



IMPACT OF MICRO FINANCE ON ECONOMIC EMPOWERMENT

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ABSTRACT

Empowerment is a multi-dimensional social process that helps people gain control over their own lives communities and in their society, by acting on issues that they define as important. Empowerment occurs within sociological, psychological economic spheres and at various levels, such as individual, group and community. Empowering women puts the spotlight on education and employment which are an essential element to sustainable development. One of the powerful approaches to women empowerment and entrepreneurship is the formation of Self Help Groups (SHGs) especially among women's SHG is conceived as a sustainable people's institution that provides the poor women with space and support necessary for them to take effective steps towards achieving greater control of their lives.

Women played various managerial and non-managerial roles in the decision making process. Women constitute one- half of the segments of population in India and women are vital and productive workers in Indi's national economy. Hence an attempt is made to analyse Satisfaction towards Empowerment- Economic Empowerment, Social Empowerment, Decision making Empowerment, Familial Empowerment and Psychological Empowerment

Key words: Empowerment, Women, Satisfaction, Economic Empowerment, Social Empowerment, Decision making Empowerment, Familial Empowerment and Psychological Empowerment

1. Introduction

Micro Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro finance scene is dominated by Self Help Groups (SHGs) – Bank Linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the “unreached poor”. Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful in not only in meeting peculiar needs of the rural poor, but also in strengthening collective self-help capacities of the poor at the local level, leading to their empowerment.

Micro Finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years, there is questioning of whether micro credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor.

2. Reviews of Literature

Kabeer (1991)¹ Empowerment signifies increased participation in decision-making and it is this process through which people feel themselves to be capable of making decisions and the right to do so.

According to **Emma Zapata (1991)**² empowerment is power within and can be expressed in different ways, such as a chance to negotiate as a group, to share power, to get the support of other organisations, to look for outside support, all building up power in positive way.

According to **Sankar Chatter Jee (1993)**³ empowerment through group strategy is multi faced process which encompasses many aspects enhancing awareness increasing the access to resources economic and social. An equally component is the mobilization and organization of women into groups. The group strategy provides the required basis for solidarity strengths and collective action among the women. Empowerment is also linked to issues of social justice and equality.

Sakunthala Narashimhan⁴, The author focuses on the positive aspects of the empowerment such as economic, social, political and psychological empowerment and the author concludes that to empower women with hope and enthusiasm in the inner layers of their psyche (mind) and thousands of women, irrespective of the educational achievements or economic status,

women show their determination as useful and productive citizens who are eager to contribute their mite to the national effort.

Mayoux, (1993)⁵ has identified three ‘paradigms’ on micro-finance and gender. The ‘financial self-sustainability paradigm’, currently dominant within most donor agencies and USAID, World Bank, UNDP, etc. assumes that increasing women’s access to micro-finance services will lead to individual economic empowerment, well-being and social and political empowerment.

Punithavathy Pandian and Eswaran (2005)⁶ argued that the economic empowerment of poor women is the only way for poverty eradication. Because increased access to financial resources enables poor women to increase their employment and income in the petty business that has local demand and also based on local resources.

Microfinance, according to **Otero (1997)⁷** is the provision of financial services to low-income poor and very poor self-employed people. These financial services, according to **Ledgerwood (1997)** generally include savings and credit but also include other financial services such as insurance and payment services.

K.K.Kundu, K.S.Suhag, U.K.Pandy and Kusum Jain (2001)⁸ in their article, “sustainable Micro Financing through SHGs in Gurgaon district (Haryana)”, pointed out that through SHGs the poor had developed courage and confidence and served as decision makers SHGs inculcated the habit of savings among women.

3. Statement of the Problem

In India, 93 per cent of all workers are self employed. Women constitute more than half of this workforce. More than 96 per cent of women workers are self employed. Self employed workers are those who earn a living through their own small business or through their own labour. Unlike workers in the organised sector, they do not obtain a regular salary. These workers are characterised by insecure employment, low incomes, lack of capital assets, lack of access to institutional support and social security benefits, leading to an extreme level of poverty. The women generally vendors, home based workers such weavers, garment makers, food processors and craft people, manual labour and service providers such as agricultural labourers, construction workers, rag pickers domestic workers and cart-pullers.

One of the powerful approaches to women empowerment and entrepreneurship is the formation of Self Help Groups (SHGs) especially among women’s SHG is conceived as a sustainable people’s institution that provides the poor women with space and support

necessary for them to take effective steps towards achieving greater control of their lives. Also create awareness about health and hygiene, sanitation and cleanliness, environmental protection, importance of education and better response to development schemes. Through SHGs they are provided credit and extension support for various production oriented and income generating activities. Also Micro finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment.

The impact of microfinance in Kodaikanal is a subject worthy of serious examination for a number of reasons. In Kodaikanal there are ample opportunities for entrepreneurial development. Most of the women here are poor and earn for livelihood through self employed activities. If they are supported financially by affordable schemes like Micro Finance to sustain their life, they can concentrate more on their employment activities and slowly they could become a better entrepreneur.

Against this backdrop, the present study has been carried out to assess the impact of micro-finance on socio-economic status of women.

4. Objectives

To analyse, the impact of micro finance on Economic Empowerment of Self Help Group members in Kodaikanal.

5. Methodology

The present study depends on both Primary and Secondary data. Primary data is based on the survey method. To facilitate the survey, Interview schedule was constructed as optional type as well as in Likert's five point scale. The optional type is aimed at information search and other details of the respondents. The Likert's five point scale is applied to seek the opinion of the respondents regarding opinion, satisfaction and expectations. Interview schedule was used to know the perceptions of the respondents regarding their socio economic details, empowerment factors, micro finance provision.

Survey is conducted among the Self Help Group Members in Kodaikanal. The Stratified Random sampling technique adopted. The selection process is given below

This study was intended to analyse the role of SHGs in the promotion and development of the women members. For the purpose of analysis, the study was designed with a comprehensive profile.

Kodaikanal is divided into

- Kodaikanal Municipality and

▪ Kodaikannal Union

In Kodaikannal Municipality, we have

➤ Wards : 24

In Kodaikannal Union we have,

➤ Panchayat Union : 01
 ➤ Town Panchayats : 01
 ➤ Panchayats : 15
 ➤ Firrkas : 03
 ➤ Villages : 16
 ➤ Hamlets : 81

Table 1 shows the details relating to total no. of SHGs in Kodaikannal Municipality

TABLE 1 Total no. of SHGs in Kodaikannal Municipality

| TOTAL NO. OF SHGS IN KODAIKANNAL MUNICIPALITY | | | | | | | | | |
|---|---------|-----|---------|-----|-------|---------|---------------|--------------|-------|
| S.NO | WARD NO | DMI | G.TRUST | MMS | SMILE | CHANARD | KODAI KURUNJI | MUNICIPALITY | TOTAL |
| 1 | 1 | 5 | 5 | 5 | 1 | 2 | | 8 | 26 |
| 2 | 2 | | 6 | | 5 | 5 | | 8 | 24 |
| 3 | 3 | 8 | 2 | | 5 | 7 | | 4 | 26 |
| 4 | 4 | 10 | 6 | 2 | 6 | 8 | 1 | 5 | 38 |
| 5 | 5 | 5 | | 1 | 3 | 5 | 4 | 2 | 20 |
| 6 | 6 | | 1 | 4 | 1 | 6 | | 2 | 14 |
| 7 | 7 | 1 | | 1 | 2 | 7 | | 1 | 12 |
| 8 | 8 | 1 | 1 | 2 | 2 | 5 | | 3 | 14 |
| 9 | 9 | 2 | 15 | 1 | 2 | 12 | 4 | 4 | 40 |
| 10 | 10 | 18 | 16 | 1 | 2 | 18 | | | 55 |
| 11 | 11 | 5 | 2 | 1 | 1 | 3 | | | 12 |
| 12 | 12 | 6 | 1 | 2 | 2 | 10 | | | 21 |
| 13 | 13 | 5 | 1 | 1 | 4 | 9 | | 1 | 21 |
| 14 | 14 | 3 | 2 | 7 | 5 | 5 | | 6 | 28 |
| 15 | 15 | 6 | 1 | 8 | 2 | 14 | | 6 | 37 |
| 16 | 16 | 7 | 5 | | | 1 | | 5 | 18 |
| 17 | 17 | | 16 | 4 | 1 | 1 | | 2 | 24 |
| 18 | 18 | 5 | 18 | 2 | 3 | 4 | | 6 | 38 |
| 19 | 19 | 8 | 17 | 2 | 2 | 1 | | 2 | 32 |

| | | | | | | | | | |
|----|--------------|------------|------------|-----------|-----------|------------|----------|-----------|------------|
| 20 | 20 | 2 | 2 | 2 | | 1 | | 1 | 8 |
| 21 | 21 | 8 | 6 | 2 | 3 | 2 | | | 21 |
| 22 | 22 | 3 | 11 | 7 | 1 | | | | 22 |
| 23 | 23 | 14 | 1 | 8 | 3 | 4 | | 1 | 31 |
| 24 | 24 | 2 | | 13 | 1 | 18 | | | 34 |
| | TOTAL | 124 | 135 | 76 | 57 | 148 | 9 | 67 | 616 |

Table 2 shows the details relating to total no. of SHGs in Kodaikannal Panchayats

TABLE 2 Total no of SHG's in Kodaikannal Panchayat

TOTAL NO OF SHG'S IN KODAIKANAL PANCHAYAT'S

| S. No | PANCHAYAT'S | D M I | G. T R U S I T | M M S | C H A N A R D | S M L E | R W D M | 8 A I D A C T I O N | K A L A N J I A M | K O D A I K U R U N J I | C O - O P E R A T I V E B A N K K U Z H U | V A N A K U Z H U | K O D A I T H E N D R A L | T O T A L |
|-------|--------------|------------|----------------|-----------|---------------|-----------|------------|---------------------|-------------------|-------------------------|---|-------------------|---------------------------|------------|
| 1 | VILPATTY | 70 | 47 | 22 | 10 | 10 | | | | 21 | | 2 | | 182 |
| 2 | ADUKKAM | 3 | 24 | 3 | | 2 | | | | | | 3 | | 35 |
| 3 | KAMANURE | 18 | | | | | 32 | | 4 | | | | | 54 |
| 4 | K.C.PATTY | | | | | | 19 | | | | | | | 19 |
| 5 | KOOKAL | 19 | 11 | | | | | | | | | | | 30 |
| 6 | KUMBARAIURE | 5 | | | | | | | | | | | | 5 |
| 7 | MANNAMANURE | 31 | 19 | | | | | | | | 10 | 4 | | 64 |
| 8 | POOLATHURE | 29 | | | | | | | 4 | | | | | 33 |
| 9 | PERIURE | | | | | | 21 | | | | | | | 21 |
| 10 | THANDIKUDI | 19 | | 1 | | | 16 | | | | | | | 36 |
| 11 | POOMBARAI | 12 | 16 | | | | | | | | | | | 28 |
| 12 | POONDI | 7 | 1 | | | | | | | | | | | 8 |
| 13 | VADAKAVUNJI | 4 | 14 | 2 | 4 | | | 3 | | 4 | | | 1 | 32 |
| 14 | PACHALURE | | | | 4 | | 4 | | | | | | | 8 |
| 15 | VELLAKEVI | | | | 1 | | | | | | | | | 1 |
| 16 | PANNAIKADU | 20 | | | | | 25 | | 18 | | | | | 63 |
| | TOTAL | 237 | 132 | 28 | 19 | 12 | 117 | 3 | 26 | 25 | 10 | 9 | 1 | 619 |

Selection of panchayat-The Union-wise and panchayat-wise details of the Self Help Groups are maintained systematically by the taluk administration. The details regarding thrift, loans, and the number of NHGs, which are updated monthly was collected. As the number of SHGs is definite, the population can be known. Hence, the researcher resorted to Random Sampling Technique. In Kodaikanal, more than 1200 self help groups are functioning. These self help groups were stratified and on basis of stratification sample, respondent groups were selected. There are 24 wards in Kodaikannal Municipality and 132 wards in Kodaikannal Union. In these wards, there are approximately 1200 SHGs. Each ward is given equal weightage. Out of these SHGs, 1 SHG from each ward is selected as sample. So, totally 120 SHGs were selected. (i.e. 10% of the total population). The researcher contacted the sample SHGs and requested the SHGs to conduct a survey with the required number of members. On the recommendation of the animator, the survey was conducted with the members. Thus, sampling was done scientifically and survey was carried out according to the research norms without prejudice and bias.

6. Tools used for Analysis

To analyse the objectives framed, percentage, Mean and Standard deviation are used.

7. Analysis of the study

The analysis consists of two parts I Profile of the sample respondents and II their empowerment level before and after access of micro credit.

i) Profile of the Respondents

Table 3

| Sl.No | Particulars | Classification | No of Respondents | Percentage |
|-------|---------------------------|----------------|-------------------|------------|
| 1 | Age | Below 30 | 61 | 14 |
| | | 30-40 | 266 | 59 |
| | | Above 40 | 123 | 27 |
| | | Total | 450 | 100 |
| 2 | Marital Status | Married | 370 | 82 |
| | | Divorce | 48 | 11 |
| | | Widow | 32 | 7 |
| | | Total | 450 | 100 |
| 3 | Educational qualification | Illiterate | 175 | 39 |
| | | Literate | 275 | 61 |
| | | Total | 450 | 100 |

| | | | | |
|----------|-----------------|--------------|------------|------------|
| 4 | Nativity | Rural | 307 | 68 |
| | | Urban | 143 | 32 |
| | | Total | 450 | 100 |
| | | | | |

II) Economic Empowerment of the Respondents- Before access to Micro credit

People living in poverty need access to diverse range of financial services, including loans, saving services, insurance and money transfers. Access financial services enables the poor to increase income and smooth consumption flows, thus expanding their asset base and reducing their vulnerability to the external shocks that plague their daily existence. The availability of financial services acts as a buffer against sudden emergencies, business risk and seasonal slumps that can push a family in to destination more and better financial services specifically geared towards low income groups can help poor households to move from mere subsistence for daily survival to planning for the future and investing in better nutrition, improved living conditions and children health and education.

The researcher has made an attempt to measure the economic empowerment of the members of the Self Help Groups selected for the study. The mean and standard deviation of the opinion of the respondents before access to micro credit is presented in the following table.

Table 4
Economic Empowerment of the Respondents

| Economic Empowerment | Before access to Micro Credit | | Before access to Micro Credit | |
|--|--------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | Mean | Std. Deviation | Mean | Std. Deviation |
| Purchase of Assets | 1.84 | .636 | 2.37 | .869 |
| Income Generation | 2.63 | .618 | 3.67 | .619 |
| Contribution to Household income | 2.51 | .601 | 3.77 | .578 |
| Access and control over household resources | 2.50 | .598 | 3.80 | .594 |
| Participation in household financial decisions | 2.49 | .620 | 3.80 | .596 |
| Control over household expenses | 2.51 | .602 | 3.85 | .584 |
| Access to bank and other financial sectors | 2.24 | .638 | 3.90 | .627 |
| Savings, deposits / Investments | 2.13 | .623 | 4.02 | .602 |

| | | | | |
|------------------------------------|------|------|------|------|
| Managing household financial needs | 2.48 | .623 | 3.92 | .559 |
| Improvement in standard of living | 2.50 | .620 | 3.80 | .587 |

Source: Computed from Primary data

From Table 4 showed that the factors chosen to assess Familial Empowerment resulted increase in mean and standard deviation. Hence it could be concluded that as a result of Micro credit there is Familial Empowerment.

Suggestions and Conclusions

A process in which women challenge the existing norms and culture, to effectively promote their well being is known as women empowerment. The participation of women in Self Help Groups (SHGs) made a significant impact on their empowerment both in social and economic aspects. This study examines Women Empowerment in Self Help Group through micro finance.

As we know that women in our country have a respectable place in the society. But after six decades of independence, the situation of women is very severe in the rural and backward areas. Women constitute around fifty percent of the total human resources in our economy. Yet women are the more poor and under privileged than men as they are subject to many socio-economic and cultural constraints. Women development activities must be given importance to eradicate poverty, increase the economic growth and for better standard of living. Self Help Group (SHGs) is small credit cooperatives, usually all poor and all women.

Empowerment results in a change in the balance of power, in the living conditions and in the relationships. To achieve this, women must be free to decide about their income and should gain self-confidence.

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