

## Microfinance and Women Empowerment: Self Perception of Beneficiaries - A Study With Reference to Gandhinagar District of Gujarat



## Management

**KEYWORDS :** Microfinance, Women Empowerment, Gujarat, Financial Inclusion

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### ABSTRACT

*Growth with Equity is the key to development for any nation. The structure of the society determines the role of women with in the household and the society. Women have always been disadvantaged with respect to access to credit and other financial services. Out of the world's total population under poverty, 70% are women. The formal financial system focuses on men, neglecting women who form a large part of informal economy. Microfinance activity across the world target women clients as they are considered to be more reliable.*

*The objective of this study is to investigate the self-perception of empowerment of the microfinance member beneficiaries. Non Probability Convenience sampling were applied to take a sample of 109 members if microfinance programme in the Gandhinagar district of Gujarat. Descriptive analysis and factor analysis are used as the tools to achieve the objective. Factor analysis found three dimensions of perception of empowerment such as personal empowerment, economic empowerment and social empowerment.*

### Introduction

Growth with equity is the key to development for any nation. The concept of growth with equity should not be restricted to the discrepancies with respect to income and wealth, but should also address gender inequality. The structure and the system of the society determines the role of women with in the household and the society. Women constituting almost 48 % of the population, it is inevitable for the economy to ignore the participation of female gender in the process of development. The formal financial system focuses on men and formal business, neglecting women who form a large part of informal economy. Microfinance is considered to be key to inclusive growth. Microfinance activity across the world target women as their clients as they are considered to be more reliable. The 'Task Force on Supportive Policy and Regulatory Framework for Micro-Finance' constituted by NABARD (National Bank for Agriculture & Rural Development) defines "micro-finance as the provision of thrift, saving, credit and financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve their standard of living". Access to savings and credit can bridge the gap by giving women direct access to financial systems and resources. Gujarat is considered to be a huge potential market for Microfinance. Gujarat Livelihood Promotion Company (GLPC), an executive arm of Mission Mangalam, the implementing agency of NRLM (National Rural Livelihood Mission) aims at formation and nurturing women self-help groups for employment of rural women. The SHGs in Gujarat are popularly termed as Sakhi Mandals.

### Methodology

A structured questionnaire is administered to collect the data in the district of Gandhinagar, Gujarat. A cross sectional quasi experimental design is used for the study. Data is collected through non probability convenience sampling method and the sampling unit is household of the Joint Liability Group member. Sample size selected is 109 members. An attempt has been made to study the self-perception of empowerment by the microfinance beneficiaries in the district of Gandhinagar.

### Review of Literature

Ranjula Bali Swain (2006), investigates the impact of microfinance on women's empowerment. The study results shows a definite economic impact on households, with increases in income and decline in vulnerability. The data further reveals significant impact on SHG households in terms of control, management ability, self-confidence, change in behaviour and decision-making. Apart from social empowerment, the SHG households also demonstrate greater awareness and participation in local politics. The study by Debadutta Kumar Panda (2009), presented strong evidence of positive impact of SHGs on the socio-economic characteristics of the members. If the period of participa-

tion of a women member is more in the SHG then it leads to a higher household decision making and higher involvement in PRIs. The microenterprise development through SHG leads to higher employment and it in turn leads to a reduction in migration of women. Lakshmi R and Vadivalagan G (2010), in their study addressed women empowerment through self-help groups in Dharmapuri district of Tamil Nadu. The results of the study revealed that the SHGs have had greater impact on both economic and social aspects of the beneficiaries. The study shows that the main reason for joining SHG is not to merely get credit, it is an empowerment process. After joining SHG the women are economically and socially empowered. Sharmina Afrin, Nazrul Islam, Shahid Uddin Ahmed (2010), identified the factors relating to the development of entrepreneurship among rural women through the microcredit programs of providers. Results show that financial management skills are the most important factor and have a significant relationship with the development of rural women and entrepreneurship. It also highlights that the group identities of the female borrowers have significant relationship with the rural entrepreneurship development in Bangladesh. A borrower's experience from the parents' families and the limitation of options also lead to the development of entrepreneurship among the rural female borrowers of Bangladesh. Sanjay Kanti Das (2011), highlighted in his study the role tribal women play in the co-management of their natural, social, economic resources and agricultural development including crop production, livestock production, etc. but they remain backward due to traditional values, illiteracy, superstition and many other social and cultural factors. The participatory role of tribals in improving their living conditions by fully exploring natural endowments and alternative uses must find an appropriate place in the strategic approach. Anshu (2012) in her study examines gender differentials in selected health and nutritional outcomes and evaluated differences by sex in the relationship of women empowerment. It has been found that none of the indicators of the employment, decision making and experience of violence had a significant direct effect, except for mother having a say in the use of her husband's income. The analysis also shows that girls are indeed disadvantaged relative to boys in their access to full immunization. Heena K Bijali (2012), revealed that the women had limited control over money and money management within their households, whereas men were communicative about finances but unwilling to discuss with wives. The value of savings as a tool for money management and capital formation was not well recognised. Very few (12/80 women) who were interviewed had a bank account while few others had savings with some other members in the community in a chit fund. Members of the new group borrowed from money-lenders and the funds were used for consumption purposes, business and for large requirements such as for illnesses or for a wedding

Sahu Lopamudra and Singh Suresh K (2012), assessed the role of Self Help Groups in empowerment of women of rural Pondicherry. The key responses of the study were increased participation in household decision making, gaining respect in family, increased savings, meeting family expenses, improved political knowledge, independence, confidence etc. The evidence also shows of gaining respect and trust in society and were able to plan for the future of their families. The study concluded that Self Help Groups played very important role in Women empowerment and should be promoted for economic development of the country.

## Data Analysis and Interpretation

### Demographic Variables

Table 1: Demographic Details of the Participants		
Caste	Frequency	Percentage
General	7	7
OBC	43	39
Minority	59	54
Total	109	100
Age Group	Frequency	Percentage
18-25	23	21
26-35	47	43
36-45	30	28
46-55	9	8
Total	109	100
Marital Status	Frequency	Percentage
Married	105	96
Widow	4	4
Total	109	100
Type of Family	Frequency	Percentage
Nuclear	83	76
Joint	26	24
Total	109	100
No. of Children	Frequency	Percentage
No Children	2	2
1 Child	14	13
2 Children	57	52
3 Children	26	24
4 Children	8	7
6 Children	2	2
Total	109	100
Education Level	Frequency	Percentage
Illiterate	6	5

Illiterate but can sign	12	11
Primary	36	33
Secondary	40	37
Diploma/Technical	0	0
Graduation	13	12
Post-Graduation	2	2
Total	109	100

Demographic profile of the surveyed Joint liability Group members in the Gandhinagar district of Gujarat is shown in Table 1. Among the survey members 54 % of the participants belong to minority community followed by 39% of Other Backward Class. The majority of respondents are young members in the age group of 18-25 and 26-35 years. 96% of the respondents are married and 4% being widow. 76 % of the surveyed respondents have nuclear families where as 24 % still live in joint families. Majority of the respondents have two children (52%), whereas only 9 % have more than three children. Majority of the surveyed respondents have completed their elementary education i.e. 37% with secondary education and 33% with primary education.

### Factor Analysis

#### Descriptive Statistics

The mean, standard deviation and number of respondents who participated in the survey are given. Looking at the mean (Table 2), one can conclude that two variables, participation in microfinance increases confidence to face problems and participation in microfinance improves nutrient health of household are the most important variables of self-perception of women member beneficiaries. It has the highest mean of 4.5321. Participation in microfinance increases power of decision making is the next variable with mean of 4.4954 followed by participation in 5microfinance increases income of self and the household with mean value of 4.4312.

Table 2: Descriptive Statistics			
	N	Mean	Std. Deviation
Participation in Microfinance increases confidence to face problems	109	4.5321	0.55392
Participation in Microfinance improves nutrient health of household	109	4.5321	0.53695
Participation in Microfinance increases power of decision making	109	4.4954	0.618
Participation in Microfinance increases income of the member beneficiary and the household	109	4.4312	0.58321
Participation in Microfinance increases value of productive assets	109	4.3945	0.59346
Participation in Microfinance provides employment opportunities	109	4.3303	0.65341
Participation in Microfinance increases savings	109	4.2569	0.69925
Participation in Microfinance creates better awareness	109	4.1651	0.7138
Participation in Microfinance improves level of education in children	109	4.0826	0.82919
Participation in Microfinance increases value of household assets	109	4.0000	0.66667
Participation in Microfinance creates knowledge about banking operation	109	4.0000	0.68041

Participation in Microfinance improves social status	109	3.945	0.63588
Participation in Microfinance increases participation in community activities	109	3.633	0.60339
Participation in Microfinance improves employability skills	109	3.2569	0.47927

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory analysis to proceed. Factor analysis is inappropriate when sample size is below 50. In this case the sample size being 109 is adequate for an appropriate factor analysis and also the measure of sampling adequacy is 0.872 (Table 3), which is perfectly acceptable.

Bartlett's test measures the strength of relationship among variable. As can be seen from table 3, Bartlett's test of sphericity is significant with the value of 0.001, which is less than the associated probability of 0.05.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.872
Bartlett's Test of Sphericity	Approx. Chi-Square	1.140E3
	Df	91
	Sig.	.001

The table 4 below shows the loadings of the variable on the three factors extracted. The higher the absolute value of loadings, the more the factor contributes to the variable. Principal Component of factor analysis is conducted with rotation method of varimax with Kaiser Normalisation of 14 statements for analysing the self-perception of empowerment of women beneficiaries. In order to obtain the rotated factor matrix, variables with factor loadings of 0.5 and above were considered as valid factors. Hence three latent factors were identified as Personal Empowerment, Economic Empowerment and Social Empowerment from the results of rotated component matrix.

Self-Perception Variables	Factors
Personal Empowerment	Factor 1
Participation in Microfinance improves social status	0.84
Participation in Microfinance creates knowledge about banking operation	0.836
Participation in Microfinance creates better awareness	0.811
Participation in Microfinance increases power of decision making	0.763
Participation in Microfinance improves Value of Household Assets	0.746
Participation in Microfinance improves level of Children Education	0.714
Participation in Microfinance increases confidence to face problems	0.667
Participation in Microfinance improves nutrient and health of household	0.612
Economic Empowerment	Factor 2
Participation in Microfinance increases income	0.928
Participation in Microfinance increases value of productive assets	0.907
Participation in Microfinance provides employment opportunities	0.889
Participation in Microfinance increases savings	0.728
Social Empowerment	Factor 3
Participation in Microfinance improves employability skills	0.881

Participation in microfinance increases participation in Community activities	0.677
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**Personal Empowerment**

This factor consists of 8 sub variables. The results highlights that participation in microfinance activity improves the social status, is the most perceived empowerment variable of the member beneficiaries (0.84), followed by increased knowledge about banking operations(0.836), better awareness (0.811). They also perceive that participation in microfinance increases their power of decision making, increases the value of household assets, increases their confidence to face problems as well as also improves the level of education of children and improves the health and nutrient of the household. Thus it can be concluded that participation in microfinance programme enhances the self-perception of personal empowerment of the member beneficiaries.

**Economic Empowerment:**

The member beneficiaries perceive that participation in microfinance programme increases their income (0.928), contributes in saving more (0.728) and also increases their employment opportunities (0.889). This also results in increase in the value of the productive assets of the household (0.907). Thus it can be concluded that participation in microfinance improves the financial status of the member beneficiaries and makes them feel economically empowered.

**Social Empowerment**

Participation in microfinance activity increases the participation of member beneficiaries in the community activity (0.677) as well as also improves their employability skills (0.881) making them feel socially empowered.

**Conclusion**

This study attempts to identify the factors that contribute to the self-perception of empowerment of the member beneficiaries of microfinance programme of HDFC Sustainable livelihood Initiative in Gandhinagar district of Gujarat. The results show that respondents are positively coping with the microfinance programme. Factors such as Personal Empowerment, Economic Empowerment and Social Empowerment have been identified as the factors that could be used as influential factors of the effectiveness of microfinance programme among the members of the Joint liability Groups. The respondents perceive that participation in microfinance programme increases their income and saving. Not only their income have increased but the satisfaction of increased participation in decision making, improved social status, better access to education for children , increased awareness of banking operations and general awareness have helped them improve their standard of living and their stand in the society. Thus, we can conclude that given an increase in income will have the spill over effect on the overall welfare of the microfinance beneficiary household.

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