



Women Empowerment Through Micro Finance: An Empirical Study of Mandya District

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ABSTRACT

Micro finance is a necessity where there is either improper financing or deficiency in financing. In the Indian context both factors warrant for micro financing. In some areas there is acute problem with finance and some areas there is financial mismanagement. Provision of right sum at right time to a right person under right terms would enable proper financing.

This is possible through micro financing. The rural women have to be focussed very much as they tend to remain outside the mainstream of economic lives. When they are ensured financial autonomy they would get social autonomy as well thus signalling full empowerment.

In Mandya District there are 6638 MFIs catering to the financial needs of more than 18,05,769 total population, of which 9,05,085 is women population. Only 116184 women are the members of MFIs which indicate very low financial inclusion. The survey conducted by the researchers, by taking 332 sample respondents, reveals that 63 % agreeing with positive and effective performance of MFIs; 53% agreeing that banks lend helpful hand to MFIs; 80 % asserting that they use MFI loans for specific purpose only; 50% gained self confidence and 63 percent standing on their own leg.

KEYWORDS : Micro financing, Self Help Groups, under privileged people, Grameena Banks, local money lenders

Introduction:

India could boast of stable economy with GDP growth rate above 5% amidst recent shocks witnessed all around the world. The buoyancy in the Indian economy is mainly attributed towards phenomenal growth of service sector. With more thrust given on service sector, the primary sector that is agriculture is being relegated to back seats. The developments in agriculture sector are abysmally low hence the socio economic development of rural India is naturally staggered. Lack of finance in right sum, at right time, to the right person, under right terms and in a right channel is considered to be a main reason for such ill growth.

The micro financing which is seriously taken up by banks and other financial intuitions has emerged as a solution to this problem. Different schemes of central and state governments have envisaged pumping of enough funds to rural sector so as to entail socio economic empowerment.

Mandya District, which is predominantly agriculture oriented with above 80% of population engaged in agriculture is considered as sugar bowl of Karnataka. The arid zone of northern part of the district comprising of Nagamangalataluk and some parts of K R Pet and Pandavapurataluks are economically not so affluent because of dependency on uncertain monsoon. Mandya District, situated in Southern part of Karnataka State, has a geographical leverage of establishing link between highly developed Bangalore region and cultural capital Mysore. With the mechanisation of agriculture through of tractors, tillers, harvesting machines, transport vehicles and pest control equipments the demand for agriculture has commensurately reduced. Naturally excess labour force is getting migrating to neighbouring Bangalore and Mysore regions. Women folk belonging to middle class who prefers stay at home need to be given employment during slack season. There are concerted effort made by government and non government agencies in training the women for self employment. However, the economic inabilities are acting as major constraints for such women in taking up of part time or full time occupations outside the purview of agriculture. They are in need of right finance at right time under right terms. As per the data available from District Information Centre, Mandya District has 118 branches of public sector banks, 2058 branches of cooperative banks including credit societies, 84 branches of Kaveri Grameena Bank 6638 self help groups

are servicing in the taluk may not be able to meet the expectations of people. There are local money lenders and landlords who encash upon the deficiency of service from organised sector, but there are serious criticisms- exorbitant interest rates, harsh recovery norms and unscrupulous account keeping- levelled against these money lenders.

Statement of Problem:

Providing finance to the needy under right terms in right time and right quantum is a difficult task. As per available data Mandya District, with 1478 villages. The total Mandya district population living in rural areas is 1,497,407 of which males and females are 751,243 and

website : <http://mandya.nic.in/distat> browsed on 13th July 2014

746,164 respectively. In rural areas of Mandya district, sex ratio is 993 females per 1000 males. has scanty banking facility because of presence of only 2273 formal financing institutions excluding private sector banks. There are a total of 104648 workers, in the sense earning members in the taluk of which 682440 are males and 497231 are females. There are 116184 female members in MFIs in the taluk. Of the 6638 MFIs and all 6638 MFIs had opened SB accounts with the banks Total loans sanctioned by banks at the end of 2011-12 was Rs 24237.42 lakhs and by banks at the end of 2011-12 was Rs 107878 lakhs. Micro financing has thus become a distant mirage for many underprivileged people living in remote villages. There are scores of villages which have no motorable all season roads, Yet, mass media revolution has not denied them opportunities to embrace modern life style. Rural women are now aspiring to lead more comfortable life. In this endeavour, they need financing as their current financial position is rather weak. When organised sector fails to satisfy their financial needs they are naturally inclined towards local money lenders and landlords. The self help groups have subsided the problem to a certain extent. Paradoxically, these SHG members are also involved in unscrupulous money lending activity. Ultimately socio economic empowerment has become a myth.

Need for Study:

Micro financing, though not a panacea for all financial ordeals, it is undoubtedly a catalyst in socio economic empowerment. Hence a study on micro financing as an agent of socio economic change with particular reference to women in Mandya District is an unique effort.

The study is expected to throw much light upon social and economic hiccups in the taluk besides explaining the role of MFIs in removing these hiccups.

Objectives:

Following are the objectives of the study:

- 1) Studying the brief profile of Mandya District
- 2) Studying the nature of micro financing in Mandya District
- 3) Analysing the perspectives of women stakeholders about micro financing in Mandya District
- 4) Identifying the shortfalls in micro financing in Mandya District and offering suggestions to improve the system

Scope of Study:

The present study is confined to revenue district of Mandya in the state of Karnataka.

Methodology:

The present study is erected upon both primary data and secondary data. Secondary data is collected from published and unpublished sources. Cyber data is extensively used in this research article. The primary data is collected by adopting survey method. An empirical analysis of women stake holders' perspectives is done. A structured questionnaire is administered to a sample of 332 stakeholder respondents selected under convenient random sampling method. Data collected is subjected to statistical analysis. Tools such as Simple frequency, ratios, percentages, averages, standard deviations are used. Interpretations would be made under inductive principles.

Limitations:

The study on the topic "Women Empowerment through Micro Finance: An Empirical Study of Mandya District" being an explorative research work based on empirical analysis would be having following discrepancies:

- Primary data collected from sample respondents and used in this study may not be true representative of the population
- Secondary data used in the study may not be accurate and they may vary from source to source and time to time.
- Statistical tools of analysis may have reflections on the findings because of their inherent demerits
- Inferences made by the researchers based on personal judge-

ments and statistical values may not be universally acceptable

Highlighting points in demographic profile of respondents:

- The demographic characteristics of respondents in the survey reveal that majority (76.5 %) are married women
- Majority households have 3 dependent members, thus indicating the popularity of nuclear families.
- 47.89 per cent of respondents have main occupation of agriculture, which is a natural phenomenon in a rural dominant society
- 34.93 per cent are homemakers which indicates sizeable women population staying back at home without venturing into any gain full occupation outside the four walls of residence.
- There are 30.71 % of respondents having annual income in the range of Rs 60000 between Rs 90000, which highlights moderate income level of households

Perception analysis:

For the purpose of analysis of perceptions of women respondents about micro finance 13 statements were assertively given in the questionnaire for which opinion was solicited and recorded in five point Likert scale ranging from 1 to 5. The statements are

1. MFIs provide right finance at proper terms
2. MFIs are financed by banks with right earnest
3. Financing by banks meet financial expectations of beneficiaries
4. Loan borrowed from MFIs is used for right purposes only
5. Loans from MFIs have augmented the economic strength of families
6. Loans borrowed are promptly repaid on time
7. MFIs loans have relieved the burden of approaching local money lenders
8. Making correspondence with MFIs and movements for rising loan and repayment with reference to MFIs has helped in self-realisation and self evaluation
9. MFIs have boosted the self confidence
10. MFIs loan has enabled self dependence
11. MFIs have contributed to the comprehensive development of village life
12. MFIs have increased social bondage and have contributed to the harmonious community life

Table No 1: Perceptions Analysis based on empirical data

Sl. No	Strongly Agree	%	Agree	%	Not Sure	%	Dis-Agree	%	Strongly Disagree	%	NA	%	Total
S1	78	23.49	132	39.75	47	14.15	41	12.34	5	6.97	6	3.31	332
S2	51	15.36	124	37.34	48	14.45	43	12.92	37	11.14	29	8.73	332
S3	53	15.96	51	15.36	62	18.67	76	22.89	59	17.77	31	9.33	332
S4	98	29.51	176	53.01	21	6.32	10	3.01	8	2.40	19	5.72	332
S5	41	12.34	62	18.67	112	33.73	39	11.74	31	9.33	47	14.15	332
S6	36	10.84	97	29.31	58	17.46	71	21.38	43	12.95	27	8.13	332
S7	64	19.27	127	38.25	36	10.84	47	14.15	35	10.54	23	6.92	332
S8	70	21.08	98	29.51	52	15.66	49	14.75	35	10.54	28	8.43	332
S9	49	14.75	121	36.44	49	14.75	51	15.36	38	11.44	24	7.22	332
S10	67	20.18	143	43.07	21	6.32	54	16.26	11	3.31	36	10.84	332
S11	61	18.37	98	29.51	82	24.69	43	12.95	27	8.13	21	6.32	332
S12	47	14.15	83	25.00	54	16.26	73	21.98	54	16.26	21	6.32	332

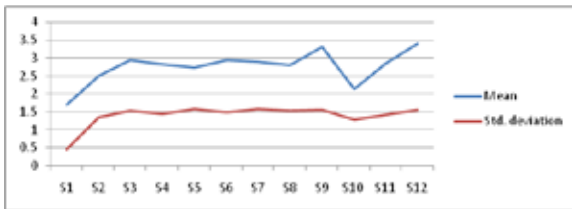
Source: Primary data – survey & analysis

Table 02 One-Sample Statistics

Table No	N	Mean	Std. Deviation	Std. Error Mean
1	332	1.6929	.46220	.02900
2	332	2.4940	1.33621	.07333
3	332	2.9337	1.53365	.08417
4	332	2.8193	1.42396	.07815
5	332	2.7199	1.56138	.08569
6	332	2.9398	1.48994	.08177
7	332	2.8946	1.56945	.08613
8	332	2.7922	1.51793	.08331
9	332	3.2952	1.53811	.08441
10	332	2.1295	1.26471	.06941
11	332	2.8313	1.41694	.07776
12	332	3.3916	1.55765	.08549

Source: Primary Data- Survey Analysis

Graph 01: Data analysis



DATA ANALYSIS AND INTERPRETATIONS:

. With the Government support through various schemes and gradual commercialisation of agriculture and allied services, people are getting employment and supplementing income which is truly indicated in the survey findings. Hardly 5 % of respondents are illiterates and middle school dropouts are 11.44 % thus indicating increased awareness about women education in the taluk. 81 percent of respondents are members of SHG which indicates inclination of women from Mandya district towards financial inclusion

63 per cent of respondents agree that MFIs do provide right loans at time and right terms which signifies the effective role play by such MFIs. 53% of respondents agree that commercial banks lend loans to MFIs under easy terms thereby majority women vouch the positive role of banks in Micro financing in the district. When only 31 per cent of respondents opine that the banks meet their financial expectations one can construe that women are not accustomed with banking services in the district. The situation with cooperative banks and societies is somewhat positive in this regard as 49 percent of respondents agreeing with the reasonable terms of financing by such institutions. 80 % of respondents assert that they use the loans from MFIs for specific purpose only. This is a significant finding because sincerity in using the financial accommodations is very high among female. Cultural heritage of Mandya District has especially made women to be more sensitive in maintaining financial discipline. Adding feather to their cap, only 30 % of these women are candid in accepting that MFI loans have augmented their economic strength. Rather astonishing to note that 33 percent are not sure whether or not their economy has improved because of MFI loans. This perplexity may be attributed to many factors such as lack of education, lack of self confidence, male

dominance and so on. However one can presume that MFI loans have made significant impact on economy of households in the district. Hardly 40 percent of respondents are of the opinion that MFI loans are repaid on time thereby leaving another 60 percent on the other side. Since economic standards of majority households is moderate and many are dependent on unpredictable harvest from rain fed agriculture this phenomenon is taken to be common. 58 percent of respondents agree that MFIs have relieved the burden of approaching local money lenders for financial needs which is both positive and negative finding-positive because MFIs have made inroads into rural areas, negative because there is gaping hole in financial inclusion.

Regarding social empowerment of women, undoubtedly the MFIs have made significant achievement in Mandya District. 50 percent of women have self realisation while transacting with MFIs and they have had introspection as well. Equal proportion of women has gained self confidence and 63% have started standing on their own leg, which is highlighting success in the empowerment process. 48 % of respondents have agreed that MFIs have been responsible for all-round development of villages and 40 % have agreed that MFIs have encouraged harmonious village life. Paradoxically 38 percent opine that MFIs and other MFIs have not contributed to harmonisation of social life. This phenomenon is existence because most of the MFIs are associations of subculture groups which maintain seclusion.

All the findings stated above are valid as the standard error is below 0.1 and frequency distributions are assumed to be uniform.

Major Findings:

- 76.5 % are married women
- majority households (52%) have 3 dependent members
- 47.89 per cent of respondents have main occupation of agriculture
- 81 percent of respondents are members of SHG
- 31 per cent of respondents opine that the banks meet their financial expectations
- 30 % of these women are accepting that MFI loans have augmented their economic strength
- 63 % are self dependent
- 48 % of respondents have agreed that MFIs have been responsible for all-round development of villages

Suggestions:

- MFIs must be revitalised to extend the service trajectory towards those who still depend on local money lenders
- MFIs must be revamped to spearhead the membership drive and to inculcate banking habits among women
- Women must be socially empowered and as a prelude to that they have to be economically independent. MFIs shall prioritise lending to women beneficiaries
- Customised schemes shall be evolved in financial inclusion programme keeping in view local socio cultural and economic situations

Conclusion:

The empirical study on micro financing and women empowerment with specific reference to Mandya District has explored the subtle issues in social- cultural and economic lives of women in the district. Further a perspective analysis of sample respondents about effectiveness of MFIs has yielded the positive result that microfinancing is a success in the district. Yet, there are certain pitfalls; some areas are left subserved or underserved in as much as financial inclusion is concerned. An integrated approach by policy makers, the MFIs and NGOs would certainly make the dream of full empowerment of women coming true.

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