrepreneurship. Majority of our country's population resides in rural areas and rural entrepreneurship generates employment in rural areas which will help in development of rural areas and overcoming problems like unemployment, migration towards urban areas, illiteracy, population explosion, discrimination on the basis of sex, etc.

Ramadani et al. (2013) in their article suggest that, "women entrepreneurs are an important untapped resource within the business sector. If we accept that entrepreneurship is important since it is the basis of development, we propose that entrepreneurship should be assisted by supportive government policies. To support their commitments, women entrepreneurs need appropriate assistance both in business running and development." Gan and Nartea (2017) stated that by joining the microcredit programs, the poor are organised into the groups where they can share diverse information to learn more about the outside world. Manimekalai (2004) after studying women borrowers from self-help groups (SHGs) in India reported that SHGs microcredit programs in India has greatly helped women borrowers in improving their economic and social conditions. As researchers are the native of the study area and observed the changes in socio-economic status of women as well as hindrances in the path of poor from receiving credit. Hence, in order to understand the impact of SHGs microcredit program on socio-economic condition of women beneficiaries in the study area, present study was conducted.

As during literature review no study on socio-economic status of microcredit program on women beneficiaries in the study area is found, however, the available literature suggests that women micro-entrepreneurs (micropreneurs) who had taken microcredit to establish their micro-enterprises have excel in their lives but still there is gap of what psychological well-being indicators come across. Also, how these women microcredit beneficiaries perceive the socio-economic changes in their lives after availing microcredit facilities. There is also a lack of available research to differentiate the impact of government provided microcredit facility and no-government microcredits facility on women micropreneurs. Thus the present study is focused on following objectives:

- 1 to understand the socio-economic status of women micropreneurs
- 2 their participation in decision-making regarding home affairs or enterprise related
- 3 change in the perception of psychological well-being indicators and socio-economic status factors.

## **2 Literature review**

Dana (1997) identified the specific explanatory variables of self-employment prevalent among ethno-cultural groups. An interdisciplinary literature review results in the identification of several schools of thought suggesting four spheres of influence: the individual or self; the ethno-cultural environment; the circumstances in society; and a combination of these. A conceptual framework is then developed, identifying two types of self-employment, orthodox entrepreneurship and reactive self-employment. The microcredit as a concept has been explored very well by authors. In fact developing countries have specifically tried to understand the concept theoretically and practically to eradicate poverty at the bottom of the pyramid. Amutha (2011) in her study found that microcredit has an enduring impact on women in rural areas and women beneficiaries enhanced confidence after availing microcredit and became self-reliant. Studies also suggest that beneficiaries get recognition both among family members and community members besides; they also actively participate in household decision-making. Rathakrishnan and Sriram (2008) in their studies found that the women groups get empowered by launching and managing rural micro-enterprises. In fact taking decision collectively in the group enhances their confidence. Seerengarajan and Narasimhan (2008) in their work suggest that self-employed women are getting better status and it enables them to take part in decision-making in the family affairs and outside the family as well. Another study by Chandrashekar and Lokesh (2009) revealed findings that majority of microcredit beneficiaries are come from a young generation and hence, this proved to be an impact making tool in the society. Tolosa (2007) in his study suggest that the women, which is an integral part of the society get support from microcredit and hence the policy makers should think seriously on it. He also added, that the SHGs members availing microcredit have a bigger family size varies between 4 to 6 and hence, policy level interventions are sought. While studying socio-economic status of respondents Rathakrishnan (2008) report that family was the main reason for the success

of women entrepreneurs and Amutha (2011), Rathakrishnan and Sriram (2008) and Seerengarajan and Narasimhan (2008) added some more variable like, self-employed women make joint decisions with their husband regarding different areas of their family. Anggadwita and Dhewanto (2016) stated that personal attitude as a mediator of women entrepreneurial intentions are significantly influenced by psychological characteristics and individual competencies; while psychological characteristics are proved to have influence on individual competencies. The study also shows that social perception is not directly influencing the intention, yet significantly influencing personal attitude. Sikligar (2009) found in his study that “micro-finance is one of the approaches conducive for economic development of the minorities and it should be continued for their sustainable economic development because it is also one of the important aspects of social development that promotes education, health, family welfare and other parameters of an improved living standard.” Adding to Sikligar (2009) finding Hasan and Cong Lu (2011) say that borrowers of microcredit programs are better in income generation that results in improved quality of their food consumption in terms of nutrition. Traditionally entrepreneurship has been studied by several researchers from a male lens of profit and risk taking rather than community involvement and this has changed with the advent of community-based and social entrepreneurship, which emphasises the more feminine traits of entrepreneurship. The term ‘woman’ is socially constructed with a universal meaning despite cultural differences (Mirchadani, 1999). Role of female entrepreneurs who are intending to start an informal business by focusing on the role of knowledge and innovation. Reported that innovation outcome are customer knowledge development, risk awareness, poly-chronism and collectivism, impact on the intention of female entrepreneurs to start informal businesses. And these research propositions highlight important gender issues in entrepreneurship that need to be understood by policymakers and government authorities when looking into business development activity (Ratten and Dana, 2017). While studying about women entrepreneurship in Indonesia from the Islamic perspective, Anggadwita et al. (2015) stated that women in Indonesia comprise half of the population but they are not properly supported to achieve their maximum potential due to poverty and low education levels. Therefore, women entrepreneurship is incapable for changing women’s socio-economic status in Indonesia. Ratten and Dana (2017) argued that there is a need to analyse indigenous entrepreneurship from a gender but also geographical lens to supplement understandings about culture in community-based and social entrepreneurship development contexts. Ferreira et al. (2017) studied about the development of research into female entrepreneurship by evaluating the current state of the research. The results of the study display the trends arising in the literature and highlight the ongoing debates about the contributions made by female entrepreneurship to the fields of entrepreneurship, management and the social sciences. Various studies undertaken on the current issue try to evaluate the many socio-economic variables of the women beneficiaries. A few are highlighted in Table 1.

**Table 1** Current empirical research contributions in this field

<i>Study focus</i>	<i>Author</i>	<i>Place</i>
• Age of SHGs member	Amutha (2011), Tolosa (2007), Chandrashekar and Lokesh (2009)	Tamil Nadu (India), Adama Town, (Ethiopia), Karnataka (India)
• Educational readiness and literacy of SHGs	Pandia (2005), Chandrashekar and Lokesh (2009), Tolosa (2007)	Tamil Nadu, (India), Karnataka (India), Adama Town, (Ethiopia)
• Educational background and membership of SHGs		
• Relationship between SHGs member's class, households belonging, caste, access to credit, saving, income and poverty	Amutha (2011), Jayasheela and Dinesha (2009), Vachya et al. (2009), Kundu (2010), Hasan and Cong Lu (2011), Komaraiah (2008)	Tamil Nadu, (India), Karnataka, (India), Andhra Pradesh, (India), West Bengal (India), Jessore (Bangladesh), Kheri (India)
• Women and family led enterprises	Kaushik (2009), Rathakrishnan (2008), Tolosa (2007)	Haryana, (India), Andhra Pradesh (India), Tamil Nadu (India), Adama Town (Ethiopia)
• Family and women entrepreneur relationship		
• Motivational factor to join SHGs	Dwivedi (2016), Amutha (2011), Kaushik (2009)	Tamil Nadu, (India), Uttar Pradesh (India)
• Starting and running own business		

Thus, from the literature it can be dragged down that the microcredit facility touches lives and make a huge impact if properly intervened and supported. This tool has both, a direct impact on the living conditions of women and her families and indirect impact such as by reducing unrest and tension in a society with income disparities.

### 3 Research method

After literature review a structured interview schedule was developed to evaluate impact of microcredit program on socio-economic status of women micropreneurs. A pilot study was conducted for pre-testing of the interview schedule. The study was commenced in Kushinagar district of Uttar Pradesh because of the researcher's proximity to locality, folks, officials and non-officials.

#### 3.1 Research problem

This paper studied about women beneficiaries who are the member of SHGs and had taken microcredit and took entrepreneurial ways of livelihood and run a micro-enterprise in their localities are economically empowered, women's socio-economic status in the society as well as in her family have improved substantially and change observed in their personality. The actual impact is beyond the scope of this study. Fairly, the goal is to determine if there is an impact and if these factors permit further exploration.

a Selection of community development blocks (CDBs)

Out of 14 CDBs, six CDBs (namely Padrauna, Khadda, Nebua Naurangia, Vishunpura, Kotwan and Ramkola) were chosen deliberately by the researcher for the study because a good number of SHGs were working in the selected blocks that have availed microcredits either from banks or NGOs or MFIs. These SHGs have utilised the microcredit facilities and uniquely developed a micro-enterprise to earn their livelihood.

b Selection of villages

From six CDBs, 25 villages (namely, Badharaganj, Awasia Mahila, Nehru Nagar, Teganraha, Barangha, Dharna patti, Gadriha, Kishanpur Vishanpur, Khajuri, Piparpati, Madarbidwalia, Padri Mehdiya, Lakshmipur, Badharababu, Barwansthan, Parsauna, Pidari, Bihuli Niski, Basdila, Rambar Bujurg, Sidhavein, Basantpur, Papur, Saphaan, Motipakad and Urdahaan) were selected for the study.

c Selection of SHGs

The names of SHGs who have availed microcredit were taken from different branches of Regional Rural Bank as these branches maintain the bank accounts of these SHGs. From the prepared list randomly 20 SHGs were selected for pilot study and from each selected SHG, one member was personally interviewed who run an enterprise either individually or in group. The interview was aimed to understand the empowerment happened after the utilising microcredit facilities to run micro-enterprise. Respondents were interviewed on indicators of psychological well-being and economic empowerment.

d Reframing of interview schedule

After conducting pilot study suitable changes were made in the interview schedule. And finalised interview schedule was used for the survey.

e Survey

One hundred SHGs were randomly selected from prepared list and one member was interviewed from each selected SHG who run an enterprise either individually or in group to study their socio-economic status.

f Defining socio-economic status

Socio-economic status is defined as social as well as economic status of individual, group, society or organisation in various measures. In this study socio-economic status refers to the social and economic profile of the respondents in the society. Factors which effect socio-economic status are age, education, category, family size, family type, income, housing pattern, material possession (transportation, entertainment, media and communication owned by the respondents) and decision-making.

## 4 Data and results

Table 2 explains the respondents background viz. age categories, educational background, caste category, family type, family size, annual income of house hold and resources that family has.

**Table 2** Respondents background details and data

<i>Age categories (years)</i>	<i>Govt. supported (%)</i>	<i>Non-govt. supported (%)</i>	<i>Total respondents (%)</i>
21–30	11	18	29
31–40	21	26	47
41–50	12	7	19
51–60	4	1	5
<i>Education</i>			
Read and write	25	42	67
Primary	4	6	10
Junior high school	4	3	7
High school	7	1	8
Intermediate	8	0	8
<i>Category</i>			
General	14	9	23
OBC	18	19	37
SC/ST	16	24	40
<i>Family type</i>			
Single	29	35	64
Joint	11	7	18
Extended	8	10	18
<i>Categories of family size</i>			
Up to 5 members	18	15	33
6–10 members	27	33	60
11 and above members	3	4	7
<i>Annual income categories (in Rs.)</i>			
Up to 30,000	3	6	9
30,000–60,000	18	14	32
60,000–90,000	22	26	48
90,000 and above	5	6	11
<i>Facilities</i>			
Cycle	44	44	88
Motorcycle	18	10	28
Radio	21	18	39
Mobile	41	42	83
Newspaper	16	4	20
Television	26	9	35
Magazine	7	0	7

Source: Surveyed data



Table 2 depicts age categories of respondents. Majority of respondents (47%) fall in the category of 31–40 in which 26% respondents were members of the non-government supported SHGs and 21% respondents were members of the government supported SHGs. The educational background of respondents reveal that 67% respondents can read and write only in which majority of respondents (42%) were from non-government supported SHGs and only 25% were from government supported SHGs. The data on caste category of respondents indicates that majority of respondents (40%) belong to scheduled caste (SC) in which more respondents (24%) were members of non-government supported SHGs and only 16% were members of government supported SHGs. It is clear from data that non-government supported agencies support more SC in comparison to government agencies. Followed by other backward castes (OBC) which was 37% in which 19% respondents were members of non-government supported SHGs and 18% respondents were members of government supported SHGs. The data on family type in the study depicts that majority of respondents (64%) having single family in which 35% respondents were member of non-government supported SHGs while 29% respondents were member of government supported SHGs. And the family size of the respondents' data indicates that 60% respondents have family size of 6–10 members. As per Table 2 about 48% respondents fall under the annual income category from Rs. 60,000–90,000 (USD 1,000 to 1,500) and 32% respondents fall under annual income category from Rs. 30,000–60,000 (USD 500 to 1,000). Table 2 concludes that 88% majority of respondents possessed bicycle followed by mobile phone. It can be said that bicycle indicates the importance of their transportation needs while mobile phones play both as a symbol of modernity and an instrument of communication. Radio was owned by 39% of respondents, television 35% and motorcycle 28%. A very small percentage of respondents (20%) purchase and read newspaper as well.

## 5 Analysis and discussion

The present study aims to understand the impact on decision-making process in the family and role of microcredit beneficiary after availing microcredit facility. And based on the result it is evident (Table 3) that majority of respondents (83%) participate in decision-making of the family. More respondents (44%) were members of non-government supported SHGs while 39% out of 83% were members of government supported SHGs. A very small percentage of respondents (17%) did not participate in decision-making of the family in which 9% were members of government supported SHGs while 8% out of 17% were members of non-government supported SHGs. Thus, participation in decision-making of the family is observed among majority of the members of SHG.

Amutha (2011), Rathakrishnan and Sriram (2008) and Seerengarajan and Narasimhan (2008) reported that self-employed women make joint decisions with their husband regarding different areas of their family. Table 4 depicts the different decision areas of family in which both husband and wife jointly take decisions. It implies that women were actively involved in decision-making in these areas. Majority of respondents (85%) were involved in deciding about education of their children in which 46% were members of non-government supported SHGs and 39% were members of government supported SHGs. While deciding about self-employment activity total 79% respondents participate out of which 40% member of non-government supported SHGs while 39% were member

of government supported SHGs. Then, 77% respondents were involved in deciding about enhancement of family income in which 39% were member of government supported SHGs and 38% were member of non-government supported SHGs. Involvement in deciding about children's marriage by 76% respondents in which 40% were member of non-government supported SHGs and 36% were member of government supported SHGs. Merely, 38% respondents were involved in deciding about family budget in which 27% were member of government supported SHGs and a very few respondents, i.e., 11% were member of non-government supported SHGs. Thus it is clear that, there is more involvement of women in family matter in comparison to economic matters.

**Table 3** Decision maker in the family (N = 100)

<i>Decision maker</i>	<i>Govt. supported (%)</i>	<i>Non-govt. supported (%)</i>	<i>Total respondents (%)</i>
Husband	9	8	17
Both	39	44	83

*Source:* Surveyed data

**Table 4** Decision taken by husband and wife jointly in the family for different decision areas

<i>Decision area</i>	<i>Govt. supported (%)</i>	<i>Non-govt. supported (%)</i>	<i>Total respondents (%)</i>
Enhancement of family income	39	38	77
Self-employment activity to be pursued by beneficiary	39	40	79
Children's education	39	46	85
Children's marriage	36	40	76
Family budget	27	11	38

*Source:* Surveyed data

The another objective of the study is understand the change in socio-economic status of women those who avail microcredit facilities and Table 5 reflects the remarkable changes in socio-economic status of respondents after joining SHGs and availing any kind of microcredit support. The following are some of the benefits that women micropreneurs receive, listed as part of the study:

- *Increased mobility:* Mobility of just 20% respondents from government supported SHGs had decreased followed by 15% respondents had increased mobility from government supported SHGs while 13% respondents were reported that there was no change in their mobility after joining SHG. In contrast 25% respondents from non-government supported SHGs had stated about their increased mobility followed by 14% had decrease in mobility and only 13% respondents had same mobility as before joining SHG which is equal to respondents from government supported SHGs. Change in mobility level may depend on type of enterprise of respondents, its nature and up to some extent on social system.
- *Growing recognition in the family and community:* Majority of respondents both from government supported SHGs (48%) as well as from non-government supported SHGs (45%) had increased recognition in the family at the same time as only (7%) respondents from non-government supported SHGs had reported about same status

of recognition in the family followed by none of the respondents (0%) from government supported SHGs. No respondent (0%) either from government supported SHGs or from non-government supported SHGs had decreased recognition in the family after joining SHG. This is because earlier respondents' contribution to their family was not economic, i.e., they were not earning money for their family. Their contribution was moral and social through household works but now it can be seen in terms of money which increases their recognition in the family (Le Loarne-Lemaire et al., 2017).

- *Growing recognition in the community:* Majority of respondents (46%) from non-government supported SHGs stated that their recognition in community had increased followed by 44% respondents from government supported SHGs. Very few respondents (6%) from non-government supported SHGs 4% respondents from government supported SHGs reported that there was no change in recognition in community, i.e., it remained same after joining SHG. No decrease in recognition in community of respondents was found after joining SHG. There was increase in interaction with outsiders of 29% respondents from non-government supported SHGs followed by 19% respondents from government supported SHGs. Interaction with outsiders remain same, i.e., no increase or decrease for 29% respondents from non-government supported SHGs followed by 23% respondents from government supported SHGs. No decrease in interaction with outsiders had been observed from government or non-government supported SHGs member respondents.
- *Improved functional literacy observed:* Literacy level of majority of respondents (45%) from non-government supported SHGs had increased after joining SHG followed by 39% respondents from government supported SHGs. Very few 9% respondents from government supported SHGs and only 7% respondents from non-government supported SHGs were observed as they have same literacy level after joining SHG while no respondent either from government supported SHGs or from non-government supported SHGs had decreased literacy level.
- *Increased access to credit sources:* Majority of respondents (40%) from non-government supported SHGs and 38% from government supported SHGs stated that their access to credit sources increased after joining SHG while 12% respondents from non-government supported SHGs and 10% respondents from government supported SHGs that access to credit sources remain same for them as before and after joining the SHG and no decrease in access to credit sources had been reported.
- *Additional income avenues:* Increased family income was reported by 50% respondents from non-government supported SHGs followed by 45% respondents from government supported SHGs after joining SHG. Merely 3% respondents from government supported SHGs and 2% from non-government supported SHGs said their family income remain same after joining SHG. No decrease in family income of respondents either from government supported SHGs or from non-government supported SHGs was reported after joining SHG. Amutha (2011) reported that the most important motivating factor for women to join SHG was to enhance their family income. This comes from the growing awareness that if a lower middle class family has to sustain a decent standard of living, women should add to family income with their skills (Palalic et al., 2017).

- *Wealth and assets:* Half of the respondents (50%) from non-government supported SHGs followed by 40% respondents from government supported SHGs said that their asset building after joining SHG increased. Very small percentage of (8%) respondents from government supported SHGs and 2% respondents from non-government supported SHGs had same asset building after joining SHG while 0% respondents said that they had decreased in asset building after joining SHG.
- *Enhanced skill set leading to improved employability:* From non-government supported SHGs 50% respondents stated that they had increased skill development after joining SHG followed by 45% respondents from government supported SHGs. Merely 3% respondents from government supported SHGs and 2% respondents from non-government supported SHGs were reported that their skill development remain same. Decreased skill development was stated by none of the respondents either from government supported SHGs or from non-government supported SHGs.
- *Retains dignity and preserves democratic values:* Just 35% respondents from non-government supported SHGs followed by 25% respondents from government supported SHGs had increased voicing concern about themselves whereas only 23% respondents from government supported SHGs followed by 16% respondents from non-government supported SHGs had neither increased nor decreased, i.e., same voicing concern about themselves. Followed by 1% respondents from non-government supported SHGs had decreased voicing concern about them followed by 0% respondents from government supported SHGs.
- *Active and equal participation in decision-making:* Respondents (36%) from government supported SHGs reported that their participation in decision-making related to money centred had increased followed by 31% respondents from non-government supported SHGs. Only 21% respondents from non-government supported SHGs stated that their role was same in decision-making related to money centred followed by 12% respondents from government supported SHGs after joining SHG. None of the respondents had decreased participation in decision-making related to money centred after joining SHG.
- *Increased participation and involvement in development programs:* Participation in development programs remains same for 31% respondents from government supported SHGs and 30% respondents from non-government supported SHGs after joining SHG. Increased participation in development programs was stated by 22% respondents from non-government supported SHGs followed by 17% respondents from government supported SHGs after joining SHG. No one of the respondents after joining SHG stated about decreased participation in development programs either from government supported SHGs or from non-government supported SHGs. It can be inferred from the discussion that there was effective increase in socio-economic status of the respondents (Samuel et al., 2011).
- *Multiplier effect:* Though assessing some of the other impacts were beyond the scope of this study, many such benefits were documented by scholars who went to gauge the impact of microcredits on people's lives. Hasan and Cong Lu (2011) found that borrowers of microcredit programs are better in income generation that results in improved quality of their food consumption in terms of nutrition. Sikligar (2009) reported that microfinance is one of the approaches conducive for economic

development of the minorities and it should be continued for their sustainable economic development because it is also one of the important aspects of social development that promotes education, health, family welfare and other parameters of an improved living standard. Kaushik (2009) found that large percentage of employer in the service and manufacturing sector do not mind increasing the salaries of their employees with a view to extract better performance from them. Komaraiah (2008) found that total annual income is significantly affecting the expenditure on treatment during illness. Amutha (2011), Hasan and Cong Lu (2011), Sikligar (2009), Kaushik (2009) and Komaraiah (2008) reported similar finding and supported the study that positive changes in the socio-economic status of the respondents are observed after joining SHG. Thus, it is understood that microfinance can touch lives and make a huge impact if properly intervened and supported. Microcredits have both, a direct impact on the living conditions of women and her families and indirect impact such as by reducing unrest and tension in society with income disparities. Social and economic reform measures like microcredits have a multiplier effect in the functioning of the economy especially for the people belonging to the lower rungs of the society.

While contradiction was revealed by Dhandapani (2009) that SHG-bank linkage program only focuses on providing financial services to poor but it should also focus on people's basic needs such as housing, good health, education and social reforms. In addition it should also bring about institutional reform in the microfinance strategy of Indian banks as the Grameen Bank did with the introduction of Grameen II.

**Table 5** Changes in socio-economic status after joining SHG

<i>Sl. no.</i>	<i>Aspects of socio-economic status</i>	<i>Degree of impact</i>	<i>Govt. supported (%)</i>	<i>Non-govt. supported (%)</i>
1	Mobility	Same	13	13
		Increased	15	25
		Decreased	20	14
2	Recognition in family	Same	0	7
		Increased	48	45
		Decreased	0	0
3	Recognition in community	Same	4	6
		Increased	44	46
		Decreased	0	0
4	Interaction with outsiders	Same	29	23
		Increased	19	29
		Decreased	0	0
5	Literacy/education	Same	9	7
		Increased	39	45
		Decreased	0	0

*Source:* Surveyed data

**Table 5** Changes in socio-economic status after joining SHG (continued)

Sl. no.	Aspects of socio-economic status	Degree of impact	Govt. supported (%)	Non-govt. supported (%)
6	<i>Access to credit sources</i>	Same	10	12
		<i>Increased</i>	38	40
		Decreased	0	0
7	<i>Family income</i>	Same	3	2
		<i>Increased</i>	45	50
		Decreased	0	0
8	<i>Asset building</i>	Same	8	2
		<i>Increased</i>	40	50
		Decreased	0	0
9	<i>Skill development</i>	Same	3	2
		<i>Increased</i>	45	50
		Decreased	0	0
10	Voicing your concern	Same	23	16
		<i>Increased</i>	25	35
		Decreased	0	1
11	Decision-making related to money centred	Same	12	21
		<i>Increased</i>	36	31
		Decreased	0	0
12	Participation in development programs	Same	31	30
		<i>Increased</i>	17	22
		Decreased	0	0

Source: Surveyed data

## 6 Conclusions

In this paper we analysed *how economic and social factors are affecting the respondents (women micropreneurs) in the context of microcredits and micro-enterprises*. These social and economic factors in the study are used to assess the empowerment level of the selected women respondents. Empowerment refers to capacity to increase self-reliance, participate in decision-making as well as ability to take decisions on own to gain control over material and non-material resources, develop positive attitude, promote development and the ability to influence others attitude or views, ability to learn an additional skill, ability to overcome stigma, etc. Microcredit's impact on socio-economic status of the respondents is used as a tool to study the empowerment of the selected women respondents. Microcredit is a very small credit given for setting up or running of a small business unit. This amount is on an average less than \$100 by world standards and in hundreds of rupees by Indian standards. The beneficiaries of microcredits are both the rural and urban households especially women. Credit is given for income generating activities such as asset creation and improving living standard. The beneficiaries

are recognised by microfinance institutions and non-government organisations independently. The repayment period is usually not very long. It is a new move towards banking with economically deprived class of the community.

The distinct advantages are high rate of repayments of loans and low transaction cost. Nowadays microcredit has turned into an established institution providing support through financial services, especially for the poor. Though microcredit is not a 'magic bullet' it is considered as an instrument of economic upliftment and a contributing factor for gender equality and women's empowerment. It brings empowerment for women and also increased well-being for her families (Dwivedi, 2016; NCW, 2004). The major take away from the study are:

- 1 It can be concluded that after becoming economically empowered, women's socio-economic status in the society as well as in her family have improved substantially.
- 2 There is positive change observed in respondents' personality also.
- 3 Microcredit seems to be an empowerment tool for women who have historically been cornered into social and economic vulnerable conditions. By providing microcredit women become responsible for loans, for repayments, for maintaining saving accounts.
- 4 It gives her an identity in the economy and puts her in the mainstream space of her community.
- 5 It sends strong message to the society she is a part.
- 6 After bearing these responsibilities, women gain confidence to take charge of their lives and the lives around them.
- 7 Enabling and empowering her to take her due share by claiming her entitlement for the shared economic resources ensures principles of equality and democracy are followed as enshrined in our constitution.

### *6.1 Limitations of the study*

The sample size is limited to these chosen villages where SHGs run micro-enterprises successfully. In order to generalise the result on a wider base of micro-entrepreneurs, we need a bigger and diverse dataset. The study is also confined to specific geographic area; findings may differ for other area (say, in a South Indian state).

### *6.2 Future research directions*

We need to inquire and study the nature and reach of various microcredit options in different cases and social settings. There is also a need to prepare an exhaustive list of benefits the microcredits have in the different sections of the underprivileged population it claims to serve. Further research can be initiated to ascertain the limitations of microfinance and the ways and means to optimise its capacity to serve the needy persons in a community especially women.

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