



Impact of Microfinance on Decision Making and Women Empowerment – Case Study of Krishna and Kadapa Districts, Andhra Pradesh

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ABSTRACT

Women empowerment is an essential precondition for elimination of poverty. In India, Micro finance and Self Help Group (SHG) intervention helped in economic up gradation of the poor women through strengthening the income generating capacity and led to empowerment of women. This paper analysis the impact of Microfinance Institutions on women decision making and how the micro finance has affected the economic and social status of the respondents in the selected districts of Andhra Pradesh. It also analysis the micro finance as an instrument for women empowerment. It provides a conceptual background to research in this subject. Micro finance has resulted in improving access to credit sources and asset building and improved the role of women in decision making

KEYWORDS : Microfinance, women empowerment, decision making, socio economic status.

Introduction

In the history of human development, woman has been as important as man. In fact, the status, employment and work performed by women in society is the indicator of a nation's overall progress. Among total Indian population of 1027.10 million, women constitute 495.73 million which is nearly 50 per cent of population. Without the participation of women in national activities, the social, economical or political progress of a country will be stagnated.

The unique feature of microfinance programme is that it focuses on women for development. The basic idea is to empower women by providing them financial assistance and allowing them to earn an independent income, contribute financially to their households and generate self-employment. This economic independence is expected to generate increased self-respect, self-esteem, self-confidence, involvement in decision making and empowerment of women.

Objectives

The primary objective of the present study is to find out the impact of microfinance on decision making and women empowerment in selected regions of Andhra Pradesh.

The specific objectives of the study are:

- 1) To study the growth of Micro Finance Institutions.
- 2) To study the impact of Microfinance Institutions on women decision making .
- 3) To study the impact of Microfinance Institutions on women socio economic settings

Research Methodology

This study relied on two types of data; primary data and secondary data. The sample consists of 100 percent female clients of Microfinance Institutions (MFIs). For the proposed study Krishna districts is selected from coastal Andhra region and YSR Kadapa from Rayalaseema. These districts are selected based on highest MFI penetration rate and large number of women clients. In these selected district six villages are selected on Random basis. A sample of 24 respondents was selected randomly from each village for interview. The study uses primary data analysis of 144 women respondents using micro finance schemes from each district.

Defining Microfinance

The mantra "Microfinance" is banking through groups. The essential features of the approach are to provide financial services through the groups of individuals, formed either in joint liability or co-obligation mode. Basically groups can be of two types:

Self Help Groups (SHGs) :

The group in this case does financial intermediation on behalf of the formal institution. This is the predominant model followed in India.

Grameen Groups:

In this model, financial assistance is provided to the individual in a group by the formal institution on the strength of group's assurance. In other words, individual loans are provided on the strength of joint liability/co obligation. This microfinance model was initiated by Bangladesh Grameen Bank and is being used by some of the Micro Finance Institutions (MFIs) in our country.

Microfinance Institutions in India (MFIs)

Those institutions which have microfinance as their main operation are known as micro finance institutions. These institutions lend through the concept of Joint Liability Group (JLG). A JLG is an informal group comprising of 5 to 10 individual members who come together for the purpose of availing bank loans either individually or through the group mechanism against a mutual guarantee.

Some of the Microfinance Institutions are as follows

1. Association for SarvaSeva Farms (ASSEFA)
2. Bandhan (Society and NBFC)
3. SKS Microfinance Ltd (SKSMPL)
4. SpandanaSphoorty Financial Ltd (SSFL)
5. ShriKshetraDharmasthala Rural Development Project (SKDRDP)
6. Self Help Women's Association (SEWA)

Development of the microfinance sector in Andhra Pradesh

Andhra Pradesh is considered as the capital state of Microfinance in India. Andhra Pradesh is one of the leading states in terms of SHG and MFI growth, with the largest MFIs based in the state. The outreach of MFIs in the State as on 31 March 2010 is 6.3 Million clients (23 per cent of All India). In terms of loan portfolio, MFIs in Andhra Pradesh have a loan outstanding of Rs.521 crores (28 per cent) as on 31.3.2010. The major NBFCs viz., SKS, SPANDANA, SHARE microfinance, etc are operating in almost all the districts of the State.

Micro Finance: Instrument for Women's Empowerment

SEN(1999) Empowerment is an expansion in individual's agency i.e. expansion in one's ability to act and bring about change, whose achievement can be judged in terms of her own values and objectives.

Among the various measures targeted towards women's empowerment, the provision of micro finance or small credit assumes crucial importance. In India, micro finance scene is dominated by self help

groups - bank linkage programme, aimed at providing a cost effective mechanism for providing financial services to the 'unreached poor' but also in strengthening collective self help capacities of the poor at the local level, leading to their empowerment.

Learning to manage money and rotate funds builds women's capacities and confidence to intervene in local development and local governance beyond the limited goals of ensuring access to credit. However, there is a perceptible gap in financing genuine credit needs of the poor especially women in the rural sector.

The experiences of several SHGs reveal that rural poor are efficient managers of credit and finance. Availability of timely and adequate credit is essential for them to undertake any economic activity rather than credit subsidy. Various studies show that there is a positive correlation between credit availability and women's empowerment.

Impact of MF on Decision making of the respondent

Women's participation in decision making in family is important indicator for measuring their socio economic status. It is observed from the study that the participation of women in the decision-making process has increased significantly after accessing loans from MFIs and this can be seen from the percentage distribution of members reporting on the decision-making process in the selected sample districts. The joint decision making by women members together, with their spouses also improved significantly for all aspects investigated. There was an improvement in the socio economic conditions of women in terms of self-confidence, as reflected in their decision-making abilities and interaction with outsiders. Most of the respondents reported that micro finance programme has improved their role in childbearing decisions, spouse selection, marriage of girls/boys, education of children, purchasing, savings, asset building, IGAs (Income generating activities), interaction with outsiders and in community decision-making. MFIs also enabled the women beneficiaries to attend training/workshops, to actively participate in meetings, to exercise their vote independently and to help in the loan arrangement for the family. Thus it can be said that women's say in decision-making has significantly improved both money centered and family centered after joining the SHGs.

Distribution of Respondents based on their decision making

Decision Making		Krishna district		Kadapa district		Over all Total	
		No	%	No	%	No	%
House Hold	Improved	80	55.56	48	33.33	128	44.44
	Stayed Same	60	41.67	94	65.28	154	53.47
	Worsened	4	2.78	2	1.39	6	2.08
	Worsened very much	0	0	0	0	0	0.00
	Total	144	100	144	100	288	100.00
Community	Improved	20	13.89	4	2.78	24	8.33
	Stayed Same	86	59.72	90	62.5	176	61.11
	Worsened	38	26.39	50	34.72	88	30.56
	Worsened very much	0	0	0	0	0	0.00
	Total	144	100	144	100	288	100.00
Family Planning	Improved	84	58.33	66	45.83	150	52.08
	Stayed Same	26	18.06	32	22.22	58	20.14
	Worsened	19	13.19	40	27.78	59	20.49
	Worsened very much	15	10.42	6	4.17	21	7.29
	Total	144	100	144	100	288	100.00

Women Groups	Improved	40	27.78	40	27.78	80	27.78
	Stayed Same	62	43.06	68	47.22	130	45.14
	Worsened	30	20.83	22	15.28	52	18.06
	Worsened very much	12	8.33	14	9.72	26	9.03
	Total	144	100	144	100	288	100.00
Wage/ Salary	Improved	56	38.89	52	36.11	108	37.50
	Stayed Same	50	34.72	36	25	86	29.86
	Worsened	26	18.06	50	34.72	76	26.39
	Worsened very much	12	8.33	6	4.17	18	6.25
	Total	144	100	144	100	288	100.00
Family Expenditure	Improved	45	31.25	43	29.86	88	30.56
	Stayed Same	58	40.28	36	25	94	32.64
	Worsened	33	22.92	60	41.67	93	32.29
	Worsened very much	8	5.56	5	3.47	13	4.51
	Total	144	100	144	100	288	100.00

Source: Primary data

Women in Household Financial Decision-making

Women involved in the household financial decision-making are definitely more empowered because generally male members of the family dominate in financial decision-making. About 44.44 percent of respondents are involved in household decision making relating to financial decisions like budget allocation, when to get a loan, amount and source of loan, buying and selling of household durables etc. and they feel more empowered within their family.

Women in community Decision-making

Microfinance improved household decision making of the respondents but respondents decision making in community is not at all appreciable. Only 8.33 percent of the respondents community decision making improved.

Women in Family Planning Decision-making

After availing loans from microfinance institutions and becoming financially self supported, women learnt about the disadvantages of large families and advantages of small families. As a member of SHGs they strongly bound themselves to family planning program and also made a large scale propaganda about family planning techniques. About 52 percent of the respondents were involved in decision making regarding family planning. This is due to the nature of family the respondent live, the surroundings of the house, community of the respondent influence the respondent.

Women in Decision-making in women groups

Microfinance program pursued through SHGs is a collective effort of group participants. The members co-operate one another, deal with other members of the society, and meet the members of other groups in their joint group meetings. In this way, they develop a social behavior. It is observed that about 27.78 percent of respondents decision making improved. About 18.06 percent of respondents decision making worsened and surprisingly 9.03 percent of respondents decision making worsened very much in women groups. It is observed that this poor involvement of respondents is due to varies caste, religion, difference in educational status etc. All these barriers must be removed to encourage women.

Women in Decision-making regarding her income

MFIs paved the ways to downtrodden women to generate their own income and attain economic and social stamina. About 37 percent of

the respondents are involved in decision making on income related matters as she has become one of the earning member in the family and economically strong.

Women in Decision-making regarding Family expenditure

Most of the families are run by male members restricting women to domestic household works. Earning and expenditure is mostly looked after by the head of the family. However the sample study revealed that 32.64 percent of the respondents are involved in decision making regarding family expenditure.

Impact of MFIs on Socio Economic conditions of the Respondent

The system of microfinance has been designed to give low income communities quick and easy access to socio-economic services, and providing opportunities for self-employment and thus a chance to uplift themselves out of poverty.

Distribution of Respondents based on the Impact of MFIs on Socio Economic conditions

	Krishna district		Kadapa		Over all Total	
SOCIAL STATUS OF THE RESPONDENT						
		No	%	No	%	No
Health	Improved	86	59.72	45	31.25	131
	Stayed Same	52	36.11	96	66.67	148
	Worsened	5	3.47	3	2.08	8
	Worsened very much	1	0.69	0	0	1
	Total	144	100	144	100	288
Learning	Improved	86	59.72	97	67.36	183
	Stayed Same	54	37.5	30	20.83	84
	Worsened	4	2.78	17	11.81	21
	Worsened very much	0	0	0	0	0
	Total	144	100	144	100	288
Voice against social exploitation	Improved	112	77.8	98	68.06	210
	Stayed Same	28	19.44	29	20.14	57
	Worsened	3	2.08	17	11.81	20
	Worsened very much	1	0.69	0	0	1
	Total	144	100	144	100	288
ECONOMIC STATUS OF THE RESPONDENT						
Access to Loan	Improved	72	50	58	40.28	130
	Stayed Same	66	45.83	64	44.44	130
	Worsened	6	4.17	22	15.28	28
	Worsened very much	0	0	0	0	0
	Total	144	100	144	100	288

Income Levels	Improved	70	48.61	70	48.61	140	48.61
	Stayed Same	66	45.83	68	47.22	134	46.53
	Worsened	8	5.56	6	4.17	14	4.86
	Worsened very much	0	0	0	0	0	0.00
	Total	144	100	144	100	288	100
Assert Creation	Improved	52	36.11	52	36.11	104	36.11
	Stayed Same	66	45.83	70	48.61	136	47.22
	Worsened	22	15.28	14	9.72	36	12.50
	Worsened very much	4	2.78	8	5.56	12	4.17
	Total	144	100	144	100	288	100
Employment in Rural Areas	Improved	50	40.28	52	36.11	102	35.42
	Stayed Same	46	31.94	50	34.72	96	33.33
	Worsened	26	18.06	30	20.83	56	19.44
	Worsened very much	14	9.72	12	8.33	26	9.03
	Total	144	100	144	100	288	100
Decline in Poverty	Improved	62	43.06	66	45.83	128	44.44
	Stayed Same	72	50	61	42.36	133	46.18
	Worsened	6	4.17	10	6.94	16	5.56
	Worsened very much	4	2.78	7	4.86	11	3.82
	Total	144	100	144	100	288	100
Socio Economic Status	Improved	68	47.22	64	44.44	132	45.83
	Stayed Same	62	43.06	58	40.28	120	41.67
	Worsened	12	8.33	14	9.72	26	9.03
	Worsened very much	2	1.39	8	5.56	10	3.47
	Total	144	100	144	100	288	100

Source: Primary data

Impact of MFIs on Social status of the respondent

Above table reveals the impact of MFIs on socio economic conditions of the respondent. Majority of the sample respondents became aware about good health practices from the meetings and camps conducted by the government and about 46 percent of the respondents health conditions improved after borrowing loans from MFIs and it is as high as 60 percent in Krishna district.

Microfinance programme also developed the overall personality of its participants, influence the level of comfort and confidence of its members by developing the basic skills like writing their name, reading numbers, doing basic arithmetic, filling bank forms and understanding pass-book entries etc. All this generates knowledge, self confidence and self-esteem which are the indicators of their social enhancement and about 64 percent of the respondents learning skills improved due to microfinance programme in all the sample districts.

The micro finance programme, helped the members increase their level of confidence in dealing with officials, group members and other members of the community. In this study, 73 per cent of the respondents are more confident in raising their voice against the social problems like dowry, female feticide, drug addiction, injustice and domestic violence,

It is concluded that one of the very important things to be noted is that majority of the respondents reported that microfinance programme has helped in decrease in domestic violence against women and in discrimination against daughters. It is well known fact that social changes associated with development provide the individuals more control and influence over their own destiny. Generally women in the rural areas faced problems related to illiteracy, lack of skills, lack of health care, lack of recognition in the family and community, freedom of movement, social interaction with outsider etc. These are some of the problems which the women found difficult to tackle individually but can be better solved through group efforts.

Impact of MFIs on Economic status of the respondent

Most of the women beneficiaries stated that micro finance has resulted in improving access to credit sources and asset building. The study reports reveals that majority of the respondents started income generating activities by using micro finance, 49 per cent of the respondents reported improvement in income level while 45 percent of the respondents reported an improvement in loan access and 36 percent of respondents agreed that there is an improvement in asset creation. The study also shows that 35 percent of the respondents reported that micro finance improved employment opportunities in rural areas and 44 percent of the respondents reported that the MF programme has declined the extent of poverty in rural areas.

Microfinance programme provided employment opportunities and helped in economic upgradation of the poor women through strengthening the income generating capacity which further equips them to access other development requirements to get out of the multifaceted dimensions of poverty.

Conclusion:

The government and other developmental partners should work together to develop the Strategies to combat the lack of empowerment among the rural women and also focus on the root cause of women's powerlessness. It is suggested that microfinance organizations can bring out changes in their policies and programmes to promote empowerment among their clients. For instance collaborating with other organizations for providing business training, monitoring the use of loan and encouraging more productive use of loan by various ways such as differential rate of interest, incentives, etc, are some of the few measures suggested to promote empowerment and skill training amongst the clients.

Micro Finance is an important and powerful scheme for empowerment and involvement of women in decision making. Prominently micro-finance schemes facilitate women to contribute to the household economy, increasing their intra-household bargaining authority. The income generating activities undertaken by women by using micro finance improved their income levels and assets thereby giving them financial stability. There is also 'increased participation in household decision making', 'gaining respect in family', 'increased savings', 'meeting family expenses', 'independence', 'confidence' etc. They said to have gained respect and trust in society and were able to plan for the future of their families.

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