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Role of Microfinance Institution in Stimulating Women Empowerment in South East Rajasthan.

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ABSTRACT

This Paper deals with the objective to examine Role of Micro-finance institutions in stimulating women empowerment in South Eastern Rajasthan i.e. district of Kota, Bundi, Baran and Jhalawar. The study is largely empirical in approach in which descriptive analytical research design was used to answer the research questions. Random samples of 200 members of the MFIs are collected using questionnaire from the district of Kota, Bundi, Baran and Jhalawar. The analysis indicates that Micro-finance is playing a vital role in the social, psychological as well as economic empowerment of women and thereby increasing their status in society.

Introduction:-

Finance is considered the life blood for any organization, for an individual, for a small shop owner, for an industrialist, for a country. For all, finance is important to run life.

Banks and other financial institutions are serving the financial needs of the people by making funds available so as to let the people carry out their projects. However these financial institutions fail to serve the poor people specially women, because they demand collateral securities and documents which poor women generally do not possess. Women are highly ignorant clients of the financial sector. Women entrepreneurs and employers face significantly greater challenges than men in gaining access to financial services. It prevents them from participating in the economy and from improving their lives.

In the wake of ineffectiveness of the India's rural finance market in distributing finance to the rural poor, financial institutions, NGOs, and the Government have made efforts in partnership to develop a new financial delivery concept - "Microfinance". This concept has been designed in such a way that it helps in overcoming some of the risks and costs associated with the formal financing system. It also helps in defeating the dictatorship of

collateral. It aims of raising income levels and improving living standards. So, it cannot be ignored for social development.

In India, Rajasthan is a state where Women have been the most underprivileged and discriminated strata of the society and incomes of the women are very low and through micro credit, they can increase their income. That is why researchers has selected role of microfinance institutions in stimulating women empowerment in the districts of Kota, Bundi, Baran and Jhalawar as area of research.

Key Words:- Finance, Micro credit, Microfinance, Poverty, Empowerment.

Microfinance and Women Empowerment

Microfinance connect with the rural population, and it is an effective tool to reach out to the under banked yet aspiring women who are determined to bring about a change in society. Micro-finance institutions connect women entrepreneurs through small joint liability groups. Each member of the group receives a certain amount of loan without any collateral or bulky documentation process, which can be used for income generation purposes like animal husbandry, agriculture, handicraft, trading and other forms of business. More importantly, the presence of branches even in the remotest parts of the country implies that easy access to loans and streamlined disbursal processes. Experience suggests that women are more financially disciplined as compared to men. Thus, there is a far more social value generated when women access formal credit. Thus, each micro-loan that is disbursed to women entrepreneurs goes a long way towards multiplying jobs, poverty alleviation and creation of a prosperous society.

Literature Review

Microfinance – A concept

Microfinance, according to Otero (1999, p.8) is “the provision of financial services to low-income poor and very poor self-employed people”. These financial services according to Ledgerwood (1999) generally include savings and credit but can also include other financial services such as insurance and payment services.

Empowering Women

A key objective of many microfinance interventions is to empower women. Mosedale (2003, p.1) states that if we want to see people empowered it means we currently see them as being disempowered, disadvantaged by the way

power relations shape their choices, opportunities and well-being. She states that empowerment cannot be bestowed by a third party but must be claimed by those seeking empowerment through an ongoing process of reflection, analysis and action (2003). Kabeer, quoted in Mosedale (2003, p.2) states that women need empowerment as they are constrained by “the norms, beliefs, customs and values through which societies differentiate between women and men”. She also states that empowerment refers to the “process by which those who have been denied the ability to make strategic life choices acquire such an ability”, where strategic choices are “critical for people to live the lives they want (such as choice of livelihood, whether and who to marry, whether to have children, etc)” (Kabeer, 1999, p.437). Therefore MFIs cannot empower women directly but can help them through training and awareness-raising to challenge the existing norms, cultures and values which place them at a disadvantage in relation to men, and to help them have greater control over resources and their lives.

Littlefield, Murdugh and Hashemi (2003, p.4) state that access to MFIs can empower women to become more confident, more assertive, more likely to take part in family and community decisions and better able to confront gender inequities. However, they also state that just because women are clients of MFIs does not mean they will automatically become empowered. Hulme and Mosley (1996, p.128) also make this point when they refer to the “naivety of the belief that every loan made to a woman contributes to the strengthening of the economic and social position of women”. However, with careful planning and design women’s position in the household and community can indeed be improved.

According to Littlefield, Murdugh and Hashemi (2003), the Women’s Empowerment Program in Nepal found that 68% of its members were making decisions on buying and selling property, sending their daughters to school and planning their family, all decisions that in the past were made by husbands. They refer to studies in Ghana and Bolivia, which indicated that women involved in microfinance projects, had increased self-confidence and had an improved status in the community (ibid.). Hulme and Mosley (1996) state that microfinance projects can reduce the isolation of women as when they come together in groups they have an opportunity to share information and discuss ideas and develop a bond that wasn’t there previously. From studies of the Grameen Bank and BRAC they show that clients of these programmes suffered from significantly fewer beatings from their husbands than they did before they joined the MFI (ibid.). However, in a separate study of a BRAC project Chowdhury and Bhuiya (2004, p.383) found that violence against women actually increased when women joined the programme, as not all men were ready to accept the change in power relations, and so resorted to violence to express their anger. This violence did decrease over time. The study found that when the violence did rise, the members, because of their increased awareness, reported back to the group on their marital life and got support from the group (ibid.).

Jeffery Sachs (2005) in a visit to a BRAC project was amazed to find that women he spoke to had only one or two children, when he was expecting them to have five or six as he had become accustomed to for Bangladeshi women. When he asked those with no or one child how many children they’d like to have, the majority replied two. He calls this a “demonstration of a change of outlook” (2005, p.14). He refers to a new spirit of women’s rights,

independence and empowerment among clients, showing the positive empowerment effects the project has had on the women (ibid.).

Methods:

Participants

This research is exploratory in nature in its initial stage followed by descriptive and analytical research at later stage. To carry out this research a survey was conducted amongst the members of the MFIs in the district of Kota, Bundi, Baran and Jhalawar. A random sample of 50 members from each district has been selected and thus making total of 200 members of the MFIs.

Instrument:-

For the purpose of this study questionnaire has been used. However, in spite of best efforts researchers could not receive the response from 10 members associated with Baran Microfinance institutions. Thus researchers succeeded in eliciting responses from 190 members. A variety of statistical analyses has been applied to the data, including Percentage analysis, Averages.

Data Analysis

Data collected from primary sources has been analyzed and interpreted by using various statistical tools like mean, median, range, etc to draw the logical conclusions from them.

Hypothesis—

A Null and alternative hypothesis is developed, which will be empirically tested to prove and disprove it as the research findings warrant

H₀ - Lesser and equal to 70 percent of the women in south eastern Rajasthan found the positive attitudinal change after joining MFIs.

H₁ - More than 70 percent of the women in south eastern Rajasthan found positive attitudinal change after joining MFIs.

Analysis and Interpretation of Collected data

General Profile of the Respondents

Profile of the respondents such as age, sex, occupation, literacy level etc. has been analysed and interpreted as follows---

Table- 1 Profile of the respondents

Variables	Structure(%)
Age	Below 21Yrs (.53%), 21-40yrs (80%), 41-60yrs (18.95%), Above 60 yrs (.53%)
Sex	Female (100%)
Occupation	Tailoring (30.56%), Bidi making (11.05%), Kirana shop (8.42%), Bangles selling (8.42%), Vegetable selling (6.84%), Others (34.7%)
Education	Uneducated (68.95%), Educated (31.05%)

Responses on Role of MFIs in Women Empowerment

Researchers were interested in knowing the purpose for which respondents use to seek the loans from MFIs. To achieve this researchers asked the respondents “purpose of loan.” To facilitate answer researchers provided options as:- Consumption, Agriculture, Animal Husbandry, Income generating activities, Assets building, Emergencies, Children’s education, Any other. The responses received from the respondents are analysed and presented in the tabulated form in the Table 2. and figure 1

Table: 2 Purpose of loan.

Purpose	No. of respondents	Percentage	Cumulative percentage
Consumption	3	1.58	1.58
Agriculture	3	1.58	3.16
Animal Husbandry	3	1.58	4.7
Income Generating Activities	160	84.21	88.95
Assets building	8	4.21	93.16
Children’s education	11	5.79	98.95
Other	2	1.05	100
Grand Total	190	100.00	

From the examination of above Table 2, it is evident that 84.21 percent of the total respondents acknowledged that they took loan for the purpose of income generation. The other purposes for which loans were taken are very insignificant. Only 5.79 percent of respondents sought loan for children education and 4.21 percent for assets building. 1.58 each of the respondents took loan for consumption, agriculture, animal husbandry and 1.05 for other purposes.

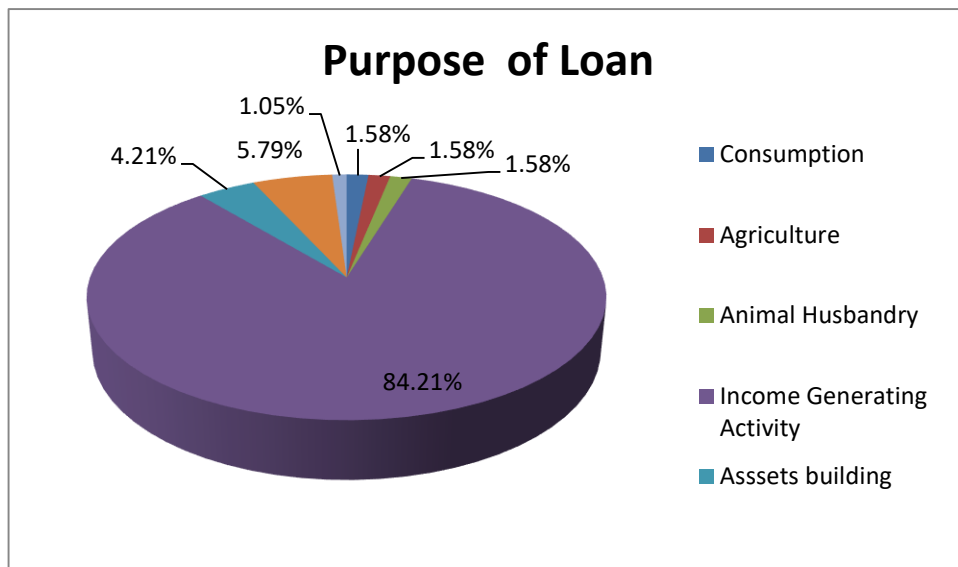


Figure: 1 Purpose of loan

The researcher was interested in studying whether respondents find any positive change in the attitude of their family members towards them after joining MFIs or not. So she asked from the respondents – “Do you find any positive change in the attitude of your family members towards you after joining MFIs?” The responses received from the respondents are presented in the tabular form in the Table 3

Table 3 Positive change in the attitude of family members towards respondents after joining MFIs

Positive change in attitude	No. of respondents	Percentage	Cumulative Percentage
Yes	178	93.68	93.68
No	12	6.32	100
Grand Total	190	100	

From the perusal of information provided in above Table 3 it is evident that a very large proportion of respondents i.e. 93.68 percent reported that they find positive change in the attitude of the family members towards them after joining MFIs while a very little percent of respondents i.e. 6.32 percent reported that they did not find any positive change in the attitude of the family members toward them after joining MFIs. The above data have been presented graphically in Fig 2

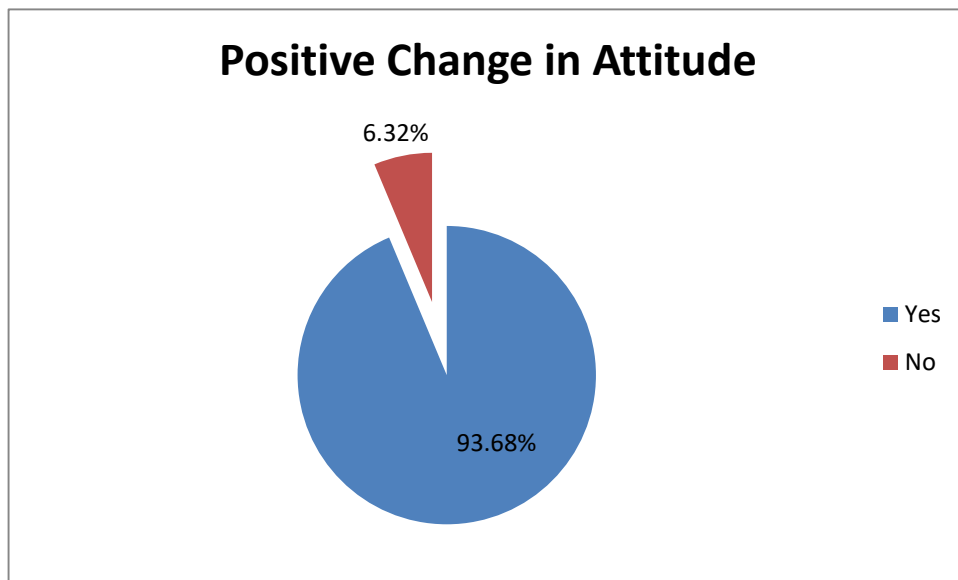


Figure 2 Positive changes in the attitude of family members towards respondents after joining MFIs.

Thus it is quite evident that MFIs are playing significant role in making the positive attitudinal change in the family members.

After knowing about the changes taking place in the attitude of the family members towards them after joining MFIs, researcher wanted to find out the type of changes they find in the family members attitude. So she again asked from the respondents “what kind of changes did you find in the attitude of your family member?” For the ease of answer she provided 5 options to the respondents as- Increase in respects, Increase in cooperative attitude, Increase in spirit of belongingness, Adoption of negative attitude and Degradation of status. The responses received from the respondents are presented in the Table 4 and to make them understandable at a glance the same have been presented graphically in Fig 3

Table 4 Type of changes in the attitude of family members towards respondents after joining MFIs

Kind of changes	No. of respondents	Percentage	Cumulative Percentage
Increase in respect	93	52.25	52.25
increase in cooperative attitude	49	27.53	79.78
Increase in spirit of belonging	36	20.22	100
Adoption of negative attitude	0	0	100
Degradation of status	0	0	100
Grand Total	178	100.00	

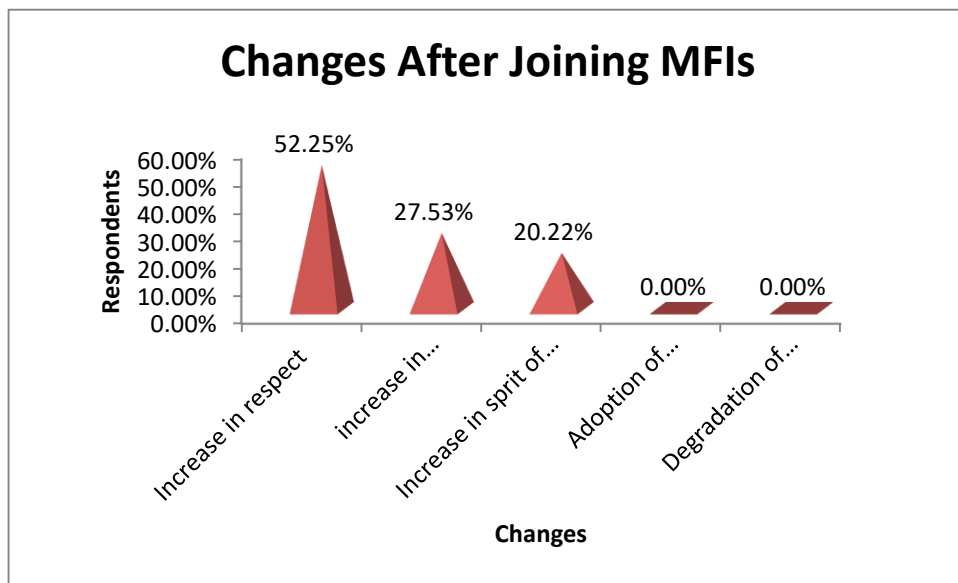


Figure 3 Type of changes in the attitude of family members towards respondents after joining MFIs

The above responses indicate that out of the 178 (93.68 percent) of the respondents who responded that they find the positive change in attitude of family toward them after joining MFIs, 93 respondents (52.25percent) of the respondents expressed the opinion that they find increase in the respect in the family. 49 and 36 respondents (27.53percent and 20.22percent) said that they find increase in the cooperative attitude of the family members and increase in the sprit of belonging respectively. None of them reported adoption of negative attitude and degradation of the status.

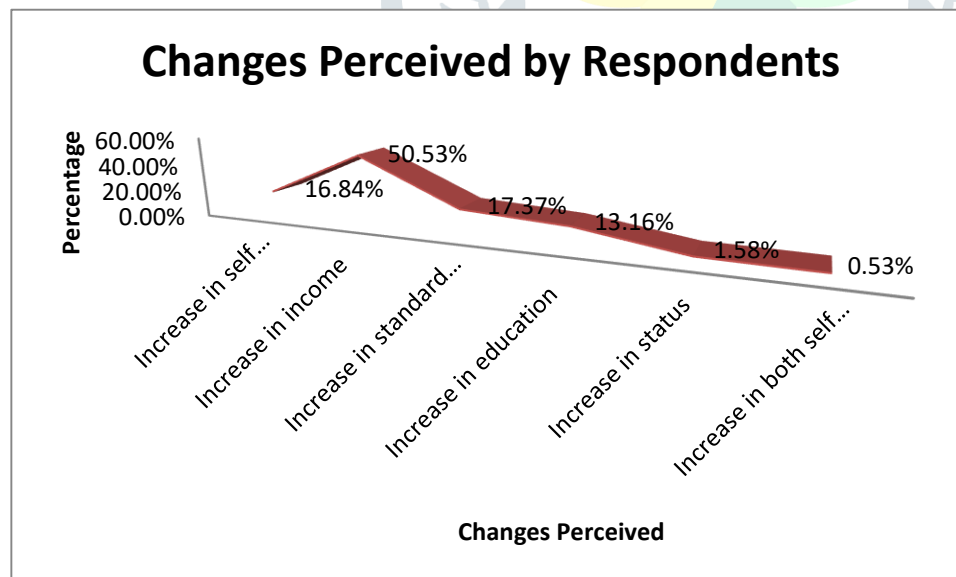
From the above analysis it is clear that increase in the respect among the family members after joining MFIs is the most vocal effect of change in the attitude of the family members towards beneficiaries. Increase in co-operative attitude and increase in sprit of belonging also are also witnessed as noticeable change in the client's family attitude. It is therefore, concluded that MFIs played a remarkable role in bringing postive changes in the attitude of client's family.

It is a matter of common experience joining of MFIs upgrades the status of members and they feel allevetion in their status. Researcher was interested in finding out such changes being felt by members after joining MFI and therefore she asked "what changes do you perceive after joining MFIs?" To facilitate answer she provided 6 options as Increase in self confidence, Increase in income, Increase in standard of living, Increase in education, Increase in status in the society and others. The responses received from the respondents are summarized, analyzed and presented in the table 5 below:-

Table 5 Changes being perceived by members after joining MFIs

Changes	No. of respondents	Percentage	Cumulative Percentage
Increase in self confidence	32	16.84	16.84
Increase in income	96	50.53	67.37
Increase in standard of living	33	17.37	84.74
Increase in education	25	13.16	97.9
Increase in status	3	1.58	99.4
Increase in both self confidence & income	1	0.53	100
Grand Total	190	100.00	

From the perusal of data given in the above table it is quite clear that about half of the respondents were of the opinion that joining of MFIs by them has resulted in increase of income, about 1/6th of the respondents each expressed that this has increased their self confidence and standard of living and a little less of that said that has resulted in increase in education. The responses received from respondents have been presented graphically in the Fig 4 to make the further clear

**Figure 4 Changes being perceived by members after joining MFIs**

It is normally felt that MFIs have role to play in overcoming the existing social evils, taboos and discriminations therefore researcher was interested in knowing whether MFIs have remained successful in fulfilling this role. So she

asked “Have MFIs remained successful in over coming the existing social evils, taboos and discriminations?” The responses received from the respondents are presented in the tabular form in Table 6 and through figure 5:-

Table: 6 Role of MFIs in overcoming the existing social evils, taboos and discriminations

Overcoming existing social evils	No. of respondents	Percentage	Cumulative Percentage
Yes	176	92.63	92.63
No	13	6.84	99.47
Do not answer	1	0.53	100
Grand Total	190	100	

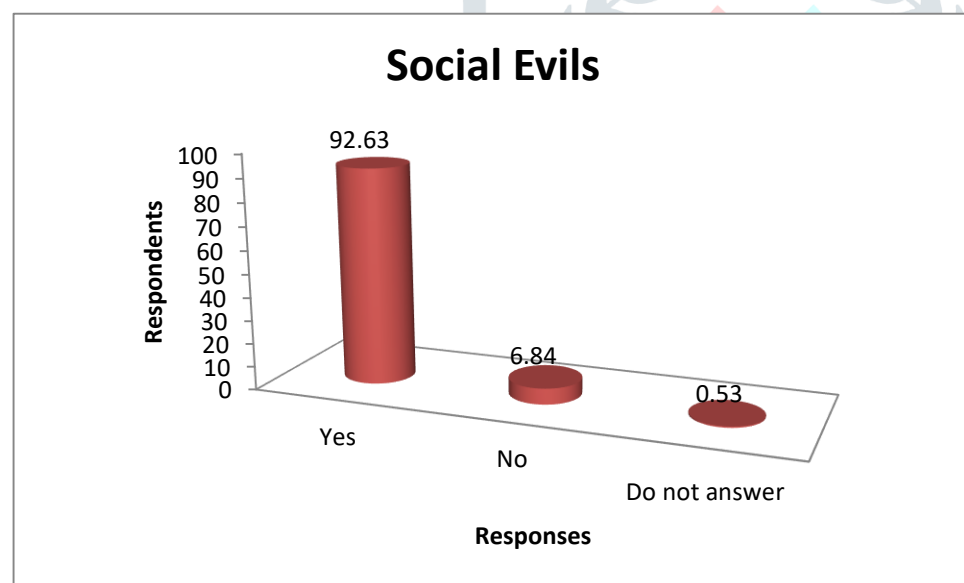


Figure 5 Role of MFIs in overcoming the existing social evils, taboos and discriminations

It is quite evident from the information given in Table 6 that almost all (92.63 percent) of the respondents were of the opinion that MFIs have remained successful in overcoming social evils, taboos and discrimination prevailing in the society.

In the same context, researcher also asked if MFIs are successful in overcoming existing social evils then, how?

For this most of the respondents replied that MFIs are providing opportunities to women to take loan and start their own small work and can earn money for the family. By this way they can educate their children and can also help in

the family expenses. In this way they are getting respect in the family and making their surrounding environment more educated.

Researcher wanted to study the socio-economic implications of working of MFIs therefore; they asked the respondents “what changes do you perceive in social economic status after joining MFIs?” For this researchers provided 4 options as - remained same, increased, decreased and cannot say. The responses received from the respondents are presented in the Table 7 & figure 6.

Table:7 Changes perceived by respondents in social economic status after joining MFIs

Social economic changes	No. of respondents	Percentage	Cumulative Percentage
Remained Same	12	6.32	6.32
Increased	178	93.68	100
Decreased	00	00	100
Can't Say	00	00	100
Grand Total	190	100.00	

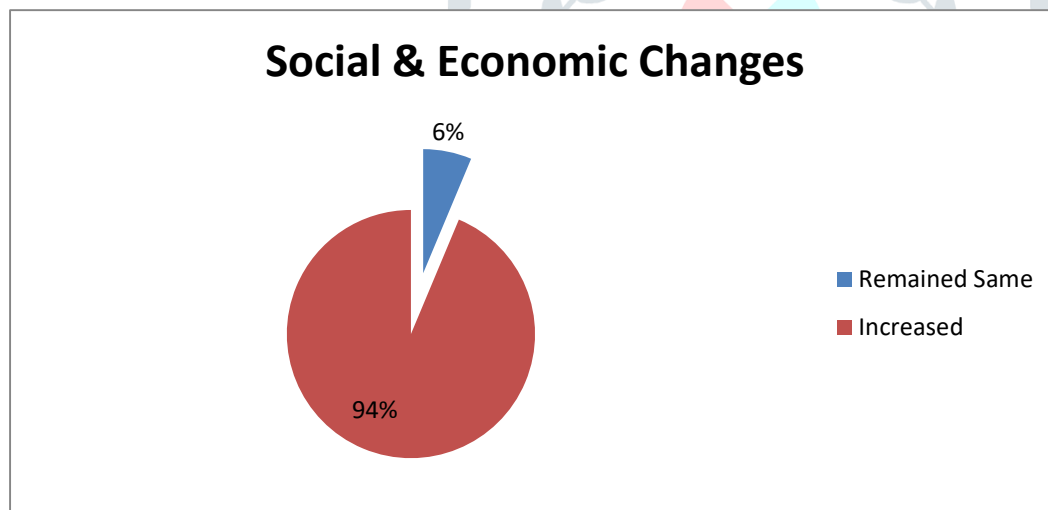


Figure:6 Changes perceived by respondents in social economic status after joining MFIs

The above table reveal that 178 respondents (93.68 percent) reported that after joining MFIs their social economic status has increased. Whereas remaining 12 respondents (6.32 percent) opined that their social economic status has remained same.

On the basis of above data it is very clear that social and economic status of the people i.e. income and living standard and status in the society has increased after joining MFIs.

Validation of Hypothesis –

The hypothesis developed to carry out this study is related to MFIs being instrumental in bringing attitudinal change in the respondents. It is presumed that if 70 percent of total respondents subscribe this idea that MFIs has succeeded in bringing positive attitudinal change among respondents/ beneficiaries they will be deemed to be successful bringing positive attitudinal change

On the basis of the above statement the null and alternate hypothesis are as follows:-

H_0 - Lesser and equal to 70% of the people in south eastern Rajasthan found the found positive attitudinal change after joining MFIs.

H_1 - More than 70% of the people in south eastern Rajasthan found positive attitudinal change after joining MFIs.

Responses received from respondents of Table 3 support this hypothesis. The data collected for that are as follows---

Positive change in the attitude of family members towards respondents after joining MFIs

Positive change in attitude	No. of respondents	Percentage	Cumulative Percentage
Yes	178	93.68	93.68
No	12	6.32	100
Grand Total	190	100	

and on the basis of that **this hypothesis is being validated by using Z test-**

In the response of this query out of total 190 respondents, 178 are found positive attitudinal change.

Assume that null hypothesis is true

Sample Mean	Population Proportion	Standard Deviation of population Proportion	Standard Error
$178/190 = .937$	0.7	$\sqrt{p*q} = \sqrt{0.7*0.3}$ $= 0.45$	$\sqrt{(p*q)/n}$ $= .7*.3/190$ $= 0.033$

$$Z = (\text{Sample Proportion} - \text{Population Proportion}) / \text{S.E}$$

$$= (0.937 - 0.7) / 0.033$$

$$= 7.18$$

Calculated Value	Table Value (at 5 % level of significance)	Comparison
7.18	1.65	CV > TV

Since, the computed value of Z is more than the table value 1.65 at 5% level of significance, therefore—

Null hypothesis is rejected and Alternate hypothesis is accepted.

Findings:-

- It is found that MFIs believe in providing loan to the women. They avoid providing loan to the men. This is because MFIs believed that women brought faster changes than men. Women paid more attention, prepared their children to have better lives, and were more regular in their performance than men. Her dreams vary around her household.
- It was found that the attitude of the family members towards the female respondents has changed in a positive way. Women are getting more respect, more cooperation and a spirit of belongingness was also found in the nature of the family members toward women. Researcher has tested the hypothesis with the help of Z test and concluded that there was a very positive attitude change amongst the members of the family. Women are also found to have increased self-confidence and incomes.
- The study has found out that after joining MFIs, beside the increase in income, the confidence and standard of living of poor women has also increased.
- MFIs have played an important role in increasing the educational and living standard of the family which indirectly removes the social evils, like gender divide, caste system, etc. in the research area.
- Women were found very satisfied with the goals achieved after joining the MFIs. They also agree that their social economic status has improved with the help of the MFIs.

Conclusion:

Thus this research on MFIs end up with the conclusion that MFIs are helping the women in poverty alleviation. They are also making the social development by encouraging the women to work and earn money. But the scope of working for MFIs is very large. They can still cover a large number of rural women under them for the development. Thus, it can be said that in the field of Microfinance, though, a lot has been done for the upliftment of the poor, still a lot remains to be done.

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