

# EMPOWERING WOMEN THROUGH ENTREPRENEURSHIP: PURPOSIVE CREDIT DEPLOYMENT BY SOUHARDHA CO-OPERATIVES

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Empowerment has been used to mean different things in different contexts. In the context of supporting women and facilitating gender equality, empowerment is defined from varied perspectives such as economic, feminist and socio-cultural perspectives. While economic perspectives have seen women empowerment basically as gaining the ability to meet their needs, widely known as the capability approach (Sen, 1990,1993), the feminist perspective holds empowerment as a process of gaining ability to generate choices and exercising bargaining power (UNIFEM, 2000). On the other hand, the socio-cultural perspective equates empowerment to the possibility of mobility, networking and social choices among women (Malhotra et. al., 2002; Krishna, 2003). It is probably this diverse contextual perspectives that made some of the multilateral platforms to define women empowerment to include a variety of attributes such as “expanding the rights, resources and capacity of women to make choices and take decisions independently in social, economic and political spheres” (IADB, 2010)

Economic empowerment is seen to be the most important route to empower people. This is true in case of women empowerment as well for economic empowerment is likely to help women get empowered in feminist and socio-cultural terms as well. It is opined that “while economic growth (of the country) is not always sufficient to promote gender equality, the outcomes of growth appear to be far more positive where it is accompanied by an expansion in women’s employment and education” (Kabeer, 2012). This suggests that on a larger scale overall economic growth has a positive impact on overall empowerment of women.

Just as the idea of empowerment in general, the conception of women’s economic empowerment too has seen diverse interpretations. World Bank, one of the earliest to attempt conceptualizing women’s economic empowerment has seen it as a process of “making markets work for women and empowering women to compete in Markets” (World Bank, 2006). The conceptualization

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done in OECD-DAC Network on Gender Equality, (OECD, 2011) which sees women's economic empowerment as their "capacity to participate in, contribute to and benefit from growth processes in ways that recognize the value of their contributions, respect their dignity and make it possible to negotiate a fairer distribution of the benefits of growth" looks to be more plausible and hence acceptable.

Participation in the growth process and benefitting from it would be made possible through engagements like entrepreneurship. Many studies and reports have demonstrated that economic empowerment could be achieved better through promotion of women entrepreneurship (Mazumdar and Ahmed, 2015, UNIDO, 2013). It is held that entrepreneurship gives a high level of autonomy and sense of freedom to women (Balasundaram and Absar, 2010). Entrepreneurship is said to help "women gain economic strength, they gain both visibility and a voice at home, workplace and community" (Kirve and Kanitkar, 1993). Empirical studies have also proved that "there was an increase in self-confidence, self-reliance and independence of rural women due to the involvement in the entrepreneurial and other activities of SHGs (Sharma and Varma, 2008).

It is therefore pertinent to see how co-operatives contribute towards promoting women empowerment. There are many studies that have looked into how co-operatives contribute to women empowerment in general (Amaza et. al. 1999, Jones et. al. 2012, Datta and Gailey, 2012). However studies on the promotion of women entrepreneurship by co-operatives are quite sparse. Collective entrepreneurship taking the form of co-operatives and co-operatives supporting collectively owned enterprises by women, especially the initiatives of SHGs have been an area of academic interest in India, but studies on innovative schemes by co-operatives to promote women entrepreneurship are very limited and hence the need for present study. The study looks into the pattern of funding for women entrepreneurs by five select souhardha co-operatives, through specially designed schemes. The emphasis is on the strategy of purposive credit deployment for promoting women entrepreneurship and facilitating their empowerment.

## **SOUHARDHA CO-OPERATIVES**

Souhardha co-operatives are part of new generation co-operatives in India that were established under the parallel legislation in those states that moved into a dual legislation system as a measure of promoting autonomous co-operatives. In Karnataka state, such a legislation, the Karnataka State Souhardha Co-operative Act was enacted in 1997 and autonomous co-operatives started being established under this legislation beginning from around 2000. At present, there are 3,806 souhardha co-operatives in Karnataka. Of this xxx are women co-operatives, formed by women and catering exclusively to the needs of women.

Souhardha co-operatives are autonomous enterprises and unlike the co-operatives registered in the conventional act, there is no government control or intervention in their activities. This gives them greater freedom of operation and hence they are expected to be more innovative. True to the spirit of souhardha legislation, majority of souhardha co-operatives in Karnataka are relatively more professional in their approach to business activities. They are quick to respond to member's needs and generally governed more democratically.

Keeping pace with the general trend of souhardha cooperatives, the women souhardha cooperatives too are coming out with innovative programs and activities. One such innovative activity pursued by some of the women co-operatives is "purposive deployment of credit" – devising loan schemes to promote women entrepreneurship.

## **METHODOLOGY**

For the purpose of this study, five Souhardha Women Cooperatives which have introduced schemes of purposive credit deployment to promote entrepreneurship were randomly selected. Secondary data related to the scheme and lending and recovery trends pertaining to the scheme were collected through the annual reports of the respective co-operatives. A telephonic interview was conducted with the CEOs of all the five co-operatives. The interviews were unstructured and focused on qualitative assessment of the experience of the co-operative with the scheme vis-à-vis other credit schemes in vogue. Five borrowers each from each of the co-operatives were selected through a snow-ball technique. One borrower was suggested by the CEO and the others

suggested by the borrowers. Again an unstructured telephonic interview was held with the selected borrowers with a focus on the utility of the credit scheme.

The analysis is qualitative in nature and depends on the opinions expressed by the sample respondents. Given the essential feature of empowerment, it is felt necessary and adequate to make a qualitative assessment and link the perceptions of the sample respondents to the expected utility of purposive deployment of credit.

### THE SCHEMES

Each of the sample co-operatives selected for the study have put in place a scheme of providing business development loans to women members. The details of the schemes are as follows.

NAME OF THE CO-OPERATIVE	NAME OF THE SCHEME	PARTICULARS
Yashaswini Women Souhardha Credit Co-operative, Bengaluru	Women Self Employment Loan	A scheme with concessional interest rate particularly to those starting their own business. Loans take business property as collateral
Samvrudhhi Women Souhardha Credit Co-operative, Gowribidanur	Business Development Loan	A scheme that gives eligibility to those having their own businesses to borrow on the collateral of business property, for further development of business activities
Mahila Abhyudaya Souhardha Co-operative, Mangaluru	Udyogini Scheme	Loans to first generation, young entrepreneurs. A flagship program of the co-operative
Soubhagya Women Souhardha Co-operative	Anganavadi Loan Scheme	A special devised scheme to women anganavadi workers, to take up business/income generating activities.
Gulbarga Women Souhardha Credit Co-operative, Gulbarga	SHG Loans	Loans to Self Help Groups who wish to take up collective entrepreneurial activities. Generally subsidized interest rates

Source: Interview with CEOs

As may be seen from the above Table, the purposive credit schemes are all aimed at promoting women entrepreneurship as a measure of economic empowerment of women members. In case of Yashaswini and Abhyudya co-operatives, these schemes were started as desired by their members. In fact it is the members who suggested that they need such a scheme. Samvrudhi co-operative started the scheme by looking into the success of similar schemes in other co-operatives. The SHG loan scheme is a program to lend money to self-help groups which will have an account with the co-operative. Many co-operatives, both women co-operatives and general credit and/or multipurpose co-operatives lend to SHGs. But the uniqueness of Gulbarga Souhardha is that the loans are given to groups for undertaking collective micro enterprises. The initiative of Soubhagya co-operative is very unique. The co-operative identified that women workers working in anganavadis need additional sources of revenue since most of them are low paid workers. So the co-operative enrolled them as members and started lending them to facilitate additional income generating activities.

#### **PERFORMANCE OF THE SCHEMES – FINANCIAL YEAR 2014-15**

<b>PARTICULARS</b>	<b>PERFORMANCE</b>
Average number of persons receiving loan under the scheme	31
Average amount of loan (per person/group)	INR 42,000
Average number of new business established	18
Average repayment of loans	98 percent

Source: Interview with CEOs

The number of persons availing loans under the scheme is not be very big. In fact the average of 31 persons is arrived at mainly due to much higher number of borrowers at Yashaswini cooperative. Even the average amount of loan (INR 42,000) is not very big. However, it is the purpose for which the loans were distributed that is important. An annual average of 18 new enterprises being started by women is indeed a big achievement. Another highly noteworthy feature is the very high recovery of loans. This is an indication that the women who have borrowed for starting income generating activities are generally succeeding in their ventures and are capable of repaying loans. Micro credit can play the role of a catalyst and help a good number of people overcome the cycle of poverty. Considering this fact, the purposive credit deployment effort by the souhardha women cooperatives looks to be a worthy endeavor.

## FINDINGS

The following major issues emerged through discussions with CEOs of the co-operatives and the members who availed loans under the entrepreneurial assistance schemes.

- a. The CEOs felt that it is a good scheme from the business perspective since the loans are fully secured with business property as collateral and the repayment rates are highly satisfactory.
- b. It was felt that these loans are easy to follow-up since the borrowers will now have a permanent address where they could be found easily
- c. Two of the five co-operatives have identified this scheme as the flagship program which gave a distinct identity to the co-operative where four of the five co-operatives opined that it is an important initiative.
- d. Personal guarantee and holding business property as collateral are the only security cooperatives take against the loans under this purposive scheme.
- e. Only two co-operatives reported one and two each of willful default cases among the borrowers under this scheme
- f. In case of three co-operatives, increase in membership was witnessed after introduction of this scheme
- g. More than 80 percent of the women expressed that the scheme has been very beneficial
- h. 18 of the 25 borrowers opined that they could start an income generating activity only because of this scheme
- i. Majority of the women entrepreneurs said that they are home makers but along with taking care of their domestic responsibilities they are also engaged in income earning activities.
- j. Running a canteen/cafeteria and retailing in textile are the major areas of business chosen by those who have taken to full time economic activity whereas textile retailing, tailoring, making eateries and dairying are the major areas of investment among who take up part time economic activity along with home makers' responsibilities.
- k. In case of those who have borrowed for business (entrepreneurship development scheme) as well as other purposes (gold loan) majority were less hesitant to speak about their business loan
- l. Greater esteem and social recognition, Support to family, Greater economic self-sufficiency in that order is said to be the major benefits of the scheme as opined by majority of the borrowers.
- m. Majority of those borrowing under this scheme exhibit greater attachment to co-operative principles and values
- n. 10 respondents opined that they are prepared to contest elections to become Board member of the co-operative and/or member of the local government.

**ANALYSIS:**

Gender equality is an important need of the future not only as a measure of empowering the marginalized sections but also because it helps overall economic development. It is not for nothing that the World Bank (2006) called gender equality as smart economics. Cooperatives too have been cited as effective instruments of women empowerment. In case of Souhardha Cooperatives under study this has been achieved through purposive deployment of credit facilitating women's economic empowerment.

Not that all souhardha cooperatives have such purposive credit deployment schemes. It is also not a fact that all sample co-operatives have realized the importance of economic empowerment of women. But the co-operatives have responded to the needs of the members and of course felt that lending to income generating activities makes good business sense. But all the co-operatives have recognized that the women who have taken loans for investing in their own businesses have helped themselves, their families as well as become model of motivation to other women. While the happiness of CEOs and management of the co-operatives are primarily a product of loans not becoming sticky, prompt repayment and scope for further lending for business expansion etc., it is the perspective of those who have borrowed which needs to be looked at with greater interest.

The members are happy that they get loans at relatively lower cost and engage in income generating activities. They know that they have earned a better livelihood through the support of the co-operative. They are generally thankful to the co-operative and also know that the co-operative considers them to be important. The knowledge that they are now important for their families and they are not any more just the dependent members of the family has brought in a world of difference in their perception of life and its possibilities. One gets a feeling that the direct contribution in terms of engaging gainfully and earning an income though important, is secondary to that of the indirect benefits they have derived such as recognition among fellow women, the overtly unexpressed respect they draw from the male members of the family and the confidence on their own abilities get expressed when one gets into a dialogue with them.

It looks that the co-operatives have not fully recognized the importance of their contribution, for none of the co-operative in the sample have made any conscious effort to show case their purposive credit deployment programs. Until being asked and explained by the researcher the CEOs did not fully realize the importance of such a scheme. Co-operatives confine their assessment of the worth of the scheme based on ease of credit disbursal and recovery. Even in case of the two co-operatives for whom the entrepreneurial credit scheme is an important loan scheme, the comprehensive nature of its significance has not sunk in. It is important that the Souhardha Federal recognize such contributions and propagate them vigorously among the members of their fraternity.

## **CONCLUSION**

A quiet revolution is in the making through the entrepreneurial/self-employment/business development loans disbursed by souhardha co-operatives. There are clear indications that the economic empowerment, though at a small scale, are facilitated by souhardha women co-operatives, and there are evidences that this has had its ramifications in terms of social and political empowerment as well. Institutionalizing such programs is an indication that co-operatives are well equipped (though not fully conscious of it) to identify the members and local needs and respond to it appropriately.

SDGs have a focus on all-round empowerment of women apart from addressing problems of poverty of all forms and at all levels. Women co-operatives are ideally designed to address this twin goals. By helping women engage in income generation activities, they empower them economically which directly address the issues of poverty and indirectly contributes to overall empowerment of women. Therefore, such schemes need to be show cased and the co-operatives need to appreciate the invisible benefits of the schemes better and highlight them within their member community.

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