

INTEREST- FREE BANKING AND WOMEN ENTREPRENEURSHIP-A CASE STUDY OF MUSLIM WOMEN IN KERALA

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Abstract: Even after forty years of nationalization of the banks, 60% of the people so not have access to formal banking services and only 5.2% of the villages have bank branches. Marginal farmers, petty traders, land less labors, self employed and unorganized sector enterprise, ethnic minority and women- the financially excluded class. Islamic banking is consistent with the principles of Sharia (Islamic law) and its practical application through the development of Islamic Economics. According to RBI Report 2015, exploration of the interest free banking facilities is needed to the inclusion of the weaker section of the society, especially women.

According to Human Development Report 1.3 billion poor peoples in the developing countries is in poverty, out of which 70 percent are women. It is becoming more evident that the majority of the poor in the developing world are women. Poverty among rural women is growing faster than rural men. The above figure clearly point out that the deprivation of women often termed as the "Feminization of poverty". It seems that the major cause of the backwardness of women is the meager participation on economic activities especially in productive sector. It is found to be that economic activities of Muslim women in Kerala are very less. Therefore the opportunities of employment and income generation of the Muslim women in Kerala are limited. This paper tries to find out the status of Muslim women in entrepreneurs in Kerala. The study focuses small, medium and large enterprises in Kerala run by women owners. The stratified sampling technique has been used in this study. The stratification of districts had done on the basis of geographical location as north, central and south districts, as Kozhikode, Ernakulam and Kollam.

Keywords: Women Entrepreneurs, Islamic Banking, Sharia

Introduction: Women entrepreneurship is the process where women take lead and organize business and provide employment to others. Though women entrepreneurship is a recent phenomenon in India, which came into prominence in late 1970s. In earlier women concentrated much on traditional activities, due to the education, government policies towards development of women entrepreneurship, they changed their attitudes and diverted towards non-traditional activities. Women in Kerala with positive sex ratio and high literacy rate, if channeled properly, entrepreneurial activities can bring changes in the society through employment and income generation.

According to the Rajendar Sachar Committee Report 2006, many suggested that gender issues in the community are also given a Muslim slant. To the exclusion of all other aspects of a Muslim woman's life (income, job, education, security), the rules of marriage, right to divorce and maintenance have become the benchmarks of a gender -just existence .

Sharia prohibits acceptance of specific interest or fees for loans of money (known as Riba or Usuary), whether the payment is fixed or floating. Investment in businesses that provide goods or services considered contrary to Islamic principles (e.g. pork or alcohol) is also Haram ("sinful and prohibited"). According to RBI Report, "Some sections of the Indian society have remained financially excluded for religious reasons that preclude them from using banking products with an element of interest.

Towards mainstreaming these excluded sections, it is proposed to explore the modalities of introducing interest-free banking products in India in consultation with the government".

Muslim constitute the second largest religious group in India and thus the largest religious minority. The Muslim population would be over 150 million. India's Muslim population is amongst the largest in the world, exceeded only by Indonesia's and close to the Muslim populations of Pakistan and Bangladesh.

According various studies there were very poor representation of Muslim women in employment and income generation in Kerala was highlighted. Despite obtaining various qualities, Muslim women were unable to get secured jobs, especially in the government and organized sector. Political participation of Muslim women is limited and their presence in the private and public sectors were found to be minimum. Non availability of traditional occupation lead to deprived livelihood and economic backwardness.

Muslim Women Entrepreneurs In Kerala: The Muslims of Kerala, primarily in the northern region of the state called Malabar are referred as Mappilas. Due to the socio-economic development and the gulf impact changed the attitude of Muslim women in Malabar. Except Malappuram district, where the Muslims are the majority, Hindus constitute the majority in all other districts. In the case Muslim population, the largest in Malappuram district and lowest in Pathanamthitta. The average sex ratio of

Muslims in the state is 1,082, Hindus 1,058 and Christians 1,031. Along with a strong supporting system, Muslim women entrepreneurs point to the life of Lady Khadejah, wife of prophet, as a brilliant business role model and an inspirational force in giving themselves

permission to be successful entrepreneurs. In the context of increased unemployment, it is often suggest that self employment through the entrepreneurial activities would be the most appropriate option for women

Table.1 Percentage of Muslim female population in sample districts

Districts	Female population	Muslim female
Calicut	50.7%	36.41%
Ernamkulam	50.00%	13.95%
Kollam	50.9%	17.56%

Source: Census 2001

According to the census 2001, in each sample districts women represents half of the total population, and Muslim women representation is highest in Calicut

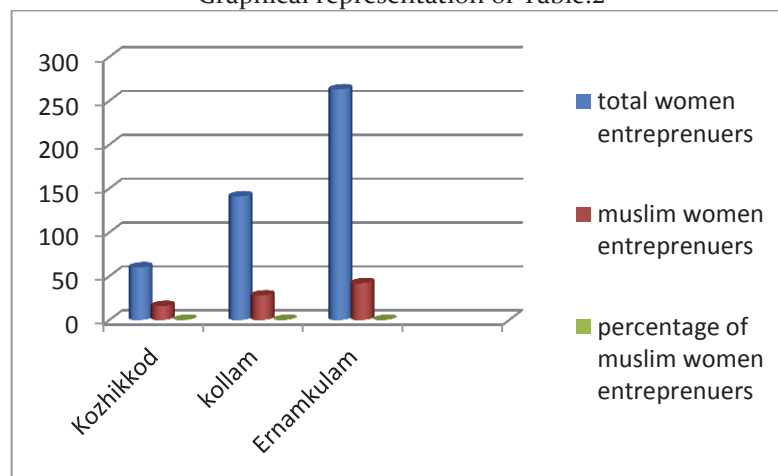
districts that is 36.41% and lowest in Ernamkulam district that is 13.95%.

Table.2 Percentage of Muslim women entrepreneurs in sample districts

Districts	Total Women entrepreneurs	Muslim women entrepreneurs	Percentage of Muslim women entrepreneurs
Calicut	60	16	26.7%
Ernamkulam	263	42	15.97%
Kollam	141	28	19.9%

Source: secondary data (2013). published by DICs

Graphical representation of Table.2



According to sample data, it is clear from the study that the women participation in entrepreneurial activities are nominal, even though they shared half of the population. Again Muslim women participation is also meager that is, in Calicut it is highest, 26.7% and lowest in Ernamkulam that is 15.97%.

Importance of Islamic Banking in Kerala: According to Dr M S Swaminathan, father of Indian green revolution, Islamic banking may be the

solution to farmer suicide crisis in Vidarbha. According to Sachar Committee Report, banking sector has categorized Muslims and Muslim dominated areas as "Negative Zone". This exclusion is partly due to reasons of their faith, interest being not permitted. Reports also reveal that in relation to those who have dealings with banks, thousands of crores of their interest money is lying idle in the banks and these saving are not ploughed back by them into economic activity of the country.

Major Financial Problems Faced by Muslim Women Entrepreneurs in Kerala

Financial Problems	Percentage of Entrepreneurs
High Rate of Interest	55
Collateral Securities	5
Complications of Loans	10
Religious Faith	30

Source: primary Data

Planning Commission of India constituted a high level Committee on Financial Sector Reforms -CFSR under Dr Raghuram Rajan, former IMF Chief Economist which recommended interest free finance to be introduced in the main Banking sector with the objective of inclusion and growth through innovation. After the massive failure of Microfinance institutions, RBI constituted Malegam committee to check the functioning of these institutions. But Andhra Pradesh government were unsatisfied with the performance and exploitative methods being adopted by MFIs has announced that it is launching interest free loans to help Self Help groups-SHG's another micro credit and finance institutions.

There is a silent demographic transition happening among the Muslim women in Kerala, who are getting more and more empowered like women from other communities. The community too wants to experience the kind of economic freedom and empowerment that comes along with the financial security as enjoyed by other communities over the years. Illiteracy and poverty are the root cause for

early marriages and high infant mortality rates across the country.

Entrepreneurial activities of women is open the way to come out from the darkness and it lead to acquire economic freedom. Government and non governmental interference are needed to uplift the weakest section of the society.

Major Findings:

- Muslim women are facing various socio-economic problems due to their lower participation of economic activities.
- Major financial problem faced by Muslim women entrepreneurs is high Interest rate of commercial banks
- The community wants to experience more economic freedom and empowerment that comes along with the financial security as enjoyed by other communities.
- Interest-free loans could enhance Muslim women Entrepreneurs
- There is no enough Islamic Banking facilities in Kerala.

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