

AN EMPIRICAL STUDY ON THE ROLE OF MICRO FINANCE IN THE EMPOWERMENT OF RURAL WOMEN THROUGH SELF- HELP GROUPS

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ABSTRACT

Women's development has been a subject of great concern all over the world. The nation march towards the twenty first century upholds an era for reconstruction to entrance the quality of life of Indians. These efforts are pulsed through various measures namely Educational, Social, Political and Economic. The position of women in a society is an index of its degree of civilization. Emancipation of women is one of the generators of economic development and social progress. In India about ¾ th of the population still live in rural areas. In the rural sector 56 percent of males and 33 percent of the females are in labor force. About 66 percent of the female population in the rural sector is idle and un-utilized. The condition of women is bad since they suffer from gender discrimination, old social values and customs. Micro finance is recognized as a key strategy for addressing issue of poverty alleviation and women's empowerment. Access to financial services and the subsequent transfer of financial resources to poor women enable them to become economic agents of change. Women become economically self-reliant, contribute directly to the well being of their families, play a more active role in decision making, and are able to confront systematic gender inequalities.

Micro Finance has become a powerful tool for uplifting the economic condition of asset less poor through group approach that ensures active participation and involvement of the beneficiaries in effective implementation of the Programme. Microfinance can play pivotal role in uplifting 30% of population in the Country living below poverty line. Nationalization of Commercial Banks, Formation of RRB's initiated SocialBanking but could not make much progress in this regard. People in Rural area face a number of problems undertaking economic activities infact their freedom is restricted by social norms. In order to alleviate poverty emphasis has to be given on employment generation and creating assets through micro enterprise activities. Micro Finance is a provision of thrift, credit, other financial services and product of very small amount to the poor in rural, semi-urban, urban areas for enabling them to raise their income levels and improve living standards. The major concern today is ever increasing poverty and there is urgent need to empower and enable the most

neglected sections of the society through organized support of all poverty alleviation programs. Considering the paucity of funds with the poor, the need of the hour is to provide credit to the needy and enable them to undertake entrepreneurial activities however small, with the help of NGO's GO's and financial institutions through interest free and credit on easy terms. In view of this scenario the paper discusses the various issues regarding Micro finance and its impact on Socio-economic life of the poor covered under the SHG-Bank linkage Programme in India.

Key Words: *Micro Finance, Empowerment, poverty alleviation, Rural Women, Self-Help Groups*

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INTRODUCTION

Women's development has been a subject of great concern all over the world. The nation march towards the twenty first century upholds an era for reconstruction to entrance the quality of life of Indians. These efforts are pulsed through various measures namely Educational, Social, Political and Economic. The position of women in a society is an index of its degree of civilization. Emancipation of women is one of the generators of economic development and social progress. Micro finance is recognized as a key strategy for addressing issue of poverty alleviation and women's empowerment. Access to financial services and the subsequent transfer of financial resources to poor women enable them to become economic agents of change. Women become economically self-reliant, contribute directly to the well being of their families, play a more active role in decision making, and are able to confront systematic gender inequalities. Micro Finance has become a powerful tool for uplifting the economic condition of asset less poor through group approach that ensures active participation and involvement of the beneficiaries in effective implementation of the Programme.

STATEMENT OF THE PROBLEM

Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women, creating awareness and ensure sustainability of environment which finally results in sustainable development of the nation. Hence Millennium Development Goals and sustainable rural development can be achieved by microfinance through SHG. This paper analyses the impact of microfinance on the empowerment of rural women through self help groups.

REVIEW OF LITERATURE

Impacts of micro finance on women were addressed by researchers and some important studies are presented here. Hashemi, Schuler, Riley (1996) and Kabeer(1998) reported that micro finance empowered women in Bangladesh, Makumbe et al. (2005) found that microfinance has a positive impact on decision making in Tanzania, Hulme and Mosley (1996) found growth of income of microfinance borrowers in Indonesia, India, Bangladesh and Sri Lanka, Mk Nelly et al. (1996) found positive benefits in Thailand, Chen and Snodgrass (2001) reported income increase in India, Pitt and Khandker (1998) quoted positive impact of per capita income, household expenditure and increase in non-land assets in Bangladesh, Goldberg (2005) informed poor no longer remained as poor as a result of

micro finance in Bangladesh. Navajas et al. (2000) studied micro finance in Bolivia and reported majority of clients were below poverty line and similar conclusions were reported by ACCION (2003) in Lima and Peru and Stanton (2002) in Mexico. Khandker (2004) found that micro finance helped in poverty reduction and Zubair (2004) reported reduced vulnerability to domestic violence in Bangladesh. Studies carried out by Schuler, Hashemi and Pandit (1995) for India, Mayoux (2001) for Cameron and Schuler, Jenkins and Townsend (1995) for Bolivia indicated that there is no positive effect of micro finance. Zeller (1994) found that wealthier households are benefited in Madagascar; Datta (2004) reported that 59 per cent microfinance clients in Bangladesh are better off poor. Coleman (1999) reported no evidence of programme impact in Thailand and during 2004 he reported that the programme did not reach poor and impact is larger on Committee Members. Duong and Izumida (2002) reported that poor have difficulties in accessing credit facilities in Vietnam and Amin et al. (2003) reported that poor and vulnerable are excluded in Bangladesh. Matin and Hulme (2003); Halder and Mosley (2004) reported that political and social connections instead of poverty status decides the selection of participants in Bangladesh. Maggiano (2006) studied the impact of micro finance in Uganda and concluded that there is a measurable impact on social development but no impact on economic development. Ssendi and Anderson (2009) observed that there are some benefits to poor women and two third poor women remained as before in Tanzania.

OBJECTIVES OF THE STUDY

- To find out the relationship between the demographic variables namely age, educational qualification and empowerment of women.
- To find out the relationship between monthly income and empowerment of women.
- To study the relationship between the marital status and the empowerment of women.
- To study the role of self help groups in the empowerment of women.
- To study the role of financial institutions in the empowerment of women through self help groups.

Methodology:

A well structured questionnaire has been used to collect data. Disproportionate stratified random sampling method has been used in collection of primary data from different self help groups. The area of study is restricted to rural area in chennai. About 120 women from Self help groups have been interviewed based on convenience sampling. To have an insight into the specific problems of women self help group members, personal interviews were also

conducted. The data is analyzed on descriptive basis as well as inferential basis using the statistical software SPSS. The descriptive analysis on the sample is done by using percentage frequency tables and diagrams. The inferential analysis on sample is done by using statistical tools like One-way ANOVA test, Friedman's Two-Way ANOVA test and t-test.

ANOVA for significant difference between age and empowerment of women at self help group

Source	Degrees of freedom	Sum of squares	Mean squares	F Ratio	P – Value
Between group	2	5.064	2.532		
Within groups	117	166.526	1.423		
Total	119	171.59		1.779	0.173

(Source: Compiled from Primary Data)

Since the P value is greater than 0.05, the null hypothesis is accepted at 5% level of significance. Hence it is inferred that there is no significant difference between the age of the sample member and empowerment of women. It means that the sample members belonging to higher age group does not feel empowered compared to the sample member belonging to lower age group.

ANOVA for significant difference between educational qualification and empowerment of women at self help group

Source	degrees of freedom	Sum of squares	Mean squares	F Ratio	P – Value
Between group	4	21.31	5.32		
Within groups	115	150.27	1.30		
Total	119	171.59		4.0785	0.0040

(Source: Compiled from Primary Data)

Since P value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence it is inferred that there is significant difference between the educational qualification

of the sample member and empowerment of women at self help group. It means that educated women are more empowered than uneducated women.

ANOVA for significant difference between monthly income and empowerment of women at self help group

Source	<i>degrees of freedom</i>	Sum of squares	Mean squares	F Ratio	P – Value
Between group	2	29.736	14.86	1.21	0.000
Within groups	117	141.855			
Total	119	171.591			

(Source: Compiled from primary data)

Since P value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence it is inferred that there is significant difference between the monthly income of the sample member and empowerment of women at self help group.

It means that women from a high income group feel more empowered than women from a lower income group.

Friedman Two way ANOVA Table

Friedman's test for significant difference between mean ranks towards institutional credit and empowerment of women

Institutional credit and the empowerment of women	Mean rank values	Chi-square value	Degrees of freedom	P- value
Institutional help is necessary for the empowerment of women	3.10	108.495	3	0.000
Relief from the clutches of money lenders	3.10			
Satisfactory services of financial institutions	2.11			
Improvements to make the institutional credit better	1.70			

(Source: Compiled from primary data)

Since P value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence it is inferred that there is significant difference between mean ranks towards the institutional help in the empowerment of women after joining the self help group.

t-Test showing significant difference between variables

Table 3.3.3.1: t – Test for marital status and women empowerment.

Marital status	Number of cases	Mean sources	SD	t – Value	P – Value
Married	103	13.504	1.110	3.44	0.000
Others	17	12.470	1.375		

(Source: Compiled from primary data)

Since P value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence it is inferred that there is significant difference between the marital status and the empowerment of women. It means that married women feel empowered compared to others.

Policy Level Suggestions

A) Suggestions for Women Working in Self Help Group:

- The members of self help groups should be more active, enthusiastic and dynamic to mobilize more saving by group action. Any difficulty faced by them should be brought to the notice of the officials who are working as advisers and path setters.
- The members should regularly attend the common meetings, and show however interest in the proceeding of the self help groups.
- The members should make use of opportunities given to them by the government in ways of training, acquiring skills, knowledge and educational.
- The members of the women self help groups should go and visit the different successful self help groups in different places and learn from their experiences.
- The successful self help groups and their members should be taken as a model and they should encourage other self help groups which are not working properly by motivating them.
- There should be, a strong co-operation, co-ordination and proper understanding among the members of self help groups, this will make the programme more innovative and successful.

B) Suggestions for the Institutions Providing Help to promote Self Help Groups:

The banks should advance adequate credit to the self help groups after making proper assessment of the credit needs of the members. Only then the members solve their problems and make professional improvement.

- The procedure of the banks in sanctioning credit to the self help groups should be simpler and unnecessary delay of any sort should be eliminated. Since many women are semi-literate, cumbersome procedures in the banks determines them from approaching this institutions. They hence continue taking help of many lenders and to this extend self help groups have not been successful in liberating women.
- The financial institutions and agencies involved with women self help group should make provision for adequate credit to the members at reasonable rate of interest.
- The office bearers who are managing the group should be given nominal financial benefit which will enable them to be more involved in the activity of the group.
- Uniformity should be maintained in formation and extension of financial assistance to them by banks and financial institutions.

C) Suggestion to the Government / Policy Makers:-

- The government agencies and financial institutions should provide adequate amount of finance to self help groups at the right time, for their smooth functioning.
- The members of women self help groups should be given necessary training and guidance by various departments of the government.
- Common meetings and seminars may be organized where the members will get a chance to exchange their views and be able to rectify any mistakes that have occurred.
- The office bearers of the women self help groups, should be given proper training for group action and maintenance of their records and performance of official duties and responsibilities
- The government should give some sort of encouragement and benefits to the agencies and persons involved in motivation and supervision work for the self help groups.
- The government could provide accommodation for the groups for their smooth functioning.
- Government should make arrangement for the marketing of the products of women self help groups.
- The government should help not only the self help group members but also their family by providing educational help and job opportunities.

It is indeed encouraging to see how self help groups have gone a long way in empowering women in some way or the other. If this exercise is well integrated, all over the state and country at large, there would surely be an improvement in women's status in the country.

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