



“STUDY ON MICROFINANCE AND WOMEN EMPOWERMENT: AN INDIAN PERSPECTIVE”

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ABSTRACT

In India, the emergence of liberalization and globalization in early 1990's aggravated the problem of women workers in unorganized sectors from bad to worse as most of the women who were engaged in various self-employment activities have lost their livelihood. Despite in substantial contribution of women to both household and national economy, their work is considered just an extension of household domain and remains non-monetized. In India, Microfinance scene is dominated by Self Help Group (SHGs) as an effective mechanism for providing financial services to the “Unreached Poor”, and in strengthening their collective self-help capacities leading to their empowerment. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country. Micro finance is necessary to overcome exploitation, create confidence for economic self-reliance of the rural poor, particularly among rural women. Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women's empowerment. Through their contribution to women's ability to earn an income, these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, and wider social and political empowerment.

KEYWORDS : Microfinance, SHGs, Women Empowerment

INTRODUCTION

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, and creating awareness which finally results in sustainable development of the nation. Women have been the most underprivileged and discriminated strata of the society not only in India but the world over. Despite all Government and Non-Governments' efforts, they have been highly ignorant clients of the financial sector. In the recent times, microfinance has been emerging as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance the formal and semi formal sectors like commercial banks, NGOs etc. are taking much interest in providing microfinance to women considering it to be a profitable commercial activity. Women are also participating in the microfinance movement by availing the microfinance services being provided by the various financial channels.

The main aim of microfinance is to empower women. Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the unbankable, bringing credit, savings, and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. Women make up a large proportion of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status, and makes them more active in decision making, thus encouraging gender equality. According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of microfinance.

MICROFINANCE AND WOMEN EMPOWERMENT

Micro finance services and groups involving men also have potential to question and significantly change men's attitudes and behaviors as an essential component of achieving gender equality. Majority of microfinance programmes focus

women with a view to empower them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for the women's rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

REVIEW OF LITERATURE

Ranjula Bali Swaina and Fan Yang Wallentin (2009) in their article 'Does microfinance empower women? Evidence from self-help groups in India' concluded that their study strongly indicates that SHG members are empowered by participating in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices.

Batliala (1994) identified three approaches to women's empowerment: the integrated development approach which focused on women's survival and livelihood needs; the economic development approach which aimed to strengthen women's economic position and the consciousness approach which organized women into collectives that address the source of oppression.

Mayoux (1997) argues that the impact of microfinance programmes on women is not always positive. Women that have set up enterprises benefit not only from small increases in income at the cost of heavier workloads and repayment pressures. Sometimes their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as unpaid family workers with little benefit. She further points that in some cases women's increased autonomy has been temporary and has led to the withdrawal of male support.

RESEARCH OBJECTIVES

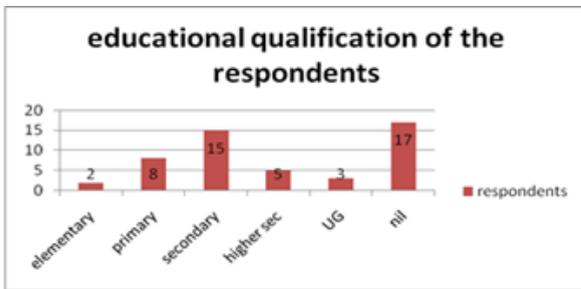
1. To study the role of micro finance in women empowerment.
2. To study the performance of SHGs in Banaskantha district.

3. To analyze the empowerment which women members get in SHGs.
4. To offer suggestion for betterment of women's empowerment through microfinance.

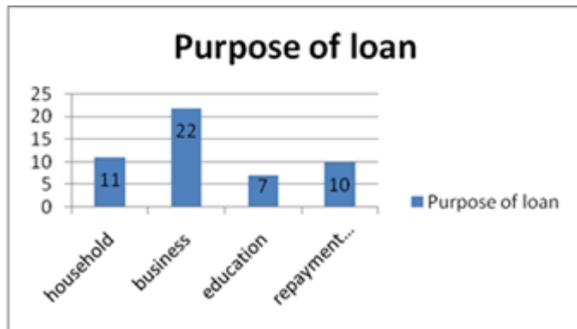
RESEARCH METHODOLOGY

- Sources of Data: The study is exploratory in nature and is based on both primary and secondary data. Secondary data was collected from various journals, articles, working papers, NGO reports etc. Primary data was enumerated from a field survey in the study region. (Banaskantha).
- Area of Sampling: The study was conducted in the district of Banaskantha through a field survey to get an insight of the benefits and challenges faced by women in SHGs.
- Sample Size: 50 samples from 3 SHGs from the area of study have been considered to conduct the present study.
- Method for data collection: A structured interview schedule was prepared and used for collecting data from the women SHG member. Both open ended and close ended questions were included in the schedule.
- Statistical tools: Simple correlation coefficient, paired t-test, cross tabulation, and percentage analysis are used for the analysis of the data.

DATA ANALYSIS AND INTERPRETATION



This Chart represents that the respondent's status. 34% of the women are illiterate and 30 % of the women have completed up to secondary level education. It is noticeable that only 6% of the respondents are graduates into this research study.



This Chart represents 44% of the beneficiaries use the loan for starting a new business or for expanding the existing business. It is interesting to note that 20 % of the respondents take loan for the repayment of an existing loan. However, 14 % of the respondents take loan for the education of their children, which signifies their awareness.

Paired t-test

- H0= There is no difference in mean income of respondents before and after joining SHG.
- H1= There is a difference in mean income of respondents before and after joining SHG.

Since the probability value is 0.000 (p<0.01), we reject the null hypothesis and conclude that mean salary after joining SHG is significantly higher than the mean salary before joining SHG. Thus, the microfinance is significantly increasing the salary of the respondents.

FINDINGS

- It is found that micro finance improved the literacy levels of the respondents and improved their awareness on child education.
- Maximum number of respondents accepted that microfinance has brought economic development directly and indirectly and thus happiness and peace in the family.
- Women are getting economically and socially empowered after getting micro finance as 88 percent of the respondents reported that poverty level has reduced by participating in micro finance program.
- More than 96 % respondents said that they play an important role in decision making and they were consulted for making important decisions of the family. This is an important factor of economic empowerment.
- There is a significant improvement in the income of the respondents after joining SHG.

CONCLUSION

Thus, it can be concluded from the above study that microfinance is playing a vital role in the social, psychological as well as economic empowerment of women in India. Microfinance loan advisement and its productive utilization found to be having a profound role and impact on women empowerment. The empirical findings of the study suggests that microfinance has a profound influence on the economic status, decision making power, knowledge, and self-worthiness of women participants of self-help group linkage program in Banaskantha. Microfinance is accepted as a key mantra for attaining and maintaining the sustained and long-term economic growth in all over the world. Reaching poor people on massive scale with popular products on a continuous basis involves rethinking the basic assumptions and making the changes. Today microfinance is striving to match the convenience and flexibility of informal sector while adding flexibility and continuity.

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