

ROLE OF MICROFINANCE INSTITUTIONS ON WOMEN EMPOWERMENT

Sebin Sebastian : Asst.Prof on Contract,
Dept. of Commerce, SD College Kanjirapally
Vishak Vijayan : Research Scholar in Commerce,
Pavanatma College, Murickassery

Abstract

This paper makes an attempt to evaluate the role of Micro Finance Institutions on the empowerment of rural women. Hypotheses are developed to evaluate the effectiveness of Micro Finance Institutions on empowerment of women for mentioned many indicators. Microfinance has emerged as a powerful tool for women empowerment in the new economy. In India, micro finance distribution is mainly dominated by Self Help Groups (SHGs) – Bank linkage programme through various Micro Finance Institutions. It aims at providing a cost effectual mechanism for providing fiscal services to the poor section of the society. The findings of this study divulge that microfinance is a powerful tool in enhancing women empowerment for its all indicators like household economic decision making, legal awareness, and economic security.

Keywords: Micro Finance, Micro Finance Institutions, Women Empowerment

Introduction

Microfinance is a dominant instrument for poverty mitigation in the new economy. In India, Microfinance is subjugated by Self Help Group– Bank linkage programme through various Micro Finance Institutions as an efficient mechanism for providing financial services to the poor.

This has been triumphant not only in meeting financial needs of the rural poor women but also build up combined self-help capacities of the poor women, foremost to their empowerment. Economic empowerment grades in women's ability to influence or make decision, increased self- confidence, better status and role in household etc. This paper attempts to place forward how micro finance has received wide-ranging acknowledgment as a stratagem for empowerment of women.

This research examined the role of Micro Finance Institutions with respect to empowerment in household economic decision making, legal awareness, and economic security and poverty alleviation of rural women. An effort is also made to suggest the ways to increase women empowerment.

Statement of the problem

Microfinance is a small loan facility given to the people. It is considered to be one of the effectual tools of women empowerment. By merely offering loan to women be sufficient to make changes in their

attitude and literacy level? To what extent Microfinance loan facility succeed in bringing the targeted societies into the world of empowered women? Is Microfinance Institutions having any role in women empowerment?

There are many studies conducted about Microfinance initiatives and women empowerment. But nothing to be mentioned about role played Microfinance Institutions in women empowerment. Thus the research gap is identified and problem is stated as “Role of Microfinance Institutions in women empowerment” of women in Kottayam District.

Objectives

1. To assess the role of Microfinance Institutions on women empowerment in household economic decision making.
2. To explore the role of Microfinance Institutions on women empowerment in legal awareness, and economic security.

Hypotheses

1. **Ho:** There is no significant difference between age group of women and the role of Microfinance Institutions on women empowerment in household economic decision making.
2. **Ho:** There is no significant difference between educational qualification of women and the role of Microfinance Institutions on women empowerment in legal awareness.

Research methodology

Research Design: the study was descriptive and Exploratory in nature

Source of Data: Both Primary and secondary data was used for this study. Primary data was collected through structured questionnaire survey and secondary data was collected from various journals and magazines.

Sample and Sampling Methods: sample Size was 60 women's who are the beneficiaries of Micro credit from Kottayam District of Kerala State. Sampling technique was Best Judgment method.

Tools for Data Analysis: Kruskal-Wallis H test and Descriptive statistics was used for analysing collected data. SPSS software was used in this study.

Review of the Literature

Ram Kumar (2011) did a study on the topic “A Study of SHG Microfinance Initiatives in PurboMidnapore District of Rajastan.” The objectives of the study are, to recognize and gauge the socio economic circumstances of members of SHGs from Midnapore District, to examine the exploitation of microfinance service provided by the SHGs on income and employment levels of the beneficiaries in the district and to study the financial issues connected to SHGs. It is found that beside economic development the social viewpoint of the rural women has undergone a fundamental change. The involvement in groups drastically contributed in improving self confidence among the members.

Anna Custers (2011) did a study on the topic “Furthering Literacy Experimental Evidence from a Financial Literacy Program for Microfinance Client in Bhopal, India.” The study investigates the effects of a financial literacy guidance programs on financial literacy level of microfinance clients. The study finds that the financial literacy programme provided to the clients augmented their fiscal literacy. It also suggests that such training programme will boost the financial literacy of poor.

M. S. Sriram (2011) conducted a study named “Commercialization of microfinance in India- A decision on the Emperors Appeal”. This study explains the augmentation and commercialization of microfinance in India. The result study concluded that microfinance is purposeful on poverty and looking at interference that would advantage the poor. However once these organizations inexpensive the magic of microfinance and student to grow, there will be differences.

Theoretical Framework

Microfinance

Micro finance is defined as a way in which very poor families are provided very small loans (micro credit) to facilitate these families connect in productive activities or expand their already existing small businesses (Gateway, 2006).

Robinson (2000) also defines it as “small-scale financial services-primarily credit and savings-provided to people who farm or fish or herd and who operate small enterprises or micro enterprises where goods are produced, recycled, repaired or sold, who provide services; who work for wages or commissions; who gain income from recycling out small amounts of land, vehicles, draft animals or machinery and tools and to other individuals and groups at the local levels of developing countries both rural and urban”.

Microfinance Institutions (MFIs)

Microfinance Institutions (MFIs) are financial institutions that offer monetary and non-financial products and services to the poor energetic that would otherwise not have right to use to the services from the formal financial institutions. There are so many registered financial institutions in India.

Women Empowerment

Empowerment defined as “the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process is actions that both build individual and collective assets, and improve efficiency and fairness of the organizational and institutional context which govern the use of these assets”.

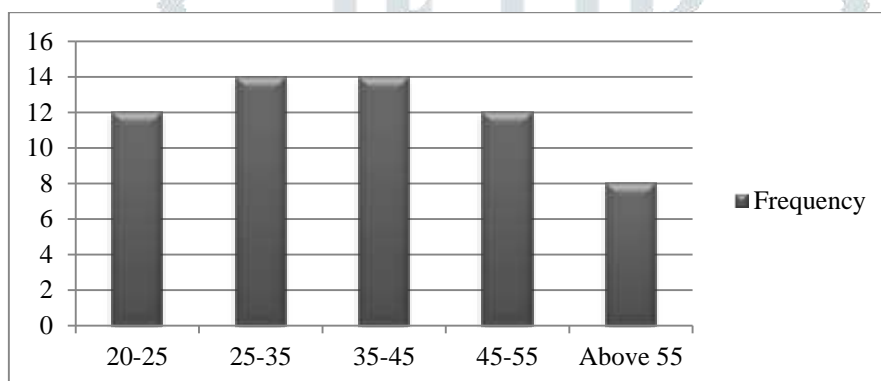
Women Empowerment as an atmosphere for women where they can make decisions for themselves for personal reimbursement and for the society by escalating and recovering social, economic, political and legal strength by making them confident enough to claim their rights and get their voices heard (India, 2015).

Data analysis and interpretation

Age wise classification of respondents

Age wise classification of the samples respondents were shown in the following table.

Age group	Frequency	Percentage
20-25	12	20.0
25-35	14	23.3
35-45	14	23.3
45-55	12	20.0
Above 55	8	13.3
Total	60	100.0

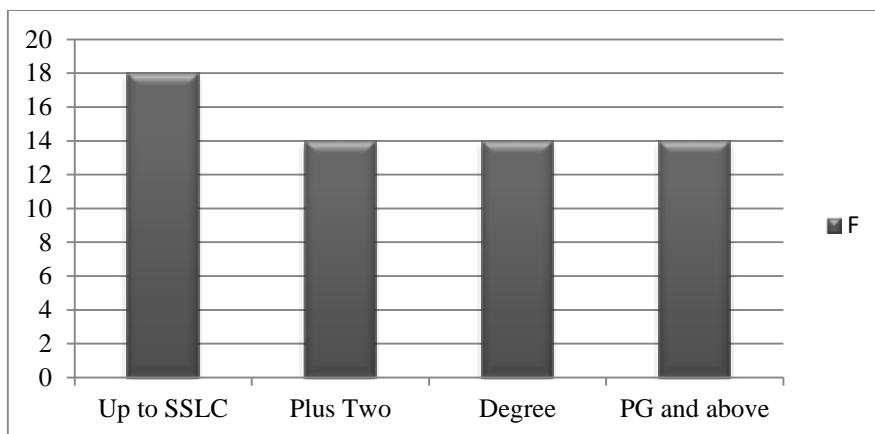


From the above table it is clear that 20.0% of the respondents are in the age group of 20-25, 23.3% of the respondents are in the age group of 25-35 and only 13.3% among the respondents are from the age group Above 55.

Educational qualification

Academic qualification explains the mental traits of the respondents. The various background of academic qualification was representing different impact on our study;

Educational qualification	F	Percentage
Up to SSLC	18	30.0
Plus Two	14	23.3
Degree	14	23.3
PG and above	14	23.3
Total	60	100.0



From the above table and figure it is clear that out of 60 respondents 30.0% belongs to up to SSLC, 23.3% belongs to other above qualifications each.

Testing of hypotheses

1. **Ho:** There is no significant difference between age group of women and the role of Microfinance Institutions on women empowerment in household economic decision making.

This hypothesis can be tested by using Kruskal-Wallis H test because this test is used to measure the differences between two independent groups when the dependent variable is either ordinal or continuous, but not pertains to a normal distribution

Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Economic Decision Making	60	2.639	.50229	1.60	3.75
Age group	60	2.833	1.32980	1.00	5.00

Ranks

Age group		N	Mean Rank
Economic Decision Making	20-25	12	33.46
	25-35	14	26.86
	35-45	14	36.29
	45-55	12	28.13
	Above 55	8	25.88
	Total	60	

Test Statistics^{a,b}

	Economic Decision Making
Chi Square	3.326

df	4
Asymp. Sig.	.505

a. Kruskal Wallis Test

b. Grouping Variable: Age group

The Kruskal-Wallis test shows that there was no statistical difference between the age group of respondents with regards to their role of Microfinance Institutions on women empowerment in household economic decision making. χ^2 (d f. 4)=3.326, $p = 0.505$ which is more than $\alpha = 0.05$, with mean rank of 33.46 age group 20-25, 26.86 for age group 25-35, 36.29 for age group 35-45, 28.13 for 45-55 and 25.88 for the age group above 55.

Therefore we failed to reject the null hypothesis i.e., there is no significant difference between age group of women and the role of Microfinance Institutions on women empowerment in household economic decision making.

2. Ho: There is no significant difference between educational qualification of women and the role of Microfinance Institutions on women empowerment in legal awareness.

This hypothesis can be tested by using Kruskal-Wallis H test because this test is used to measure the differences between two independent groups when the dependent variable is either ordinal or continuous, but not pertains to a normal distribution

Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Legal awareness	60	2.8486	0.60376	1.75	3.67
Educational qualification	60	2.4000	1.15274	1.00	4.00

Ranks

Educational qualification		N	Mean Rank
Legal awareness	Up to SSLC	18	28.56
	Plus Two	14	25.57
	Degree	14	23.43
	PG and above	14	45.00
	Total	60	

Test Statistics^{a,b}

	Legal awareness
Chi-Square	13.733
df	3

Asymp. Sig.	.003
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a. Kruskal Wallis Test

b. Grouping Variable: Educational qualification

The Kruskal-Wallis test shows that there was a statistical difference between the Educational Qualification of respondents with regards to their legal awareness. χ^2 (d f. 3)=513.733, $p=0.003$ which is less than $\alpha = 0.05$, with mean rank of 28.56 for up to SSLC, 25.57 for plus two, 23.43 for graduate and 45.00 for post graduate women respondents.

Therefore the null hypothesis is rejected i.e., there is a significant difference between educational qualification of women and the role of Microfinance Institutions on women empowerment in legal awareness.

Findings

1. The microfinance programme is helpful in empowering women economically, socio-culturally and politically.
2. The education, skill and training provided by microfinance programme lead to the development of the overall personality of the programme participants.
3. There is no significant difference between age group of women and the role of Microfinance Institutions on women empowerment in household economic decision making.
4. There is a significant difference between educational qualification of women and the role of Microfinance Institutions on women empowerment in legal awareness.

Conclusion

Microfinance was developed to provide loans to poor people with the goal of creating financial inclusion and egalitarianism. It helps to the rural people not only in terms of pecuniary assistance, but also in terms of some other improvements like Financial Literacy, women empowerment, Banking Literacy etc. The findings of this study clearly revealed that, MFIs play an important role in women empowerment among women in Kottayam District. After joining MFIs there awareness level about various legal matters was improved, there savings habit increased and also they improve in terms of personal capabilities such as self-confidence, readability and understanding capacity of banking terms etc. Microfinance Institutions helps the women involve in decision making related to improvement in home, related to household expenses, large purchases and decision regarding children' education/ marriage/career.

Therefore, this study concluded that Microfinance Institutions plays an important role in women empowerment in Kottayam District.

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