



WOMEN EMPOWERMENT THROUGH MICRO FINANCE: A DETAILED STUDY

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Abstract

Women are vital part of the Indian economy, constituting (34%) of the national labor force and forming a major contributor to the survival of family too. Women empowerment is serious to the process of the development of the community. Empowerment of women is essential to connect the women labor in the main source of economic development. 75 plus million households in India depend on moneylenders to meet financial needs; almost 90 percent of the people in rural India have no access to insurance and other related investment and security things. The very concept of empowerment of women which is founded on equality between genders is a long drawn, conscious and continuous process involving enhancement of skills, capacity building, gaining self-confidence and meaningful participation in decision-making. With the help of Microfinance women in India got an opportunity to become change agent. This helps them to explore new horizons and new dreams in their area.

Keyword: Empowerment, Economic Development, Capacity Building, Self-Confidence, Decision-Making.

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. 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. The positive aspects of formal financial system in India are that under this system, microfinance is available at very low interest rate income generation with easy and timely and by period repayments and moratorium period-MP. Microfinance in India started in 1974 in Gujarat with Shri Mahila SEWA (Self Employed Women's Association) Sahakari Bank. A significant feature of the micro-finance movement in India and their process obviating the need for a new institutional set-up due to less banking facilities. Women empowerment is a global issue, which has gained thrust in recent decades. In India, apart from the provisions in the constitution and the correction of different international bonds, several judicial acts have also been passed to ensure women empowerment. Moreover, women empowerment has received focused of the government right from the beginning of Indian planning. Bringing women into the main source of development has thus been a key concern of the government since independence. In order to empower women and bring them into the main source, an enabling environment with essential policies and programme, institutional tools at various levels and sufficient financial resources has all along been tried to be generated. The Ministry of Rural Areas and Employment has special factors for women in all its programmes and a certain amount of funds is reserved as women's component to ensure a flow of sufficient resources for women.

Review of literature

Churchil and Guering (2004), in the study "Microfinance directed strategies to Eliminate Bonded Labour" argued that when people first hear about bonded labour, they assumed that the workers are connected and kept captive physically but the fact was instead they were held captive psychologically by their responsibility to repay the advance and suggested the innovations, flexibility and handholding necessary to provide microfinance managed services. The evidence displays that the models in making the transformation including both professional (opening a grocery, buying cattle) as well as family affairs (marriage). The study determined that with the pay back responsibility process that have prospered in stopping the process of degradation by using their "income-generating" loan to buy food or health care services and to pay for traditional expenses or to consolidate other loans. These may seem to be unproductive but families successfully circumvented seasonal migration and were able to continue children schooling.

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.

Research Methodology

Research Methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it we study the various steps that are generally adopted by researcher in studying his research problem along with the logic behind them.

Objectives of Study

1. To find out need and importance of Micro Finance to promote women entrepreneurship.
2. To find out the limitations of Micro Finance in women empowerment.
3. To study the performance of NGO and SHG.

Hypothesis

H1: Microfinance provides help in economically empowering women.

Data Analysis

Statistical Techniques

Reliability Test Analysis: Cronbach's alpha reliability test is used to check the internal consistency of items under consideration of a subject. The 5 point Likert's scale is used to collect the responses where every Likert's item is provided the given weights: 1-Strongly agree, 2-Agree, 3-Neither agree nor disagree, 4- Disagree and 5-Strongly disagree. To test the reliability of the format, design a pre survey test is necessary before executing the overall study. For this Cronbach's Alpha Reliability test is performed on the designed 5 different parameters i.e. working environment, Seniors/Superiors reporting authorities, Co-worker co-operation, Promotion and Pay. 30 samples of Members of both SHG and NGO were tested.

Cronbach's Alpha reliability co-efficient normally ranges between 0 and 1 however; there are actually no lower limit to the co-efficient. The closer Cronbach's Alpha co-efficient is to 1.00 the greater the internal consistency of the items in the scale. Cronbach's Alpha is calculated by following formula:

$$\alpha = \frac{k}{k-1} \left(1 - \frac{\sum_{i=1}^k \sigma_{T_i}^2}{\sigma_x^2} \right)$$

Where: K= number of different items administered to each subject.

$\sigma_{T_i}^2$ = Variance of different items administered to each subject.

σ_x^2 = Variance of total raw scores of each sample respondent.

George & Mallory (2003) provides the following techniques: If α is

1. > 0.90 = Excellent
2. 0.80 - 0.89 = Good
3. 0.70 - 0.79 = Acceptable
4. 0.60 - 0.69 = Questionable
5. 0.50 - 0.59 = Poor
6. < 0.50 = Unacceptable

Cronbach's Alpha Reliability Test

On the basis of initial samples collected from 30 members each of SHG and NGO, the following table provides the result of the pre-survey of the study.



| Sr. No. | Parameters | Total No. of Questions | Initial Number of Responses | Alpha Value | Interpretation |
|---------|-----------------------------------|------------------------|-----------------------------|-------------|----------------|
| 01 | Economic Empowerment of women | 11 | 40 + 40 = 80 | 0.910 | Good Design |
| 02 | Uplifting social status of Women | 9 | 40 + 40 = 80 | 0.926 | Good Design |
| 03 | Labour intensive entrepreneurship | 8 | 40 + 40 = 80 | 0.909 | Good Design |

Since all the three alpha values are greater than 0.8, the questions are enough supportive to continue with the complete data collection

Findings

1. 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.
2. 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 business helps in developing the required skills.
3. Also, from the point of view of 44.9% of the members of NGO it is felt that with microfinance there are access to other organizations for women.
4. Majority of the participants from SHG and NGO are not agreeing to the fact that Microfinance does not help in establishing labour intensive unit. It indicates that microfinance supports the labour intensive unit to be set in.
5. More than 70% of the participants from SHG and NGO are of view that Microfinance provides support rural women to enhance various business activities. As women gets microfinance they tend to go for business and enhances the business activities in order to improve the income.
6. 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.

Conclusion

Evidences from current research explain that micro finance has helped to improve the status of women and has enabled the underprivileged women to expand and diversify their enterprises and also to enhance their income. It is said that if a woman learns, she teaches entire family. The current research states that rural women, with the help of microfinance attend some kind of training programs. Lack of technical knowhow & deficiency in getting fixed capital makes the problem further complicated. At the end, it can be said that microfinance in empowering women but rural women entrepreneurs will have to work a lot in the area of professionalism.

Suggestions

1. Education is important in the empowerment of women. Unless efforts be taken for removal of illiteracy, it will not be possible for women to make full utilisation of micro financing facility.
2. Hands on training should be provided to women regarding financial management by the micro financing institutions so that they can learn how to manage business finances. As the income also increases with micro finances, women need to learn about financial management.
3. India is a highly populated country. It is better for India to have labour intensive businesses. With appropriate training the women entrepreneurs can be trained to start and successfully run the labour intensive businesses.



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