



MICRO FINANCE AND WOMEN EMPOWERMENT: A STUDY

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Abstract

Microfinance is a type of banking service that provides credit to vulnerable sections or low-income individuals, who would otherwise have no other means of getting financial services from the formal sources. In this study the researcher made an attempt to examine on much debated question of the role of microfinance as a financial tool for enhancing women empowerment. For the last three decades micro finance is considered as key strategy in addressing development issues across the nation. Microfinance through Self Help Groups in India has been promoted positive economic impact on rural women which finally results in sustainable development of the nation. The main goal of this present study is to assess the impact of microfinance on women empowerment among rural lower income women in Jagityal region, Telangana and find out the different hurdles faced by the women beneficiaries while approaching for a loan. To attain the above mentioned objective, this study used a cross-sectional design using stratified random sampling method. Both primary and secondary data are used. Primary data is collected from the field survey in the study region secondary data is used from NGO Reports and documents. Cross tabulation, paired t-test and chi-square methods are used for analysis purpose. This paper concluded that there is a definite improvement in socio- economic condition of rural women as a result of participating in microfinance activities.

Keywords: Micro Finance, SHGs, Women Empowerment, Economic Impact.

Introduction

Microfinance is defined as the provision of different financial services such as savings, credit, and insurance to low income individuals or groups which fall just above the poverty line and poor individuals which fall below that poverty line, with the aim of creating social value. Microfinance through Self Help Group (SHG) has been recognized internationally as a modern tool to eradicate poverty and socio-economic development of women. In the last few decades, NGOs and government of different countries have introduced microfinance activities by providing financial assistance to low income individuals, especially targeting women. This was based on the assumption that majority of rural women in poor households are likely to be credit constrained, and thus less able to take on income-generating activities. Access to credit has received even more care in the context of women empowerment and poverty reduction. Mostly women are facing difficulty in getting institutional credit due to lack of asset than can be used as confirmative. Microfinance give not only women access to savings and credit, but reach millions of people India bringing them together regularly in organized groups. Microfinance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation.

In India NABARD took an initiation in affiliation with various cooperative and regional rural banks. Through the main objective of micro finance program is to access the credit for economic growth and social change. Results showed that women have been discriminated and underprivileged section in society not only in India but all over the world.

Apart from the informal sources of finance the formal sectors like commercial banks, RRBs and NGOs etc. are taking more interest in providing microfinance to women considering it to be a beneficial commercial activity. Rural women are also participating in the microfinance movement by getting the microfinance services being provided by the various financial sources.

The study would highlight the role and importance of micro-credit, Microfinance institutions, role of government and self help groups in offering micro-credit. The results of this study would be offer important input to planners, policy makers, Non-Governments Organizations for framing policies to empower the women through Self Help Groups.

Review of Literature

Ranjula Bali Swaina and Fan Yang Wallentin (2009) in their article 'Does microfinance empower women? Evidence from Self Help Groups in India' concluded that their study strongly indicate that SHG members are empowered by participating in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices.



Gurumoorthy (2000) in his study stated that Self Help Group (SHG) as a feasible alternative to achieve the objectives of sustainable growth and to get people participation in all rural development. It was a coordinated effort to provide micro-credit to the rural women on the strength of the group savings without affirming on any collateral security for the purpose of encouraging them to generate income generating activities.

Sarangi (2007) assessed the impact of microfinance on rural poor households in few backward regions of Madhya Pradesh in India. He concluded that credit to serve as a main tool for poverty eradication did not seem to be plausible, without other confirmative mechanisms that help in increasing the potential of credit use by the poor.

Navin Kumar rajpal and Sharmila Tamang (2014) in "The impact of Microfinance programs through SHGs on women entrepreneurs in india" assessed the role of micro finance program through self help group on the tribal women in Mayurbani district of odisha. The study found that in rural areas SHG based microfinance programs had assist the poor people to generate money earning activities and improves average income and saving level of the rural women entrepreneurs.

Objectives of the Study

1. To study the role of microfinance in Economic empowerment of rural women in Jagityal area Karimnagar district, Telangana.
2. To study the extent of socio-economic support provided by microfinance to Rural Women.
3. To study potential hurdles in the development of women empowerment.
4. To study the type of support service necessary to maximize the contribution of microfinance service.

Scope of the Study

The present research is to study the critical study of micro finance functioning with reference to Jagityal Karimnagar District so far, this type of study on microfinance has not been attempted in Jagityal region. Hence it is necessary to work in this area. This would be of great help to the implementing agencies and microfinance institutions to bring necessary improvements in the SHGs for attaining the overall empowerment of women.

Research Methodology

The study is carried out in rural areas of Karimnagar district, Jagityal region. Both primary and secondary data are used. Primary data is collected from a field survey in the study region. Secondary data is gathered from other documents and NGOs' reports. Cluster and area sampling is followed since SHG members in large in number they are categorized by groups and randomly selected for data collection. Total 80 samples have been collected for the study from different rural areas of selected area. Paired chi-square test, cross tabulation was used to analyze the data. A structured questionnaire is prepared to collect the data from rural Self Help Group members those who are actively participated in micro finance activities.

Hypothesis

1. There is no significant difference between the income before and income after taking loan from micro finance
2. There is no significant relation between Education qualification and Independent savings.
3. There is no significant relationship between Occupation and impacts of microfinance on women economic empowerment.

Limitations of the Study

The study is confined with the rural area of Jagityal, Karimnagar District hence the results may not be applicable to urban area SHG members. Since this study is a part of learning process, the area covered in the study is very small and based on bounded sample size too, which forms major limitation of the study.

Data Analysis and Interpretation

Tools of Data Analysis

The tools applied for data analysis are percentages'' t- test, chi-square test has been applied. The study has used statistical tables whenever necessary.

T-Test

H₀: There is no Significant Difference between the Income before and after taking Loan from Microfinance.

Table: 1 Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	INCOME BEFORE	1.09	80	.326	.036
	INCOME AFTER	2.41	80	.544	.061

Table: 1.2

Mean	SD	Std. Error Mean	t	df	Paired Differences		Sig. Value
					95% Confidence Interval of the Difference		
					Lower	Upper	
-1.325	.471	0.53	-25.144	79	-1.430	-1.220	.000

Source: Primary Data

Inference

From the above table it can be inferred that the t value is calculated at -25.144 and the p-value for this two tail test is 0.000, which is much less than 0.05. i.e., the null hypothesis is rejected hence the final conclusion is there is a significant difference between the income before and after the taking loan from Microfinance. The reasons for the rejection of null hypothesis is that women might involved in income generating activities like agriculture, retail trade or handicraft business after using loan from Microfinance.

Hypothesis

H₀: There is no Significant Relation between Education Qualification and Independent Savings.

Table: 2 Education Qualification vs. Independent Savings Cross Tabulation

			INDEPENDENT SAVINGS			Total
			Yes	No	Sometimes	
Education	No formal education	Count	3	6	11	20
		% within 2)EDUCATION	15.0%	30.0%	55.0%	100.0%
	Primary school	Count	7	4	13	24
		% within 2)EDUCATION	29.2%	16.7%	54.2%	100.0%
	Secondary/Technical school	Count	18	4	14	36
		% within 2)EDUCATION	50.0%	11.1%	38.9%	100.0%
Total	Count	28	14	38	80	
	% within 2)EDUCATION	35.0%	17.5%	47.5%	100.0%	

Chi-Square Test			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.492 ^a	4	.075
Likelihood Ratio	8.687	4	.069
Linear-by-Linear Association	4.529	1	.033
N of Valid Cases	80		

Table 2.1 a. 2 cells (22.2%) have expected count less than 5. The minimum expected count is 3.50.

Inference

The above table presents the chi-square test which results the relationship between education qualification and independent savings of the women. Chi-square value is 8.4, and $p=0.75 > 0.005$ hence null hypothesis is accepted. It was found that there

is no significant association between the two variables and the null hypothesis formulated that there is no significant association between the two is accepted. It can be observed that whatever may be the education qualification that women try to have their own independent savings for their children education or for daily needs at home.

Hypothesis

H₀: There is no significant relationship between occupation and impact of Microfinance on Women Empowerment.

Table: 3 Occupation vs. Impact of Micro Finance Cross Tabulation

			22)IMPACTS OF MF				
			Improved my business	Improved my economic status	Improved my social status	Improved my role in family	Total
Occupation	Retail trader	Count	8	5	0	1	14
		% within OCCUPATION	57.1%	35.7%	.0%	7.1%	100.0%
	House wife	Count	4	17	3	9	33
		% within OCCUPATION	12.1%	51.5%	9.1%	27.3%	100.0%
	Farming	Count	0	7	2	0	9
		% within OCCUPATION	.0%	77.8%	22.2%	.0%	100.0%
	Artisan/Handicraft	Count	1	1	0	0	2
		% within OCCUPATION	50.0%	50.0%	.0%	.0%	100.0%
	Employee	Count	1	5	6	1	13
		% within OCCUPATION	7.7%	38.5%	46.2%	7.7%	100.0%
	Others	Count	0	4	1	4	9
		% within OCCUPATION	.0%	44.4%	11.1%	44.4%	100.0%
Total		Count	14	39	12	15	80
		% within OCCUPATION	17.5%	48.8%	15.0%	18.8%	100.0%

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.949 ^a	15	.000
Likelihood Ratio	40.087	15	.000
Linear-by-Linear Association	6.383	1	.012
N of Valid Cases	80		
Table: 3.1 a. 19 cells (79.2%) have expected count less than 5. The minimum expected count is .30.			
Chi-square value is 40.9, and $p=0.001<0.005$, null hypothesis is rejected.			

Inference

The above table exhibits the chi-square test which results the relationship between the **occupation** and **impact of microfinance** and it also found that there is a significant association between the two variables and the null hypothesis formulated and there is no significant association between the two is rejected. The reason behind the rejection is that majority of respondents involved in different occupations improved their economic well being and social status. Women those who are house wive improved their role in family after participating in micro financing activities.

Findings

The main findings of the study are the following:

1. Majority of the respondents evaluated the effort of microfinance activities to empower women as good and feel that the effort is excellent.
2. It is noticed that majority of the respondents faced problem in loan availing because of lack of financial literacy.
3. It found that there is no relation between the education qualification and independent savings of rural women in selected area and there is some relation between occupation and loan used for.
4. Majority of the respondents feel comfortable in giving opinion in presence of their husband and family members after getting micro credit.
5. There is a gradual improvement in economic well being and social empowerment among rural women as a result of participating in microfinance activities through SHG program.
6. It is found that most of the women are not aware of the trainings sessions organized by the NGO. The NGO shall actively take part in various trainings programmes provided to all rural women members wherein they can acquire more knowledge about the various income generating activities.
7. It is also noticed that that there is a gradual change in the socio-economic status of women in rural areas after getting Microfinance.

Conclusion

The present study brings forth the fact that there is a gradual change in the socio-economic status of women in rural areas. With the affirm service provided by microfinance institutes many of respondents are involved in income generating activities which improved their average income and thereby change their role in household decision making .After joining SHGs the respondents are less depend on local money lenders. But micro finance institutions made easier the processing procedure so that people even with less financial literacy can easily access the gains of it as it is main obstacle while approaching the loan. So a well designed and executed microfinance programme will ensure rural women empowerment on its true sense. While interacting with the women respondents it is observed that few members are expecting the microfinance institutions to come up with much more training sessions in entrepreneurial activities.

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