



PRACTICALITIES OF MICRO FINANCE: RURAL WOMEN EMPOWERMENT

N. Venkatesh

Research Scholar, School of Management Studies, JNTUH, Hyderabad.

Dr. A. Prabhu Kumar

Professor, School of Management Studies, JNTUH, Hyderabad.

ABSTRACT

This paper aims at the study of Micro Finance and its impact on the socio- economic aspects of rural women in Telangana. An attempt is also made to put forward the ways to enhance women empowerment. Micro finance intends to implement and proliferate an inclusive growth and sustainability in the rural area. Most of the countries adopt explicit goal of empowering the economic status of the rural women through the micro finance activities. Micro finance view conquered by SHG-Bank linkage programme as a cost effective instrument for providing financial services to the poor households which has been successful not only in financial needs of the rural poor women but also support other socio economic developments, leading to their empowerment. But the cultural and patriarchal societies deny the rights and independency of women in few countries like India. The lack of financial literacy is also one of the reasons of women dependency in rural areas, whereas micro finances empowering their participation in financial related activities to strengthen the standard of living. In this paper attempt has been made to study and to bring out the constraints of rural women empowerment and to show the problem shooters through micro finance activities.

Key words: *Micro Finance, Women Empowerment, Rural Women, Financial Literacy.*

INTRODUCTION

Today there is a big number of working women in India is in rural area and unorganized sectors. Their contribution towards the national wealth, community development and sustainable livelihood of the families is per se. It nearly half of the Indian women population living in rural areas with agriculture based families. Economically and socially, many Indian rural women cramped in family affairs .The cultural and patriarchal society deny the rights and independency of women and lack of financial literacy also one of the reasons. Indian women have a vital role in house hold management and they also participating different financial activities. In some families women worked for sewing machines, beedi rolling, farming, maintaining giant stores and other income generating activities to strengthen the family. Particularly rural women struggled for family survival to work outside home along with husband as a daily labor because lower earning male members in the family .In recent years the empowerment has been recognized as the central issue in stating the status of women.

Independency, decision making role in house hold affairs, and participating in economic activities are the few indicators of empowerment .This study aims to know the socio economic status of rural women after availing and participating the micro finance activities. This paper also focuses on microfinance and its role in giving the women empowerment at domestic decision making level to the poorest female of Telangana.

EMPOWERMENT: FOCUS ON RURAL WOMEN

According to Amartya Sen., “women are less likely to secure favorable outcomes for themselves in household decision making processes. They feel that their long term security lies in subordinating their wellbeing to that of male authority figures”.(1999)

Gender inequality is one of the socio economic barriers of development of the economy. Especially in India, the drip down effects of macroeconomic policies has failed to resolve the problem. Rural women have been susceptible segment in the population where they face social economic barriers in order to survival. Micro finance deals with target group of rural women with different reasons: lack of financial literacy and family and patriarchal society, illiteracy, dependency of rural women on men. Many argue states that women are better manager, the better patrons than men and they effectively utilize the benefits of loans. According to Pillai (1995), women

empowerment is an active, multidimensional process which enables women to realize their full identity and powers in all spheres of life. It leads strengthen of individuals and communities in the different areas of life and it means Inculcating confidence in people in their own capacities.

So many programs were initiated by the ministry of rural development adequate resources unmarked. SGSY (Swarnagayanthi Grameen Swarazar Yojana), Indira Awas yojana(IAY), National Social Assistance Progrmme, Development of Women And Child (DWACRA) There is also predominant models followed in India that is self help groups (SHG s) –financial intermediation on behalf of the formal institution and grameen Groups – based on group assurance towards enhance the women status in society.

CONCEPT OF MICRO FINANCE AND WOMEN EMPOWERMENT

Microfinance is the stipulation of financial services to low earning patrons to make investment in income generating activities and provide than other financial services to promote, uphold activities. Mainly they reach out socially susceptible segments in the society. It is one type of financial lending systems to focus on poverty eradication and women empowerment.

Micro finance has broad concept compared to micro credit whereas micro credit is a small amount of loan given to the clients but micro finance provision of other financial services like savings, insurance etc. The main features of Micro Finance is Facilitate loans are given to poor people and small help groups without security and maximum limit of micro finance Rs25000/-Today micro finance is an area under discussion of much debate. Many researches state that it reduces poverty and target women women empowerment. On the other hand critics say that instead of being used for useful investments some of them used for unproductive manner that it fails to empower women.

Finance is one of the basic requirements for economic well-being but lack of rural access to formal finance majority of rural people depends on informal sources. They face different problems in getting finance however The formal financial services by banks have many limitations include high operating cost , security and lack of banking awareness so micro finance came forward as an alternative to provide loans to poor people with explicit goal of make financial inclusion and women empowerment. Microfinance here emerged as a noble substitute for informal credit and an effective and powerful instrument for poverty reduction among people who are economically active but financially constrained and vulnerable in various countries (Murdoch and Haley, 2002). A new loom has to serve financial needs of India s rural people is the concept of self help groups (SHGs). It is a diminutive group of homogeneous and similar segment of rural poor, came forward to form a purpose of save and contribute to a common fund to be lent to the members as per group decision and for working for economic and social wealth of their own and community. This concept of SHG is started in India in the year 1997-98.In present scenario many developing countries adopt the micro finance strategies in order to eradicate poverty and empowering the women and most of the NGOS and other financial institutions came forward to provide microfinance to the rural and remote areas.

Micro finance was first introduced by Md Yunus from Bangladesh in the form of Grameena Bank. In India NABARD took this Initiative to start this concept. In this there exists a link between SHG (Self-help group), NGOs and Banks. Whereas in Andhra Pradesh & Telanagana there is huge micro finance operations were conducted. According to micro finance state of the sector 2011 report, MFI have reached 31.4 million clients all over India. Telangana & Andhra Pradesh has the highest concentration of around 17.31million and 6.24million MFI clients are participating micro finance operations. The total microfinance loans in Andhra Pradesh & Telanagana including both SHGs and MFIs stood at Rs.1, 57,692 million with average loan outstanding per poor household at Rs. 62,527 which is the highest among all the states in India.

SCOPE OF THE STUDY

Micro finance is one of the financial service aspects which gave scope for conducting research in socio - economic problems. Many researches took place on MFI and women empowerment, it also discussed in different

articles and still it has scope to conduct research in this area hence the researcher is interested to conduct research on a specific place dichpally mandal in Nizamabad District to find out various socio economical issues with appropriate solutions.

RESEARCH QUESTION

- Does Micro Finance enhance the socio-economic status of rural women? If so how?

OBJECTIVES OF THE STUDY

- To study the micro finance and socio-economic impact on rural women
- To examine the level of financial status of rural women after getting the microfinance
- To profile the relationship between empowerment and microfinance

METHODOLOGY

The study is carried out in rural areas of Nizamabad District in Telangana. Primary data was collected from a field survey in the study area. Secondary data is also taken from different sources. Different self-help groups are involved in this study. Stratified random sampling technique is followed during this survey because members are large in number they are separated by four strata's and randomly selected for data collection. A structured interview schedule was prepared by the researcher and used for collecting data from the rural SHG women members who are engaged in Micro institutes through microfinance. Sample sizes of 120 women members of SHGs of Dichpally mandal in Nizamabad District were selected. For coverage of each of the region with equal weight, the total sample of 120 members was split into 30 members from each region. To understand the demographic and socio-economic characteristic of the respondents in the study area indicators like age, gender, educational status, occupation, income and expenditure before and after joining SHGs, utilization of loan from banks are focused on.

DATA ANALYSIS AND INTERPRETATION

Crosstabs

H_0 : There is no significance relation between the education and purpose of the loan.

Education & purpose of the loan Cross tabulation

		Purpose of the loan				Total
		Consumption and Maintenance	Purchase of assets	Health and Education	Income generating	
Education	Count	16	10	1	3	30
illiterate	% within Education	53.3%	33.3%	3.3%	10.0%	100.0%
	Count	20	27	6	13	66
1- 10 th	% within Education	30.3%	40.9%	9.1%	19.7%	100.0%
	Count	3	5	6	2	16
10+2	% within Education	18.8%	31.3%	37.5%	12.5%	100.0%
	Count	3	4	2	0	9
UG-PG	% within Education	33.3%	44.4%	22.2%	.0%	100.0%
	Count	42	46	15	18	121
Total	% within Education	34.7%	38.0%	12.4%	14.9%	100.0%

Source: Primary Data

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.469(a)	9	.021
Likelihood Ratio	18.483	9	.030
Linear-by-Linear Association	2.145	1	.143
N of Valid Cases	121		

8 cells (50.0%) have expected count less than 5. The minimum expected count is 1.12.

Inference

The obtained chi-square value 19.469 at 9 degrees of freedom, the significance value is 0.021 which is less than 0.05 hence reject the null hypothesis i.e. there is a significant importance for education on the purpose of the loan. It can be stated that well educated people spend money in a productive manner for the income generating activities. And low educated people utilize the money for maintenance and consumption purposes and few of them spend on purchase the assets. Then it clears that education will directly influence the financial as well as social awareness and it shows High literacy rate of the respondents is a distinctive feature among the demographics which is a positive sign in their socioeconomic development process.

H_0 : There is no significance relation between the age and purpose of the loan

Age & Purpose of the Loan Cross Tabulation

		Purpose of the loan				Total
		Consumption and Maintenance	Purchase of assets	Health and Education	Income generating	
Age	Count	5	8	6	2	21
	% within Age	23.8%	38.1%	28.6%	9.5%	100.0%
18-25	Count	14	16	5	8	43
	% within Age	32.6%	37.2%	11.6%	18.6%	100.0%
25-35	Count	19	13	2	4	38
	% within Age	50.0%	34.2%	5.3%	10.5%	100.0%
35-45	Count	4	9	2	4	19
Above 45	% within Age	21.1%	47.4%	10.5%	21.1%	100.0%
	Count	42	46	15	18	121
Total	% within Age	34.7%	38.0%	12.4%	14.9%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.789(a)	9	.172
Likelihood Ratio	11.973	9	.215
Linear-by-Linear Association	.315	1	.574
N of Valid Cases	121		

5 cells (31.3%) have expected count less than 5. The minimum expected count is 2.36.

Inference

The obtained chi-square value 12.789 at 9 degrees of freedom, the significance value is 0.172 which is greater than 0.05 hence accept the null hypothesis i.e. there is no significant importance of age on the purpose of loan. Actually the majority age of respondents in the study area are 25-45 and they are intended to take the loans for their family needs but the age marks the potentiality that is capacity to acquire work related skills, propensity to participate in socio-economic activities and Capability to overcome hurdles confronted.

H_0 : There is no significance relation between the income level of the respondent and availing loan

Income & availing Loan Cross tabulation

			Loan				Total
			<10,000	10,000-15,000	15,000-20,000	>20,000	<10,000
Income	Count	4	8	9	15	36	
	% within income	11.1%	22.2%	25.0%	41.7%	100.0%	
<5000 5000-10000	Count	7	7	23	28	65	
	% within income	10.8%	10.8%	35.4%	43.1%	100.0%	
10000-20000	Count	0	0	6	6	12	
	% within income	.0%	.0%	50.0%	50.0%	100.0%	
>20000	Count	0	3	0	3	6	
	% within income	.0%	50.0%	.0%	50.0%	100.0%	
Total		Count	11	18	38	52	119
		% within income	9.2%	15.1%	31.9%	43.7%	100.0%

Chi-Square Tests.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.747(a)	9	.098
Likelihood Ratio	18.076	9	.034
Linear-by-Linear Association	.996	1	.318
N of Valid Cases	119		

8 cells (50.0%) have expected count less than 5. The minimum expected count is .55.

Inference

The obtained chi-square value 14.747 at 9 degrees of freedom, the significance value is 0.098 which is greater than 0.05 hence accept the null hypothesis i.e. there is a significant importance of income on the availing loan. Further stating in the selected area that the low income people borrowed Rs 20,000 and above loan for their family needs in order to survival. Especially micro finance institutions are profusely targeted at lower income rural households because they are struggling with financial affairs and they face different problems in getting finance from formal sources.

T-Test

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Awareness before availing loan&	1.94	100	.908	.091
	Awareness after availing loan.	3.02	100	.899	.090

The following table clearly shows the mean value socio-economic awareness before availing loan and awareness after availing loan with the standard deviation.

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Awareness before availing loan.& Awareness after availing loan .	100	.583	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		Mean	Std. Deviation	Std. Error Mean
		Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Pair 1	Awareness before availing loan & Awareness after availing loan .	-1.080	.825	.082	-1.244	-.916	13.093	.99	.000

Inference

In the present study, it is measured by asking the Participants whether they have minimum social awareness or not. Basing on the sig. value of the t test i.e. 0.000 which is less than the 0.05 the null hypothesis is rejected. It is observed that there is a significant relationship between the awareness before and after getting micro finance activities. However, when the participants were asked about the financial awareness related information, majority of the micro finance participants positively. Thus it shows the participants have full aware of socio economic conditions after getting the micro finance.

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Income before availing loan&	1.89	121	.772	.070
	Income after availing loan	2.55	121	.913	.083

The following table clearly shows the mean value of income level before the financial assistance and income level after the financial assistance along with the standard deviation.

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Income before availing loan& Income after availing loan	121	.734	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		Mean	Std. Deviation	Std. Error Mean
		Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Pair 1	Income before availing loan& Income after availing loan	-.653	.629	.057	-.766	-.540	11.425	120	.000

Inference

Basing on the sig. value of the t test i.e. 0.000 which is less than the 0.05 hence reject the null hypothesis. It is studied that there is a significant improvement in the income of the respondents after getting the micro finance. Respondents were asked about their financial status before and after getting micro finance however, in majority of cases micro finance participated people are more economically uplifted. Further it can be stated that women participated in micro finance activities certainly are more empowered because they used this amount to start income generating activities well suited to their capabilities.

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Expenditure before availing loan&	1.77	121	.728	.066
	Expenditure after availing loan	1.93	121	.803	.073

The following table clearly shows the mean value expenditure before the financial assistance and after the financial assistance along with the standard deviation.

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Expenditure before availing loan& Expenditure after availing loan	121	.786	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		Mean	Std. Deviation	Std. Error Mean
		Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Pair 1	Expenditure before availing loan & Expenditure after availing loan	-.165	.506	.046	-.256	-.074	-3.595	120	.000

Inference

Basing on the sig. value of the t test i.e. 0.000 which is less than the 0.05 hence reject the null hypothesis. It can be stated that there is a significant relationship between the expenditure before availing the loan and expenditure after availing the loan. It also reveals that the micro finance participants spent on different household purposes so that the level expenditure level is increases after availing the loan. Nevertheless, spending more for the household purpose can help women to gain acknowledgement from members and the valuable support can also help to promote their socio-economic status.

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	work before availing loan &	1.72	121	.849	.077
	work after availing loan	1.93	121	.803	.073

The following table clearly shows the mean value numbers of working members before the financial assistance and after the financial assistance along with the standard deviation.

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	work before availing loan & work after availing loan	121	.388	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		Mean	Std. Deviation	Std. Error Mean
		Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Pair 1	work before availing loan & work after availing loan	-.215	.915	.083	-.380	-.050	-2.584	120	.011

Inference

Basing on the sig. value of the t test i.e. 0.011 which is less than the 0.05 hence reject the null hypothesis. Finally it can be concluded that there is a significant relationship between the numbers of working members in the family before the financial assistance and after the financial assistance of micro finance participants. The study shows that the numbers of working members were increased in the family after involving the micro finance activities.

FINDINGS

The researcher has analyzed the data collected from different sources and found a few aspects which enhance the rural women status by participating Micro finance activities.

1. It is found that micro finance improved economic and social status of rural women
2. There is a significant development in the income of the respondents after getting micro finance
3. With micro finance, women are empowered to a large extent and are less dependent on the head of the family
4. The major purpose to opt for micro finance was consumption and maintenance and purchase of assets
5. Income level and expenditure level of families have increased leading to better standard of living which is good for society
6. With micro finance women are more aware of social and economic issues and they are less dependent on husband in family
7. It is found that age does not matter in borrowing the loans but it marks the potentiality that is capacity to acquire work related skills, propensity to participate in socio-economic activities and there is significant importance for education on the purpose of the loan they used

CONCLUSION

The study revealed that there was a steady change in the financial and social status of women after availing the micro finance. The cultural and patriarchal societies denied the rights and independency of women and now women role in the family and society has changed after participating micro finance activities. The observed findings of the study propose that microfinance has a profound influence on the financial status, decision making power, knowledge and self-worthiness of women participants of micro finance in Nizamabad district. The Impact of micro finance is significant in bringing confidence, independency, skill development and empowerment. The respondents were able to take decisions in their families after availing microfinance. Finally it leads them to participate on various social welfare activities thus the social empowerment was achieved in the rural district.

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