



ROLE OF MICROFINANCE IN ECONOMIC EMPOWERMENT OF WOMEN-A STUDY WITH REFERENCE TO KALABURAGI DISTRICT

Shailaja Kheni* Dr S H Honnali**

*Research scholar, Dept. of Studies & Research in Management, Gulbarga University, Kalaburagi .

** Doddappa Appa Institute of MBA, Kalaburagi.

Abstract

In the content of national development, Women's participation in economic activity is of crucial importance as empowerment can give power to women to have control over the circumstances of their lives that include both control over resources and ideology, greater self confidence and an inner transformation of one's consciousness that enables one to overcome external affairs.

The one way towards empowerment is through economic development. This economic independence for women is the key driver towards eradication of this inequality and a way for forming inclusive growth strategy. Financial inclusion efforts are essential to bring those portions into mainstream as it denotes delivery of financial services at an affordable cost to the vast sections that include savings, credit, insurance, payments and remittances facilities. Therefore a potentially effective way to empower women is through access to credit that increases her opportunities to reach a higher level of empowerment through the possibility to obtain her own source of income and create a sense of security.

Microfinance has developed as most important channels of accessing credit for the poor (Kabeer 1998)¹. Through group lending techniques where the groups jointly are responsible for the management and repayment of each other's loan as they serve as guarantors, it has been possible for poor, with no earlier credit history or collateral, to access credit.

The status of women in India has been subject to great changes over the past few years. Women play a significant role in domestic and socio-economic life of the society and therefore holistic national development is not possible without developing this segment of the society .Till recently women under the Indian rural set up were not able to actively participate in income generating activity due to historical and social cultural reasons. Low level of skills, lack of access to training, facilities and credit, literacy, ignorance coupled with their invisible contribution to family economy, restricted mobility as a result of gender bias and lack of linkage facilities are some of the contributory factors for the backwardness of the women in the rural areas.

For the last two decades, microfinance has been a very efficient tool for the provision of financial services to the poor. The term became a social trendsetter to prefer financial services to the poor women, who were previously considered non bankable as they have no security or property to give to the bank or to the money lenders. A wave of progress was imagined in the world with which low-income households will be having permanent access to a range of good quality financial services to finance their income generating activities, to build assets, to stabilize consumption, and to protect against risks Karnataka is India's eighth largest State in terms of geographical size It has 30 districts and 176 Taluks and has a varied topography. Among which kalaburagi is the one the analysis or occupational structures of the district indicate that the district is economically backward with a large portion of population engaged in agriculture. Therefore a study is made to assess the Role of Microfinance in economic empowerment of women with reference to Kalaburagi district

Key words: *Microfinance, Economic Empowerment, Savings, Income, Credit.*

Introduction

In India, the history of microfinance dates back to establishment of Syndicate Bank in 1921 in private sector. During the early years, Syndicate Bank concentrated on raising micro deposits in the form of daily/weekly basis and sanctioned micro loans to its clients for shorter period of time. But microfinance came to limelight only when Dr Yunus gave it a mass movement in Grameen Bank experiment. Services of microfinance include savings, credit, insurance, and money transfers. It allows social development of unprivileged people by protecting, diversifying, and increasing their sources for income by bringing them out of hunger and poverty. The ability to borrow a small amount of money to take advantage for income generating activity, to pay for school fees, or to bridge a cash-flow gap can be a first step in breaking the circle of poverty. They can never or even

¹ Kabeer, N. (1998). *Money Can't Buy Me Love?: Re-evaluating Gender, Credit and Empowerment in Rural Bangladesh*, IDS Discussion Paper, 363 Brighton, UK: University of Sussex



borrow money lenders as their capabilities are always doubted. So in turn they have no source of income or employment and their living standard goes down day by day. Microfinance has acted as a boon by providing money on social collateral i.e. a group of people give witness or guarantee that the money borrowed will not become a bad debt, if not paid by the borrower then the money will be paid by other group members.

Microfinance also helps safeguard poor household women against the extreme vulnerability that characterizes their everyday existence. Loans, savings and insurance all elements of microfinance help smooth out income fluctuations and maintain consumption levels even during the lean periods

The origin of microfinance in Karnataka dates back to 1984 when Mysore Resettlement and Development Agency (MYRADA), a Non-Governmental Organisation (NGO) engaged in rural development and based in Karnataka, promoted several co-operative societies that extended loans to their members (Fernandez, 2004). Later in the mid-1980s, the National Bank for Agriculture and Rural Development (NABARD) took the lead. After the launching of SHG-Bank Linkage Program (SBLP) in 1991-92 and under this, programme the first microcredit was provided by private Vysya Bank. NABARD up scaled the programme by way of initiating a series of measures that include training of NGOs and bank staff. kalaburagi is one of the backward districts in Karnataka . Agriculture is the main contribution to the district income and other sectors contribute 45 percent of the total district income.

Promotion Of Women Shgs in Kalaburagi

Kalaburagi has been identified by Government of India for implementation of its scheme on promotion of Women SHGs as one of the 150 LWE districts in the Country, to bring out a viable & self sustainable model for promotion & financing of women SHGs by involving an anchor NGO. This approach is expected to facilitate sustained financial inclusion through bank loan, promote livelihood development of women and deliver social development programmes for women through SHGs. NABARD has issued operational guidelines on the scheme and a grant assistance of 1.00 crore has been sanctioned to MYRADA by NABARD towards promotion of 1000 women SHGs in Kalaburagi Districts in the first phase during 2012-13. In the second phase, MYRADA will be sanctioned a similar sum during the upcoming year

Objectives

1. To measure the role of self-help groups and microfinance programmes towards economic empowerment of women in Kalaburagi district.
2. To know the Employment and Occupation level of Respondents in kalaburagi district.
3. To evaluate the extent of economic empowerment of women in terms of income, savings, acquisition of assets, after being associated with microfinance activities

Hypothesis

H1: There exists a Significant Relationship between Women Empowerment and Economic Independence

H2: There exists a significant relationship between women empowerment and their income, savings, acquisition of assets,

H3: There exists a Significant Relationship between Microfinance service and employment of women beneficiary

Research Methodology

The study intends to analyze the role played by microfinance in economic empowerment of women. In pursuance of the objectives and hypothesis the methodology adopted for conducting the study has been described as follows.

Sources of data: The present study is empirical in character and is based on the collection of data through survey method. Both primary and secondary data are used to achieve the objective of the study. Researcher intends to collect the primary data needed for the study through the questionnaire and holding the interviews with the respondents and microfinance institutions in kalaburagi district.

The questionnaire covers various aspects like demographic features of respondents, the level of income generation, Source and repayment of loan and other details related to economic development. Besides, data is also collected from microfinance officials to know their activities and performances and also related opinion from SHG's regarding their repayment status, and the services provided by microfinance institutions are taken. Secondary data are collected from, Textbooks, magazines, journals and websites.

Sample design: As our aim is to assess the economic development of women in Kalaburagi district. The researcher approached various SHG's in the district. Simple random sampling technique is used to draw the sample for present study. Kalaburagi District comprises of six talukas, 50 respondents were selected randomly from each talukas. Along with this 150



respondents were taken from Kalaburagi city and 50 respondents from kalaburagi rural. The total sample size selected is 500. Besides these, researcher also consulted around 20 microfinance institutions pertaining in kalaburagi city.

Tools for analysis: The researcher has used different statistical tools to analyze the primary data collected. Following the rules and conditions of Hypothesis testing, the present study is carried out with the help of few statistical tools like chi-square test for independence and large sample test i.e. Z-test have been used to analyze the data and to arrive at conclusion. In order to analyze the perception of women beneficiary on the impact of microfinance in their economic empowerment, they were asked to respond to few statements using Five-point scale rating method. For all the positive statements the rating was made starting from “Strongly agree (5), Agree (4), Neither agree nor disagree (3), Disagree (2), strongly disagree (1)”. These ordinal data scores were analyzed using Likerts scale .

Economic Empowerment

Empowerment refers to well being of a person which reflects on the freedom to lead different types of life showing the persons capability. In the process of economic development of a country ,the empowerment of women plays a major role .In the context of national development womens participation in economic activity is very important as Empowerment (Bhasin and Dhar 1998)² is an ongoing and dynamic process.

Economic empowerment means to have access and control over productive resources that ensures financial autonomy. The status of women is connected with their economic position or status which depends on the participation in economic activities such ability to access credit, role in decision making in financial matters, Savings, Income and Income generating activities etc . Women's participation in income generating activities is believed to increase their status and decision making power, with employment. If a woman is not economically self-dependent, she can never claim an equal status with man. The problem of poverty cannot be tackled without providing opportunities of productive employment to women. Even where there is a male earner, women's earnings form a major part of the income of poor households.

In order to empower women economically many schemes came into existence in association with microfinance institutions through self help groups. (Malhotra 2004)³ in her book opined that microfinance programmes are aimed to increase women's income levels and control over income leading to greater access to networks and markets. They also enhance perception of women's contribution to household income and family welfare. (Sinha 2005)⁴ in his study has observed that microfinance is making a significant contribution to both saving and borrowing. There was a moderate increase of income enhanced savings, undertaking income generating activities ability to deal with financial crisis after joining microfinance By increasing womens participation in income generating activities, women bargaining power and decision making roles within the household strengthened (Pitt and Khandker 1998 ,pitt et al.2003)⁵.

According to (Cheston and Kuhn 2002)⁶“ by providing access to financing for income generating activities, Microfinance institutions can significantly reduce women's vulnerability to poverty and this can translate to empowerment. Therefore to know the extent of economic empowerment that the respondents have achieved in the study area which was made by interacting with women beneficiaries , it was found that around 58% of women beneficiary were self employed they had a monthly income ranging from Rs 2000-6000 which can be seen from the table no-1.

Table-1 Employment status of Respondents

self employed	Frequency	Percentage
Yes	288	58
No	212	42
Total	500	100

From the above table it is clear that 58% of respondents are self employed and 42% are not.

² Bhasin & Dhar (1998) “Joining Hands to Develop Women Power”, a report of South Asian Workshop on Gender and Sustainable Development, Koitta, Bangladesh

³ Malhotra (2004) *Women Empowerment Through Self Help Groups- A Case Study*

⁴ Sinha, Frances (2005), “Access, Use and Contribution of Micro-Finance in India: Findings from a National Study”, *Economic and Political Weekly*,

⁵ Pitt, Mark M. & Khandker Shaidhur R. (1998). “The Impact of Group---Based Credit Programs on Poor Households in Bangladesh: Does the Gender of Participants Matter?” *The Journal of Political Economy*, vol.106:5, pp.958---996 Pitt, Mark M.,

⁶ Cheston, Susy & Kuhn, Lisa. (2002), “Empowering Women Through Microfinance”. *Draft Publication Sponsored By UNIFEM*



Hypothesis Testing

Hypothesis testing is common in statistics as a method of making decisions using data. In other words, testing a hypothesis is trying to determine if observation of some phenomenon is likely to have really occurred based on statistics. It is one of the most important concepts in statistics because it is how we decide if something really happened, or if certain treatments have positive effects, or if groups differ from each other or if one variable predicts another. Table -2 gives a detailed information about the type of test, hypothesis statement and the tabulated value. This summary of hypothesis and results provides information as to whether the hypothesis is accepted or rejected based on the analysis and discussions.

Table-2 Statistical Hypothesis, tests applied and results.

Sl no	Type of test	Hypothesis Statement	Tabulated value	Remark
1	Test for proportion	H1: There exists a Significant Relationship between Women Empowerment and Economic Independence	Z=3	Reject H0
2	Test for proportion	H2: There exists a Significant Relationship between Women empowerment and their income, savings, acquisition of assets	Z=-0.1	Accept H0
3	Chi-square test of independence	H3: There exists a Significant Relationship between Microfinance service and employment of women beneficiary	$\chi^2=1.067$	Reject H0

Computed from field study data.

Micro finance operates on the principle “borrower knows the best”. The operational strategy under the new micro finance involves several features such as simple procedures for reviewing and approving loan applications, delivery of credit and related services at commercial rates of interest in a convenient and user-friendly way; quick disbursement of small and short term loans; clear recovery procedures and strategies; maintaining high repayment rates and incentives of access to larger loans immediately following successful repayment of first loan (Lekshmi R. Kulshreshta and Archana Gupta, 2002)⁷.

Many SHG’s, under NABARD’s SHG bank linkage programmes, borrow from bank once they have accumulated a base of their own capital and have established a track record of regular payments. With respect to utilisation of loan women are better repayers and hence bankable. One of the study revealed that 96% women repay promptly while the remaining borrowers repay after due date (Nava Ashraf, dean Karlan and Wisley Yin 2008).⁸ In the study area it was observed that women beneficiaries repaid their loan on time which can be observed in the table -3

Table-3 Statement showing whether Repayment of loan from women beneficiaries is on time

Opinion	Frequency	Percentage	Cumulative
SA	40*5=200	0.4	0.4
Agree	60*4=240	0.6	1.00
NA	0*3=0	0	1.00
DA	0*2=0	0	1.00
SD	0*1=0	0	1.00
Total	440	1.00	

440/100=0.4

Above likerts analysis clearly revealed that Microfinance institutions strongly agreed that repayment of loan from women beneficiaries was on time.

Women respondents in study area had availed loan from various sources like banks, financial institutions, co-operatives and regional rural banks to start up their enterprises. Sometimes loan was also taken for personal purpose like children’s education, household expenses, hospital charges etc.

The loan amount ranged from Rs 5000-30000/- and also they repaid back the entire amount.

Some respondents in the study area also said that the loan amount sometimes was circulated within the group member who is in need in a form of credit by charging interest around 2-4% per month. This was also one of the income generating sources. This thus inspired them in investment and savings. The table no-4 shows the responses of women beneficiaries with respect to their investment and savings.

⁷ Laxmi, Kulshrestha .R and Archana Gupta, 2002. NGOs in micro financing partners in rural development, Kurukshetra.

⁸ Nava Ashraf, dean Karlan and Wisley Yin 2008. female empowerment; Impact of a commitment savingsproducts)



Table-4 showing the Statement that Association with MFI has increased the investment & saving level of respondents

Opinion	Frequency	Percentage	Cumulative
SA	13*5=65	0.03	0.03
Agree	296*4=1184	0.59	0.62
NA	132*3=396	0.26	0.88
DA	56*2=112	0.11	0.99
SD	3*1=3	0.01	1.00
Total	1760	1.00	

1760/500=0.35

Above likerts analysis shows that most of women beneficiaries agree that association with Microfinance institutions has increased their investment & savings level .

Savings provide women with a means of building up an asset base. Women themselves also often value the opportunity to be seen to be making a greater contribution to the household well- being giving them greater confidence and sense of self-worth. There have undoubtedly been women whose status in the household has improved, particularly where they have been successful entrepreneurs. Even where income impacts have been small, or men have used the loan , the fact that microfinance programs has thought women worth targeting and women bring an asset into the household may give some women more negotiating power .This level of improvement has been after having accessibility with SHG. This can be seen in the table no-5.

Table-5 Statement showing the opinion of respondents whether the Accessibility to MFI has served their purpose of savings & Acquisition of assets

Opinion	Frequency	Percentage	Cumulative
SA	5*5=25	0.01	0.01
Agree	349*4=1396	0.70	0.71
NA	37*3=111	0.07	0.78
DA	105*2=210	0.21	0.99
SD	4*1=4	0.00	1.00
Total	1746	1.00	

1746/500=0.35

From the above calculation it can be observed that most of the women beneficiaries agree that access to Microfinance institutions has served the purpose of their savings & Acquisition of assets. Apart from their regular investment and savings many women beneficiaries were engaged in various activities. Occupation is asset of activities, in which actions are centered for economic purposes. Roles are usually associated with earning a living; therefore occupation can be defined as a social role that is determined by the general division of labor within a society. As a specialization of an individual’s function in a society, it is a significant factor defining a person’s prestige class position and style of life. Therefore to assess the occupation of the respondents researcher asked them their occupational background which is shown in the table no-6.

Table-6 statement Showing occupation of Respondents

Respondent	Frequency	percentage of respondents	percentage of cases
Employed	25	3.54107649	5
Self-employed	258	36.5439093	51.6
Professional	3	0.42492918	0.6
Labor	85	12.0396601	17
Housewife	335	47.4504249	67
Total	706	100	141.2

Multiple responses obtained

From the above table it can be observed that most of the respondents ie 47% are housewives, followed by 37% are self-employed, 12% are labors, 4% of respondents are employees and only 0.4% are professionals.

The self employed respondents were engaged in variety of business activity which can be seen in the table no-7



Table -7 Showing Business activity of respondents

Business activity	Frequency	Percentage of respondents	Percentage of cases
Petty business	93	29.903537	32.2916667
Tailoring	59	18.9710611	20.4861111
Prof work	9	2.89389068	3.125
Cloth bus	32	10.2893891	11.1111111
Fruit/veg bus	12	3.8585209	4.16666667
Agri land lease	15	4.82315113	5.20833333
Animal husbandry	31	9.96784566	10.7638889
Others	60	19.2926045	20.8333333
Total	311	100	107.986111

Multiple responses obtained

Out of the total self employed respondents most of them i.e. 30% are in petty business,20% of respondents run other businesses like making food items like roti, papad, chutney etc, few are in home decorative business, few are running beauty parlours likewise. 19% of respondents are in tailoring followed by 10% each of respondents are in cloth business and Animal husbandry. 5% are in agriculture on land lease basis, 4% are having fruit/ vegetable business and lastly only 3% of respondents are professionals.

Women's participation in income generating activities is believed to increase their status and decision making power, with employment.

The economic contribution is related to their status and role in the family and in the society. If a woman is not economically self-dependent, she can never claim an equal status with man. The problem of poverty cannot be tackled without providing opportunities of productive employment to women. Women contribute a large share of what they earn to basic family maintenance than men; her participation in the labor force also brings about changes in awareness and attitudes, which may have long term benefits such as to health and education programmes. Economic independence of women will create far reaching social changes and prove as necessary weapon for them to face injustice and discrimination.

The goal of poverty reduction and empowerment of women can be effectively achieved if poor women could organize into groups for community participation as well as for use of their rights in various services related to their economic and social well being. The association and Participation in SHGs has changed a lot . Women spoke of “feeling of freedom”, increase in level of confidence and self-esteem, a change in perceptions, a feeling of strength and a movement away from restriction and constraints. In short, they experienced “power within and increase in their Socio-economic development .This can be accessed from the table no-8 through the responses obtained from the statement by women beneficiaries in Kalaburagi district.

Table-8 Statement showing the opinion of respondents whether their Association with SHG has played a major role in their Socio-economic development

Opinion	Frequency	Percentage	Cumulative
SA	24*5=120	0.05	0.05
Agree	336*4=1344	0.67	0.72
NA	90*3=270	0.18	0.9
DA	43*2=86	0.09	0.99
SD	7*1=7	0.01	1.00
Total	1827	1.00	

$1827/500=0.36$

Above likerts analysis shows that most of women beneficiary agree that association with Self Help Groups has played a major role in their Socio-economic development.

Findings

1. Most of the respondents are self employed
2. Maximum number of women beneficiaries repaid their loan on time .
3. The loan amount ranged from Rs 5000-30000/- per term.



4. Most of women beneficiaries agree that association and Accessibility with Microfinance institutions has increased their investment & savings level and served the purpose of Acquisition of assets.
5. Most of the respondents ie 47% are housewives, followed by 37% are self-employed, 12% are labors, 4% of respondents are employees and only 0.4% are professionals.
6. 30% of respondents are engaged in petty business, 20% of respondents run other businesses like making food items like roti, papad, chutney etc, few are in home decorative business, few are running beauty parlours likewise. Followed by tailoring, cloth business, etc
7. There is no Significant Relationship between Women Empowerment and Economic Independence as other factors also influence to empowerment.
8. There exists a Significant Relationship between Women empowerment and their income, savings, acquisition of assets.
9. There is no Significant Relationship between Microfinance service and employment of women beneficiary.
10. Most of women beneficiary agree that association with Self Help Groups has played a major role in their Socio-economic development

Conclusion

Women empowerment is critical to the process of development of the economy. It plays a crucial role in the alleviation of poverty and in the all round progress of the nation. Among the various measures targeted towards women empowerment, the provision of micro finance assumes great importance. Evidences from successful experiments testify that micro credit has helped to improve the status of women and has enabled the poor to expand and diversify their enterprises and also to increase their income. Organization of women into Self Help Groups is an effective way for the provision of micro finance and women empowerment. The SHGs offer the most powerful, cost effective and yet democratic, transparent model for micro financing and women empowerment.

It is evident from the study that SHG has been instrumental in the economic, political, social/cultural, personal and familial empowerment of members through micro financing. The thrift and credit activities have enhanced their saving habits and access to credit. It has played a significant role in freeing them from the clutches of unscrupulous money lenders. Micro enterprises have also been able to open up avenues for the economic empowerment of women. Therefore the study concludes that the women beneficiaries in kalaburagi district to some extent have been socio-economically developed through Microfinance.

References

1. Kabeer, N. (1998). Money Can't Buy Me Love?: Re-evaluating Gender, Credit and Empowerment in Rural Bangladesh, *IDS Discussion Paper*, 363 Brighton, UK: University of Sussex.
2. Bashin & Dhar (1998) "Joining Hands to Develop Women Power", a report of South Asian Workshop on Gender and Sustainable Development, Koitta, Bangladesh.
3. Malhotra (2004) Women Empowerment Through Self Help Groups- A Case Study
4. Sinha, Frances (2005), "Access, Use and Contribution of Micro-Finance in India: Findings from a National Study", *Economic and Political Weekly*,
5. Pitt, Mark M. & Khandker Shaidhur R. (1998). "The Impact of Group---Based Credit Programs on Poor Households in Bangladesh: Does the Gender of Participants Matter?" *The Journal of Political Economy*, vol.106:5, pp.958---996 Pitt, Mark M.,
6. Khandker, Shahidur R. & Cartwright Jennifer (2003). "Does Micro---Credit Empower Women? Evidence from Bangladesh". World Bank Policy Research Paper no. 2998.
7. Cheston, Susy & Kuhn, Lisa. (2002), "Empowering Women Through Microfinance". Draft Publication Sponsored By UNIFEM
8. Laxmi, Kulshrestha .R and Archana Gupta, 2002. NGOs in micro financing partners in rural development, Kurukshetra
9. Nava Ashraf, dean Karlan and Wisley Yin 2008, in his article female empowerment; Impact of a commitment savings products.

Bibliography

Website

- www.chronicpoverty.org.
- www.microfinancegateway.org.