
Social Empowerment of Women through Micro Finance Institutions- An Empirical Study

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ABSTRACT

Microfinance has come to play a major role in many gender and development strategies because of its direct relationship to both poverty alleviation and to the empowerment of women. Women are the most crucial elements of the social fabric and are playing a pivotal role in the socioeconomic scenario in Rajasthan. Microfinance programs among the SHGs in India have been promoted for their positive economic impact and the belief that they empower women. Microfinance programs among the JLGs in India have been promoted for their positive economic impact and the belief that they empower women and also improve repayment to MFI. The survey was conducted on around 300 respondents from various JLGs of Rajasthan and the analysis was done to study the social empowerment of women through microfinance institutions. F test an nova was used to test the significance of relationship. It was concluded that after joining joint liability group women gained social empowerment at home. Now they are able to express their views freely at home but still they are not so empowered to move independently to other places without the support of male members of the family. We can say that members are partially empowered in this case.

Key Words: Empowerment, Microfinance, Participation, Repayment, Social

Introduction:

Microfinance is a movement whose object is "A world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers." Many of those who promote microfinance generally believe that such access will help poor people out of poverty. For others, microfinance is a way to promote economic development, employment and growth through the support of micro-entrepreneurs and small businesses.

Meaning of Microfinance

Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-

sufficient by providing a means of saving money, borrowing money and insurance. Microfinance is usually understood to entail the provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to the high transaction costs associated with serving these client categories. The two main mechanisms for the delivery of financial services to such clients are (1) relationship-based banking for individual entrepreneurs and small businesses; and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

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Characteristics of Microfinance

Microfinance gives access to financial and non-financial services to low-income people, who wish to access money for starting or developing an income generation activity. The individual loans and savings of the poor clients are small. Microfinance came into being from the appreciation that micro-entrepreneurs and some poorer clients can be 'bankable', that is, they can repay, both the principal and interest, on time and also make savings, provided financial services are tailored to suit their needs. Microfinance as a discipline has created financial products and services that together have enabled low-income people to become clients of a banking intermediary. The characteristics of microfinance products include:

- Short- terms loan (usually up to the term of one year).
- Payment schedules attribute frequent installments (or frequent deposits).
- Installments made up from both principal and interest, which amortized in course of time.
- Higher interest rates on credit (higher than commercial bank rates but lowers than loan-shark rates), which reflect the labor-intensive work associated with making small loans and allowing the microfinance intermediary to become sustainable over time.
- Easy entrance to the microfinance intermediary saves the time and money of the client and permits the intermediary to have a better idea about the clients' financial and social status.
- Application procedures are simple.
- Short processing periods (between the completion of the application and the disbursement of the loan).
- The clients who pay on time become eligible for repeat loans with higher amounts.
- The use of tapered interest rates (decreasing interest rates over several loan cycles) as an incentive to repay on time. Large size loans are less costly to the MFI, so some lenders provide large size loans on relatively lower rates.
- No collateral is required contrary to formal banking practices. Instead of collateral, microfinance intermediaries use alternative methods, like, the assessments of clients' repayment potential by running cash flow analyses, which is based on the stream of cash flows, generated by the activities for which loans are taken.

Review of literature

(Manjula B.G, 2012) said that there is significant impact of microfinance activities on improvement of the living standard of the family not only in economic term but also in social term. She concluded that there is a noticeable and positive impact of microfinance activities on the living standards, empowerment and poverty alleviation among the poor people in the society. **(Snigdha Chakrabarti, 2012)** found that inefficiency of education and employment policies formulated in India for women required to bring about behavioral changes among women to fight against the norms of patriarchal society. Significant regional variations were also observed. They suggested that priority should be given to an awareness campaigning program to change social norms and spread of education and information systems may play a significant role in doing so. The regulatory authority may involve non-governmental organizations (NGOs) in this context. **(Venkata Vijay Kumar, 2010)** attempted to survey the literature relevant to the individual and joint liability model and built a theoretical driven model in order to understand the factors which impact both joint liability and individual liability in terms of default rate. Loan size, interest rate and cost of operation had been found active factors to be impacting default rate for both the joint liability and individual liability. **(Pramod Marar, 2008)** provided an overview of HSBC Group's sustainability strategy, a brief history of microfinance in India, and HSBC in India's role in serving the microfinance industry. They also discussed the bank's multi-stakeholder initiatives for capacity building, which include two schools where rural women learn essential business and technical skills and financial literacy, and an environmental and social village-based initiative for water conservation and livelihood creation. **(Jorge H. Maldonado, 2008)** did two surveys of households of clients of microfinance organizations in Bolivia, regression model examined determinants of schooling gap. Inferences about otherwise positive microfinance impacts identify potential negative effects of increased child labour demand, which challenge usual assumptions and pose dilemmas for policymakers. **(Patrick Bond, 2007)** found that awarding of the 2006 Nobel Peace Prize to Muhammad Yunus, founder of the Grameen Bank, provided an opportunity to consider the use and abuse of micro financing, especially because credit continues to be touted as a poverty-reduction strategy associated with health education and health care financing strategies. Not only was the Grameen diagnosis of poverty dubious, but many structural problems also plaguing the model, ranging from financial accounting to market failures. In Southern Africa, to illustrate, microcredit schemes for peasants and small farmers have been attempted for more than 70 years, on the basis that modern capitalism and peasant/informal system gaps can be bridged by an expanded financial system. The results have been disappointing. A critical reading of political economy posits an organic linkage between the "developed" and "underdeveloped" economies that was typically not mitigated by capitalist financial markets, but instead was often exacerbated. When applied to health and social policy, microcredit evangelism becomes especially dangerous. **(Gangaiah et. al. 2006)** found that the average loan provided to each member was Rs. 9960.09. The major amounts of loans were disbursed for agriculture followed by dairy and cloth businesses. The Income generation activities helped the beneficiaries to generate employment. The highest number of employment was generated in agriculture followed by dairy and tailoring. The study found that loan provide to SHGs had a favorable impact on income. The highest increase was noticed in agriculture, followed by flower vending, dairy, and tailoring and cloth business. It was also observed that micro-credit had a quality improving effects on the families with

productive utilization of income. The study found increased degree of awareness in women with broader social outlook. The involvement of women has sensitized them to take part in the village development activities. **(Akinsanm 2005)** studied that impoverished rural women faced multiple disadvantages. They tend to have limited access to income, land, water, capital, education and other social services, which could lead to illiteracy, malnutrition, disease, high infant mortality and low life expectancy. Despite these disadvantages, rural women shoulder heavy responsibilities, such as growing and processing food, collecting water and firewood, cleaning the home and looking after their children. And though they work hard, the productivity of these women was diminished by the lack of credit, technology and extension services, which could ease their burdens, and socio-cultural constraints. **(Abbinki, Irlenbusch, and Renner 2002)** argued that to guarantee the loan for non repayment constituted the basic problem of group lending. Thus microfinance institutions resorted in their methodologies to processes that helped members to repay their installments. The self-selection constituted one of these principals' processes since the strong social ties strengthened the methodology of group lending. **(Rahman, 1999)** Showed that bank workers were expected to increase disbursement of loans among their members and press for high recovery rates to earn profits necessary to economic viability of institution. To ensure timely repayment in the loan centers bank workers and borrowing peers inflict an intense pressure on women clients. He found that many borrowers maintain their regular payment schedules through a process of loan recycling that considerably increase the debt- liability on the individual households, increase tension and frustration among household members produces new forms of dominance over women and increase violence in the society. **(Gangopadhyay and Lensink, 2001)** found that the Joint Liability incited group members to select themselves in a free and efficient manner that offered the MFI the possibility to use the social guarantee and the Joint Liability as a means to supervise borrowers .

Objectives of the study:

From the above review of literature, the following objective was framed for the study:

To evaluate the social empowerment of women in Rajasthan as a result of participating in Micro finance programmne.

Hypothesis framed for the Study

H01: There is no significant relationship between the women's age and social empowerment.

H02: There is no significant relationship between women's level of education and their social empowerment.

H03: There is no significant relationship between women's type of family and their social empowerment.

H04: There is no significant relationship between city and social empowerment.

H05: There is no significant relationship between women's Income level and their social empowerment.

Research Methodology

Sampling Unit:

Study is primarily based on Primary data. The data was collected through well-structured questionnaire and interviews. For the purpose of study 300 women from 60 JLG were selected randomly from the various district of Rajasthan.

District	No. of JLGs	No. of Members
Udaipur	10	50
Kota	10	50
Jaipur	10	50
Beawar	10	50
Jodhpur	10	50
Merta City	10	50
Total	60	300

Analysis of Data: Descriptive statistical analysis such as Mean, standard Deviation, Percentage etc. was carried out and F Test ANOVA was used to find the association non- association between the variables.

Analysis of Data and Discussion: The primary objective of the study was to evaluate the social empowerment of women as a result of participation in joint liability group. To test this, a set of variables were selected to assess the social empowerment of women.

Data Analysis and Interpretation:

(Table 1)

Demographic Profile of the sample Respondents			
		Frequency	Percent
Age	≤ 25 years	8	2.7
	25- 35 years	115	38.3
	35-45 years	145	48.3
	≥45 years	32	10.7
	Total	300	100.0
Marital Status	Married	280	93.3
	Divorced/Widow	20	6.7
	Total	300	100.0
Type of Family	Joint	162	54.0
	Nuclear	138	46.0
	Total	300	100.0
Family Members	≤ 2	33	11.0
	3 members	99	33.0
	4 members	70	23.3
	≥ members	98	32.7
	Total	300	100.0
Amount of Loan taken	≤ Rs 5000	1	.3
	Rs 5000-10000	83	27.7
	Rs 10000-25000	211	70.3
	≥25000	5	1.7
	Total	300	100.0

Interpretation: Around 48% of the respondents were 35-45 years of age, 93.3 %of them were married and 45 % of all the respondents had their own house. 59 % of them lived in joint families and 33 % of them had 3 members in their family. Of all the respondents 70 % of them had taken a loan between Rs. 10000-25000/-.

(Table 2)

Social Empowerment of women

Social Empowerment								
S. No.	Variable	VG	G	M	L	VL	Mean	S.D.
1	Moving Independently	11	54	60	154	21	3.40	.981
2	Expressing view freely	13	38	153	75	21	3.18	.895
3	Able to discuss freely with Bankers/ Govt. Officials / NGO and others	15	44	154	58	29	3.14	.954

(VG- Very great, G- Great, M- Medium, L- Low, VL- Very Low)

41% reported that they move independently to other places without the support of male members of the family. 68 % Respondents expressed that they are able to express their views freely in the family as well as groups.71 % respondents reported that they were able to discuss issue freely with bankers, govt. officers, NGOs and others after joining Microfinance programmes. By these figures we can conclude that women gained social empowerment at home. Now they are able to express their views freely at home but still they are not so empowered to move independently to other places without the support of male members of the family. We can say that members are partially empowered in this case.

EFFECT OF AGE ON SOCIAL FEATURES

Ho1= There is no significant relationship between the women’s age and social empowerment.

(Table 3)

Age	Moving independently		Expressing views Freely		Able to discuss freely with Bankers/ Govt. Officials / NGO and others	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
≤25 years	2.88	1.356	3.25	1.165	3.00	1.309
25- 35 years	3.53	.892	3.36	.840	3.32	.913
35-45 years	3.42	1.005	3.06	.899	3.06	.949
≥45 years	2.97	.967	3.03	.933	2.91	.963
Total	3.40	.981	3.18	.895	3.14	.954
F	3.613		2.683		2.509	
(Sig.)	.014		.047		.059	
Accepted/ Rejected	Rejected		Rejected		Accepted	

Interpretation: From the above we find that the calculated value of F is significant at 5 percent level of significance, the null hypothesis is rejected, which shows that there is significant relation between age and Social features like Moving independently, expressing views freely. It is also evident that there is no significant Relation between age and ability to discuss freely with bankers/ Govt. Officials / NGO, null hypothesis is accepted.

EFFECT OF EDUCATION ON SOCIAL FEATURES

Ho2= There is no significant relation between education level and social feature.

(Table 4)

Education	Moving independently		Expressing views Freely		Able to discuss freely with Bankers/ Govt. Officials / NGO and others	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
Illiterate	3.37	.998	3.24	.943	3.18	1.019
Senior Secondary	3.51	.900	3.05	.752	3.09	.774
Higher secondary	2.60	.986	2.93	1.033	2.67	1.113
Degree & above	4.33	.516	4.17	.753	4.17	.753
Total	3.40	.981	3.18	.895	3.14	.954
F	5.949		3.960		3.861	
(Sig.)	.001		.009		.010	
Accepted/ Rejected	Rejected		Rejected		Rejected	

Interpretation: From the above the following results were concluded that the calculated value of F is significant at 5 percent level, the null is rejected. Hence it is concluded that there is significant relationship between education levels and the social empowerment and education level of the respondents influence the social empowerment of rural women.

EFFECT OF TYPE OF FAMILY ON SOCIAL FEATURES

Ho3= There is no significant relation between Type of family and social feature.

(Table 5)

Type of Family	Moving independently		Expressing views Freely		Able to discuss freely with Bankers/ Govt. Officials / NGO and others	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
Joint	3.38	.979	3.22	.912	3.19	.949
Nuclear	3.42	.988	3.12	.875	3.08	.959
Total	3.40	.981	3.18	.895	3.14	.954
F	.109		.912		1.021	
(Sig.)	.742		.340		.313	
Accepted/ Rejected	Accepted		Accepted		Accepted	

Interpretation: The study reported that the calculated value is higher than the hypothetical value at 5 percent, the null hypothesis is accepted. Hence, type of family of respondents is not having any significant relationship with social features.

EFFECT OF CITY ON SOCIAL FEATURES

Ho4= There is no significant relation between City and social feature.

(Table 6)

City	Moving independently		Expressing views Freely		Able to discuss freely with Bankers/ Govt. Officials / NGO and others	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
Udaipur	2.90	1.233	2.62	1.028	2.68	1.203
Kota	3.36	.942	3.40	.881	3.26	1.026
Jaipur	3.10	.995	2.98	.915	2.96	.880
Beawar	3.42	.950	3.08	.778	3.10	.909
Jodhpur	3.92	.566	3.54	.676	3.48	.677
Medta city	3.70	.735	3.44	.733	3.36	.749
Total	3.40	.981	3.18	.895	3.14	.954
F	8.166		8.561		4.968	
(Sig.)	.000		.000		.000	
Accepted/ Rejected	Rejected		Rejected		Rejected	

Interpretation: From the above we can conclude that, there is significant relation between the place of residence and social empowerment of women. City in which women are living influence the social empowerment of women.

EFFECT OF INCOME LEVEL ON SOCIAL FEATURES

Ho5= There is no significant relation between Income level and social feature.

(Table 7)

Income Level	Moving independently		Expressing views Freely		Able to discuss freely with Bankers/ Govt. Officials / NGO and others	
	Mean	S.D.	Mean	S.D.	Mean	S.D.
< Rs 2500	3.13	.835	2.88	.641	3.13	.641
Rs 2500-5000	2.98	.897	2.94	.845	2.62	.922
Rs 5000- 7500	3.11	1.181	3.13	1.107	3.11	1.134
Rs 7500-10000	3.67	.822	3.28	.796	3.31	.831
> Rs 10000	2.00	.	2.00	.	2.00	.
Total	3.40	.981	3.18	.895	3.14	.954
F	8.434		2.193		5.533	
(Sig.)	.000		.070		.000	
Accepted/ Rejected	Rejected		Accepted		Rejected	

Interpretation: From the above it was concluded that there is significant relation between the Income level and social empowerment of women. It is also concluded that there is no relation between income levels and expressing views freely in family and group, null hypothesis is accepted.

Conclusion and discussions:

It was concluded that after joining joint liability group women gained social empowerment at home. Now they are able to express their views freely at home but still they are not so empowered to move independently to other places without the support of male members of the family. We can say that members are partially empowered in this case.

It was found that there is significant relation between age and Social features like Moving independently, expressing views freely. It is also evident that there is no significant Relation between age and ability to discuss freely with bankers/ Govt. Officials / NGO, null hypothesis is accepted.

There is significant relationship between education levels and the social empowerment and education level of the respondents influence the social empowerment of rural women.

Type of family of respondents is not having any significant relationship with social features.

There is significant relation between the place of residence and social empowerment of women. city in which women are living influence the social empowerment of women.

It was concluded that there is significant relation between the Income level and social empowerment of women and there is no relation between income levels and expressing views freely in family and group.

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