



MICRO FINANCE AS A TOOL OF WOMEN EMPOWERMENT

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Abstract

Rural India is conventionally a village oriented part wherein almost all the families are poor and has means to create their livelihood. In urban areas, where people can access to the bank and hope to reap the fruits of their efforts. The rural women are unaware of banking. Though they work hard they find it difficult to raise the capital. The latest concept of Micro Finance of the commercial banks is an ideal tool for the better development of rural growth. It uplifts the spirit of rural women and empower them with credit facilities without a collateral. It opens the vistas of utilizing the skill of the women who in turn invest the micro finance and their efforts in agricultural products. By empowering, the rural women actively participate in the development of the economy of the country.

The available literature review reveals that there are very few studies on impact of microfinance on women empowerment in Nagpur Division. Being one of the major localities in central India, it is important that thorough understanding of impact of microfinance on women empowerment should be there. Again the available literature is not focusing on taking opinion of NGO's who are supporting SHG. The present research focus on filling the research gap identified by literature review.

Keywords: Microfinance, SHG, Women Empowerment.

1. Introduction

The strength of the chain is the strength of its weakest factor. In a society, women are the weakest factors, so that they may be reinforced for strengthening the society as a whole and that is possible only by empowering them. Nehru said, "Women should be uplifted for the growth of the nation, for if a woman is uplifted, society and nation is developed" (Leela Menon, 2004)¹. Women empowerment is serious to the process of the development of the community. Empowerment of women is essential to connect the women labour in the main source of economic development. According to Swami Vivekananda, "... there is no chance for the welfare of the world unless the condition of the women is improved. It is impossible for a bird to fly on one wing" (Yojana, August 2001)².

Women have to perform an important role in the developing up of every economy. Women who form almost one half of the world's population include the visible majority of the poor. Women either solely or largely support an increasing number of families. Women understanding poverty more than men. When money is given to men it may not benefit the family but when women manage money, it is found to be better utilized. Projects aiming to improve the standard living of the poor cannot, therefore, be effective unless women participate in their preparation and execution, as contributors as well as beneficiaries. "Increasing women's abilities and empowering them is the surest way to contribute to economic growth and overall development" (Human Development Report, UNDP, 1996)³.

The dignity and culture of a society can be identified from the status of women in that society. Sachidananda (1983)⁴ quotes what Mahatma Gandhi wrote in 'Young India' in 1918 that "woman is the friend of man gifted with equal mental abilities. She has the right to participate in the small things of the activities of man and she has the same right of freedom and the liberty as he". Jawaharlal Nehru also properly commended "In order to awaken the people, it is the women who has to be awakened first. Once she is on the change, the household changes, the village changes, the country changes and thus we build the India tomorrow" (Kochurani Joseph, 2005)⁵.

2. Review of Literature

Poverty Mitigation and Employment Generation Montgomery (1996), in the study, "Disciplining or Protecting the Poor? Avoiding the Social Costs of Peer Pressure in Micro-Credit Schemes" concluded that 9% of first-time female debtors were primary managers of loan-sponsored while 87% described their role in terms of family partnerships. Their joint management has veiled male dominance in decision-making. The study finished that microcredit schemes required to developed broad concept of financial services for the poor including various types of loans for consumption as well as investment and adding various methods of interest bearing saving facilities.

Cheston (1998), in the study titled, "Measuring Transformation: Assessing and Improving the Impact of Microcredit" inspected the user for impact measurement tools that include financial measures and specify transformation i.e., deep engrained changes in the lives of individuals or communities among clients. The study emphasized the problems with



measuring impact, including issues of financial inflexibility, cost and expertise of the field. The study determined that microfinance practitioner should measure impact in order to determine whether microcredit institutions have met their specified purpose of lessening poverty.

Edgcomb and Barton (1998), in the study titled, “Social Intermediation and Microfinance Programs” emphasized characteristics of approaches to social intermediation as useful in microfinance programs and development. The study specified the rationale that practitioners provide for applying these services in the range pre-established goals. The study decided on substantive issues opposing the field and recommends social intermediation for effective application of microfinance program.

Johnson (1998), in the study titled, “Programme Impact Assessment of Microfinance in the framework of the Need for Analysis of Real Markets” emphasized two schools of thought on impact valuation; one focuses on the user, i.e. “planned beneficiary” and the second one on “intermediary school” which emphasizes on the ability of service provider to bear operations in the future. The study teaches the need for complete assessment for the functioning of financial market. The study proposed a multi-dimensional analysis for financial relationships and recommends an analytical approach for incorporating gender relations focusing on state involvement, market construction organization and social embeddedness to assess real impact of MFIs.

3. Sample Units

The Sample Universe is SHG & NGO of Pune. This is qualitative & exploratory research hence only 140 members of self help groups & 68 Members of NGO associated with Self Help Group are considered as sample. Researcher has used Stratified Random Sampling method for selecting the data self help groups & nongovernmental organizations (NGOS). The population under study is spread under wide geography hence to get proper representation of each area’s stratification, researcher used Stratified Random Sampling.

4. Sample Size Details

Following table provides details of samples collected for the study:

Sr. No	Location	No. of SHG Studied	SHG Members Interviewed	No. of NGO's Studied	NGO Members Interviewed
1	Wardha	20	43	6	17
2	Hinghanghat	8	17	3	8
3	Pulgaon	12	28	4	14
4	Arvi	6	16	3	11
5	Karanja	7	20	3	10
6	Ashti	5	16	2	8
Total		58	140	48	68

5. Objectives of the study

Considering the limitations of money and time at the disposal of the researcher, it was decided to have specific objectives of this study. In view of this researcher proposes to have the following objectives of the present study.

Main objectives of the proposed research are:

1. To analyze psychological, economic and social factors which effect women
2. Empowerment through Micro Finance.
3. To find out need and importance of Micro Finance to promote women entrepreneurship.
4. To study the performance of SHGs in Nagpur Division.



6. Hypothesis

Hypothesis For The Study Are Given As Under

A hypothesis is a suggestions or proposed explanation made on the basis of limited evidence on a starting point for further investigation.

H1: Microfinance provides help in economically empowering women.

7. Hypothesis Testing

H1: Microfinance provides help in economically empowering women

It is presumed in the research that Microfinance provides help in economically empowering women. To test this, one-way ANOVA test is applied on variable, where following results were obtained:

ANOVA

Economically empowering women

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	542.896	4	135.724	946.484	.000
Within Groups	58.793	410	.143		
Total	601.689	414			

Microfinance has led to economically empowering women. The data is classified based on the factors that affects the economic empowerment of women. One Way ANOVA is applied to test the association between Microfinance and economic empowerment of women. The value of ANOVA obtained is 946.484 (F = 946.484) and associated significance value obtained is 0.00 which is less than the alpha value of 0.05 ($p < 0.05$) which states that there is significant association between microfinance and economic empowerment of women. Hence the hypothesis i.e. Microfinance provides help in economically empowering women is accepted

8. Findings

Following Are The Findings of The Research Work.

1. It was found during the research that almost 40% of the members of both NGO and Women SHG do not agree with the fact that There is easy availability of microfinance. Due to this, there is a need for development of strong promotional strategies for microfinance. This has been observed both by Members of NGO and Members of Women Self Help Group.
2. As a part of Best Practices, Microfinance should be available at lower interest rate. It was found during the research that majority of the members of NGO and SHG are do not agree that the Microfinance is available at lower interest rate. Thus, there is a need to reduce the rate of interest of microfinance.
3. Out of the total respondents, majority of the respondents of SHG as well as NGO agree that Microfinance is required to start the business. Microfinance helps the women and Self Help Groups to start their new venture.
4. Majority of the respondents of SHG agreed to the fact that the Income has increased due to microfinance. Same is the case with Members of NGO who also feel that Income of women and SHG has increased due to microfinance.
5. Almost 50% and above participant accepted that with microfinance women can take the decision regarding saving the money. In the survey it was found that majority of the respondents from both NGO and SHG agreed With microfinance, women can take decision regarding Saving of money.
6. Majority of the respondents from NGO as well as SHG agree that with microfinance, you can take decision regarding taking credit from other sources of finance.
7. Majority of the respondents i.e. more than 72 % respondents of SHG agree to the fact that Microfinance helps in poverty alleviation. The same is being support by the 70% respondents of NGO.
8. Majority of the respondents of SHG and NGO deny the fact that Microfinance makes women dependent on others. This is because makes the women self-reliable and self-dependable when it comes to financial viability.
9. Majority of the respondents from NGO and SHG agree that Microfinance helps in improving new skills in women. With microfinance women usually goes for business and there she finds it mandatory to improve the skills. Again interaction with various stakeholders of busiess helps in developing the required skills.
10. During the research, mixed opinions were received from the respondents when they were asked about Microfinance helps in maintaining the standard of life. However majority of them said that Microfinance helps in maintaining the standard of life.



9. Conclusion

Empowering women is very important to the process of development of the economy. It plays a vital role in the alleviation of poverty in the nation and helps in the overall development of the nation. It is fact that microfinance is enhancing the quality of life the women are living now. Microfinance has helped in attaining the target of women empowerment. The empowerment is not just economical but it is social empowerment also. The moment women start earning, her social status also changes. People starts respecting more to her. She finds that her voice is heard in the family and society because she is earning. However, the results of this study clearly indicates that we are still living in male dominated society because as per current study only 50% opportunities are given to earning women to participate in major financial decision making.

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