



An Empirical Study on Women's Empowerment Through Microfinance

KEYWORDS

Empowerment; Micro finance; Self Help Group

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ABSTRACT *Micro finance programmes are currently being promoted as a key strategy for addressing both poverty alleviation and women's empowerment simultaneously. Before 1990s, credit schemes for women were almost negligible. There were certain misconception about the poor people that they need loan at subsidized rates of interest on soft terms, they lack skills, capacity to save, credit worthiness and therefore are not bankable. Nevertheless, the experiences of several and SHGs reveal that rural poor are actually efficient managers of credit and finance. Especially this study is focus on SHG women's improved performance in basic status through the micro finance. It is helpful to Society, Government and Society well-being Associations to understand the level of women's empowerment and growth through Micro finance.*

Introduction

Empowerment of women is a holistic concept. It is multi-dimensional in its approach and covers economical, personal, social/cultural, familial, psychological and political aspects. All these facets of women development economic empowerment are utmost significance in order to achieve a lasting and sustainable development of society. Provision of microfinance is an important means for attaining women empowerment.

Although women's access to financial services has increased substantially in the past decades, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. International aid donors, governments, scholars, and other development experts have paid much attention to microfinance as a strategy capable of reaching women and involving them in the development process.

Microfinance and Women Empowerment

Microfinance is the extension of small loans to entrepreneurs who are too poor to qualify for traditional bank loans. It can also be described as provision of small-scale financial services to clients who are economically active in various urban and rural areas.

The Scheme of Micro-financing through SHGs (Self Help Groups) aims to create empowerment promoting conditions for women to move from positions of marginalisation within household decision making process and exclusion within community, to one of greater centrality, inclusion of voice.

The Social processes of Micro financing programmes strengthens women's self esteem and self worth, instil a greater sense of awareness of social and political issues leading to increased mobility and reduced traditional seclusion of women. Most importantly micro-finance programmes enable women to contribute to the household economy, increasing their intra-household bargaining power.

Literature Review

Mayoux, et.al (2001) Empowerment is also related to the process of internal change and to the capacity and right to make decisions. It consists of change, choice and power. It is a process of change by which individuals or groups with little or no power gain the ability to make choices that affect their lives. The structures of power (i.e. who has it, what its sources are, and how it is exercised) directly affect the choices that women are able to make in their lives.

Malhotra, et.al (2002) view of women's empowerment argues that it needs to occur in multiple dimensions: economic, socio-cultural, familial/ interpersonal, legal, political and psychological. These dimensions cover a broad range of factors, and thus women may be empowered within one of these sub domains. For instance, the socio cultural dimension covers a range of empowerment sub domains, such as marriage systems, norms regarding women's physical mobility, non-familial social support systems and networks available to women.

Kabeer (2001) empowerment is about the ability to make strategic life choices, and constitutes three dimensions: resources (defined broadly to include not only access, but also future claims to material, human and social resources); agency (including processes of decision-making and less-measurable manifestations of agency such as negotiation, deception and manipulation); and achievements (well-being outcomes).

Purpose

The purpose of the study is to examine the impact of micro-finance on Women's empowerment.

Research Methodology and Data Collection

The respondents for this study include 200 SHGs Women residing in rural communities at the Cuddalore district, in Tamilnadu South India. Rural communities were defined as rural and surrounding rural areas, so we are applying multi-stage sampling method, and stratified the respondent in SHGs. Respondents were asked to give rating on a L.L.Thurstone scale of 1-8; if a respondent gives maximum importance for an empowerment area may allot 1 against that variables whereas if gives least importance for an empowerment area may allot 8 against that variable. The questionnaires were pre tested on set of 50 respondents to assess validity and reliability of the questionnaires.

Factor analysis of women's empowerment variables lead through Micro finance

The list of factors that influences women's empowerment through micro finance was identified from empirical study and secondary data. The factor analysis for Women Empowerment is done by Principle component analysis method and it is applied on 8 influencing variables namely 1) Change your poverty, 2) Increase income, 3) Enhance savings/deposits, 4) Acquire assets, 5) Take loan for Micro finance, 6) Increasing family welfare, 7) Children or family members education/marriage and 8) Get other benefits

Table-1: Total Variance of the factor influences to women’s empowerment
 Over all 200 respondents represent their ranking order of the above said empowerment variables lead through Micro finance.

Component	Initial Eigen value			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	4.415	55.185	55.185	4.415	55.185	55.185	3.348	41.849	41.849
2	1.801	22.518	77.703	1.801	22.518	77.703	2.868	35.854	77.703
3	.718	8.977	86.680						
4	.543	6.793	93.473						
5	.321	4.011	97.484						
6	.176	2.206	99.690						
7	.025	.310	100.000						
8	3.600E-16	4.500E-15	100.000						

Extraction Method: Principal Component Analysis

Table-2: Communalities and Rotated Component Matrix for the factors influence to women’s empowerment

Attributes	Communalities		Rotated Component Matrix	
	Initial	Extraction	Component -1	Component -2
1).Change your poverty	1.000	0.920	0.829	0.483
2).Increase income	1.000	0.779	0.362	0.805
3).Enhance savings/deposits	1.000	0.844	0.521	0.757
4).Acquire assets	1.000	0.723	0.833	0.170
5).Take loan for Micro finance	1.000	0.860	0.577	-0.726
6).Increasing family welfare	1.000	0.740	-0.197	-0.838
7).Children or family members education/marriage	1.000	0.639	-0.696	-0.393
8).Get other benefits	1.000	0.711	-0.842	-0.045

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 8 iterations.

The above table interprets the factor loading for ‘Children or family member’s education/ marriage’ is comparatively low to the turn of 63% of the total variance. However the remaining 7 variables have high factor loadings above 70%. The high factor loading variables like ‘Change your poverty’, ‘Take loan for Micro finance’ and ‘Enhance savings/deposits’

are scoring 92%, 86%, and 84% respectively. Factor 1 has two significant loadings while factor 2 also two significant loading respectively.

The first extracted factors ‘Change your poverty’ and ‘Acquire assets’ are grouped together and accounts for 55% of the variance. The next extracted factors ‘Increase income’ and ‘Enhance savings/deposits’ are grouped together accounts for 22% of the variance.

Findings

It is found through this study that the factor influences to women’s empowerment through micro finance the first extracted factors ‘Change your poverty’ and ‘Acquire assets’ accounts for 55% of variance. The second extracted factors ‘Increase income’ and ‘Enhance savings/deposits’ accounts for 22% of variance.

Conclusion:

Microfinance has the potential to have a powerful impact on women’s empowerment. Empowerment is a complex process of change that is experienced by all individuals somewhat differently. Strengthening women’s financial base and economic contribution to their families and communities plays a role in empowering them. In some cases, access to credit may be the only input needed to start women on the road to empowerment.

In specific there is a better improvement in contribution to household income, participation in house hold financial decisions, improvement in standard of living, decision making on family budgeting and purchase of house hold items, change in social status, involvement in social issues, family relationship, ability to solve family related problems, self-confidence, knowledge and skills, and interest to develop leadership qualities.

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