

Microfinance and Women Empowerment

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ABSTRACT

Empowerment of women is one of the very important issues in developing countries. By generating employment, microfinance is emerging as a powerful instrument for poverty alleviation, employment generation and empowerment of women. The objective of this paper is to examine the role of microfinance in women empowerment. The results of the study reveal that women are economically and socially empowered after joining SHG and getting microfinance. The Study also reveals the fact that involvement in SHG brought courage and self confidence and increased their decision making ability. They were able to open bank accounts and microfinance has brought better economic and social status, improved social interaction and directly and indirectly happiness and peace in the family. Thus microfinance helps to tackle the problem of unemployment and also provides a platform for talented women entrepreneurs.

Keywords: Microfinance, Self Help Group (SHG), empowerment

INTRODUCTION

Microfinance is advocated and promoted by policymakers, development agencies, government officials and politicians as an effective anti-poverty intervention, both through the functions it performs and for the potential it carries to improve the livelihood of poor and vulnerable people. The core function of a microfinance programme is to provide financial services, to reach poor men and women and to give them access to savings and credit. Among the policies related to poverty alleviation, microfinance and microcredit programmes occupy a predominant position. Microfinance allows poor people to protect, diversify and increase their source of income, the essential path out of poverty and hunger. The two primary reasons for the successful diffusion of microfinance are- first, it enables poor people to access financial services targeted at them and secondly, it allows the possibility of contributing to local economic development.

Empowerment refers to increasing the spiritual, political, social or economic strength of individuals and communities. It is a process of awareness and capacity building leading to great participation to greater decision making power and control and transformative action. Driven by the motivation to involve women in the development process in order to achieve sustainable growth and development has led governments, development practitioners and donor agencies to focus on microfinance as a strategy capable of reaching and empowering women.

Microfinance makes women economically independent by putting capital and financial resources in their hands. Economic independence results in higher bargaining power for women in their households and communities and subsequently results in higher prestige and self esteem. Here the function of microfinance is synchronous with its potential to empower. Empowerment through microfinance is identified and measured in various dimensions: impact on decision making, on self confidence of women, on their status at home, on family relationships and the incidence of domestic violence, on their involvement in the community, on their political empowerment and rights.

Microfinance provides women with financial resources they need to start small business enterprises and actively participated in the economic development of the country. It gives them confidence, improves their status and makes them more active in decision making, thus encouraging gender equality. It is against

this background the present study makes an attempt to examine the role of microfinance in women empowerment.

REVIEW OF LITERATURE

There are several strands on literature on the role of microfinance in the empowerment of women. This section focuses on the brief review of literature relevant to the present study.

Empowering women through microfinance states that women members of Micro Finance Institutions (MFIs) have more control over savings and income generated from the business, greater role in decision making, greater self efficacy and self esteem and greater freedom of mobility and increased activities outside home (Mushumbusi Paul Kato, Jan Kratzor ,2013)

Empowerment of women is essentially the process of upliftment of economic, social and political status of women, the traditionally underprivileged ones in the society. It is the process of guarding them against all forms of violence. Women empowerment involves the building up of a society, a political environment, wherein women can breathe without the fear of oppression, exploitation, apprehension, discrimination and general feeling of persecution which goes with being a woman in a traditionally male dominated structure (Shiva Kumar Lal).

Joshi defines microfinance as 'the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve their living standard.

Microfinance is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries. (Microcredit Summit Campaign 2000).

Microcredit plays a critical role in empowering women, help deliver newfound respect, independence and participation for women in their communities and in their households. (Juan Somavia, ILO Director General)

The problems faced by women entrepreneur are many but Self Help Group can be instrumental in bringing desired change in attitudes. Women empowerment is possible through concerted efforts of members. The case has been proven by success stories from many parts of India. The movement needs to get necessary momentum to get visible results (Subhada Mohan Kulkarni , 2011). There is a definite improvement in psychological well being and social empowerment among rural women as a result of participating in microfinance through SHG (S.Sarumathi and Dr. K Mohan, 2011)

Microfinance acts as a financial intermediary for enhancing women empowerment. Microfinance has a profound influence on the economic status, decision making power, knowledge and self worthiness of women participants of Self Help Group (Dr. Aruna and Ms. Rama Jyothimayi, 2011). It has received extensive recognition as a strategy for economic empowerment of women. H.G Joshi (2011).

Isidore Ekpe, Norsiah Binti Mat and Razli Che Razak (2010) in their study examined the effect of credit, savings, trading and social capital on women entrepreneurs performance in Nigeria.

OBJECTIVES OF THE STUDY

The main objective of the study is to examine the role of microfinance in women empowerment.

RESEARCH DESIGN AND METHODOLOGY

The Study is designed as descriptive one mainly based on primary and secondary data. The descriptive research explains the state of affairs as it exists at present. The study is mainly based on primary data collected from 150 SHG members in Thrissur District in Kerala. Secondary data relating to the study have been collected from the website of NABARD, books, journals, periodicals the Indian Journal of commerce, Kerala Economic Review etc. The study uses simple mathematical tools like ratios and percentages for analysing the data.

EMPIRICAL RESULTS AND DISCUSSION

In this study an attempt is made to assess the role of microfinance in the empowerment of women. The sample size is 150 respondents selected from in Thrissur District in Kerala. The profile of the respondents of the study are examined using the variables age group, family size, educational status, reasons for joining microfinance, opinion about interest rate, monthly repayment, satisfaction of members in meeting their financial requirements, assets acquired and benefits derived by them after joining microfinance and respondents opinion in relation to loan. In this section an attempt is made to present the results of the analysis of data relating to-

Demographic Profile of Respondents

This section depicts the demographic profile of sample respondents under age group, family size and education.

Table. 1 Demographic Profile of the Respondents

Variables		Number of respondents	Percentage (%)
Age	20 to 30	18	12
	30 to 40	52	35
	40 to 50	42	28
	Above 50	38	25
	Total	150	100
No. of family members	Up to 5	122	81
	6 to 10	28	19
	Above 10	0	0
	Total	150	100
Educational status	Below SSLC	28	19
	SSLC	54	36
	Pre Degree/ Plus Two	50	33
	Degree/Diploma	18	12
	Post Graduation	0	0
	Total	150	100

Source : Field survey

Out of 150 respondents of the sample, 52 (35%) respondents are of the age group 30-40, 42(28%) of 40-50, 38(25%) of the age group above 50 and 18 respondents (12%) of the age group 20-30.

As far as the size of the family members is considered, 81% of the respondents belong to small family size having members ranging from one to five. 19% of the respondents belong to families having members ranging from six to ten.

Educational status of the respondents reveal that 28 (19%) respondents with education below SSLC, 54 (36%) SSLC, 50 (33%) plus two, 18 (12%) Degree. There were no respondents with a Post graduate degree among the sample size.

Socio-Economic Status of Respondents

There is evidence that microfinance has got an important role in the socio-economic empowerment of the rural population especially women. Table 2 portrays the respondent's ability to meet their financial requirements after joining the Microfinance, the assets acquired by them and the benefits derived out of the scheme

Table 2. Socio-Economic Status of Respondents

Variables		No. of respondents	Percentage (%)
Financial requirement	Satisfied	146	97
	Dissatisfied	4	3
	Total	150	100
Assets Acquired	Television	20	13
	Refrigerator	34	23
	Two wheeler	10	7
	Washing Machine	36	24
	Computer	50	33
Benefit derived	Decision making ability	146	97
	Increased level of happiness	38	25
	Better economic and social status	84	56
	Opened Bank account	136	91
	Subscribed Insurance Policy	8	5
	Better Social Interaction	80	53

Source : Field survey

The study reveals that 97% of the total respondents positively reacted to their satisfaction level with regard to their ability to meet the financial requirements after joining the micro finance scheme and the Self Help Group. Only 3% of the respondents are dissatisfied. They were also able to purchase certain assets like computer, television, refrigerator, washing machine etc after joining the scheme thereby increasing their socio-economic status in the society.

In this study an attempt was made to analyse the benefits derived out of the microfinance scheme in order to assess the role of microfinance in women empowerment. The results reveal that 97% of the respondents were able to increase their decision making ability after being part of this scheme. 91% of the respondents were able to open Bank account in their names. It has also helped them to enjoy better economic

and social status and have better social interaction and directly and indirectly happiness and peace in the family.

Role of Microfinance in women empowerment

This section deals with the role of microfinance and Self Help Groups in women empowerment.

Table 3. Indicators of the Role of Microfinance in Women Empowerment

Variables		No. of respondents	Percentage (%)
Reasons for joining Microfinance	Poverty	34	23
	Desire for employment	112	75
	To prove entrepreneurial traits	94	63
	To support family	94	63
Distribution of respondents based on Loan Interest	Up to 9%	84	56
	9% to 10%	0	0
	10% to 12%	66	44
	Total	150	100
	Opinion about interest rates	Satisfied	70
	Dissatisfied	80	53
	Total	150	100
Monthly Repayment	Below 3000	20	13
	3000 to 4000	71	47
	4000 to 5000	5	3
	5000 to 7000	54	37
	Total	150	100

Source : Field survey

The study reveals that 75% of the respondents opined that their reason for joining the scheme is their desire for employment and 63% of the respondents for the reasons to prove their entrepreneurial traits and to support their family. 23% of the respondents joined the scheme to eradicate poverty.

84 (56%) of the respondents availed loan @9% and loans given to 66(44%) beneficiaries at the rate of interest varying from 10% to 12%. 53% of the respondents were dissatisfied with the rate of interest and 47% were satisfied with the same. Regarding the repayment of loan, 47% of the respondents belong to a monthly payment of Rs.3000 to Rs.4000, 37% belong to the category of Rs.5000 to Rs.7000, 13% below Rs.3000 and 3% between Rs.4000 to Rs.5000.

Respondents opinion in relation to Loan

The table.4 reveals that majority of the respondents are satisfied with regard to repayment period and their decision to take loan is wise.

Table. 4 Respondents opinion in relation to Loan

Opinion	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Weighted Ranks
Repayment period is convenient	0	0	10	130	10	4.00
Loan amount is adequate	0	26	60	64	0	3.25
Easy repayment mode	0	0	36	100	14	3.85
Rate of interest is not high	16	48	8	54	24	3.15
Decision to take loan is wise	0	0	18	0	132	4.76

Source : Field survey

They also agree with regard to adequacy of loan amount and its easy repayment mode. The opinion that the rate of interest is not high is ranked the lowest.

CONCLUSION

This study examined the role of microfinance in women empowerment. 150 respondents were selected for the study. The profile of the respondents were examined using the variables: age group, family size, educational status, reasons for joining microfinance, opinion about interest rate, monthly repayment, satisfaction of members in meeting their financial requirements, assets acquired and benefits derived by them after joining microfinance and respondents opinion in relation to loan.

The results of the study reveal the following:

- Majority of the respondents are middle aged women with minimum educational background and from family size of one to five members.
- Majority of the respondents agreed that the major reason for joining the microfinance scheme is their desire for employment, to prove their entrepreneurial traits and to act as a support to their family members. Thus microfinance helps to tackle the problem of unemployment and also provides a platform for talented women entrepreneurs.
- Respondents expressed their satisfaction with regard to meeting their financial requirements and purchasing various assets after joining the microfinance scheme. This has improved their standard of living.
- All the respondents agreed that microfinance brought courage and self confidence and increased their decision making ability. They were able to open bank accounts and microfinance has brought better economic and social status, improved social interaction and directly and indirectly happiness and peace in the family.
- Majority of the respondents are satisfied with regard to repayment period, adequacy of loan amount and its repayment mode. They strongly agree to the fact that their decision to take loan is wise. Their only dissatisfaction is with regard to the rate of interest.
- Women are economically and socially empowered after joining SHG and getting microfinance.

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