



EMPOWERMENT OF WOMEN THROUGH MICRO FINANCE - A STUDY OF URBAN AREAS OF WARANGAL DISTRICT

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ABSTRACT

Financial services for the poor, often referred to as microfinance, cannot solve all the problems caused by poverty. But they can help to put economic resources and power into the hands of the poor and low-income people enabling them to make their own financial decisions and thus solve the problem of poverty. Microfinance is a banking activity which provides financial assistance/loans to unemployed or individuals and groups as a whole. Micro finance through Self Help Group (SHG) is a powerful and suitable way of reaching financial assistance to the people directly for rural development. Empowerment of women is the main aim of microfinance, which leads to sustainable development of the nation. In this paper, the role of Microfinance in women's empowerment is considered. The study is undertaken in urban areas of Warangal district. For this study both primary and secondary data is used. Primary data is collected from the respondents through a questionnaire and secondary data is collected from published reports, government publications and reports and other documents, discussions with NGOs and their reports and other documents. The researcher used various statistical tools which required for better analysis and interpretation.

Keywords: Microfinance, women empowerment, Self Help groups, Non Governmental Organization.

Introduction

Financial services for the poor, often referred to as microfinance, cannot solve all the problems caused by poverty. But they can help to put economic resources and power into the hands of the poor and low-income people enabling them to make their own financial decisions and thus solve the problem of poverty. The potential is enormous and so is the challenge. Inclusive finance ,including products that encourage savings, appropriately designed loans for the poor and low-income households and for micro ,small and medium enterprises, and appropriate insurance and payment services can help people to enhance incomes, acquire capital, manage risk and come out of poverty (United Nations,2006). The Rangarajan Committee Report-2008 has defined financial inclusion as Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by the vulnerable groups such as the weaker section and low income groups at an affordable cost. Microfinance programs have the potential to transform economic power relations and empower the poorboth men and women.

Microfinance is a type of banking which provides access to financial and non financial services to low income or unemployed people microfinance is powerful tool to self empower the poor people especially women globally1970's. A 2011 survey by the Special Unit on Microfinance of the United Nations Capital Development Fund (SUM/UNCDF) of 29 microfinance institutions revealed that approximately 60 percent of these institutions' clients were women. Six of the twenty nine focused entirely on women. Among the remaining twenty-three mixed-sex programs, 52 percent of clients were women.

The most of the micro credit institutions and agencies all over the world focuses on women in developing countries. Observations and experience shows that women area small credit risk, repaying their loans and tend more often to benefit the whole family. In another aspectit's also viewed as a method giving the women more status in a socio economic way and changing the current conservative relationship between gender and class when women are able to provide income to the household. There are many reasons why women have become the primary target of microfinance services.

A recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for all people. At a macro level, it is because 70 percent of the world's poor are women. Women have a higher unemployment rate than men in virtually every

country and make up the majority of the informal sector of most economies. They constitute the bulk of those who need micro finance services. Giving women access to micro credit loans therefore generates a multiplier effect that increases the impact of a microfinance institution's activities, benefiting multiple generations.

Microfinance in the Indian Context

The roots of the microfinance industry as it exists in India today can be traced back to the mid-1970 when some prominent NGO's such as MYRADA and PRADAN started using the SHG model as a platform for social mobilization. The earlier models of lending to the poor were characterized by state-sponsored programs such as the Integrated Rural Development Program (IRDP) which were in line with the social welfare agenda of the state. The emphasis was on keeping the cost of the credit to the poor artificially low through interest-rate ceilings, but this resulted in low levels of institutional lending to the segment.

However in the 1990's, the Grameen Bank model and the ASA model promoted by the Association for Social Advancement, both from Bangladesh found rapid acceptance among the newer breed of microfinance institutions in India. Known as the 'on-lending' models they had the capacity for rapid up-scaling in terms of client reach. They were less dependent on donor or grant funds and enabled the institutions to borrow capital from larger institutions and then passing on the actual service charge to the individual borrowers while retaining a margin for its own growth. These models also spawned the growth of NBFC's and for profit institutions. The SHG model in the form of the SHG-Bank Linkage (SBLP) initiated in the early 1990's by NABARD and the rapidly growing MFI on-lending model both dominate the microfinance industry today.

According to the study which was conducted, three needs drive much of the financial activity of poor households:

1. Managing basics: cash-flow management to transform irregular income flows into a dependable resource to meet daily needs.
2. Coping with risk: dealing with the emergencies that can derail families with little in reserve.
3. Raising lump sums: seizing opportunities and paying for big-ticket expenses by accumulating money.

To meet these needs, as a bare minimum, poor people have to undertake complex cash management and need financial services delivered in a reliable, convenient, flexible and structured manner. The basic requirements are:

1. A current savings account into which they can deposit, and withdraw from conveniently.
2. An emergency or general loan that can be taken and repaid quickly.
3. Recurring, commitment or contractual savings products.
4. A loan that can be used for a wide variety of purposes.

Review of Literature

Empowerment (Irrespective of gender) is defined as the ability of the people in particular the least privileged to a) have an access to productive resources that enable them to increase their earnings and obtain the goods and services they need and b) Participate in the development process and the decision that affect them these two aspects are related and one without the other is not empowerment .

The World Bank defines empowerment as “the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes.

According to Krishna (2003) empowerment means increasing the capacity of individuals or groups to make effective development and life choices and to transform these choices into desired actions and outcomes. It is by nature a process and/or outcome.

Malhotra (2002) constructed a list of the most commonly used dimensions of women’s empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women’s empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological.

C.S Reddy APMAS (2005) study concluded that SHG’s can have an impact on civil society. However their ability to affect the change is directly linked to their financial sustainability. The study recommended a need for a well developed third party rating system for SHG’s before they are linked with financial institutions. The study also recommended introducing robust MIS systems and a mechanism wherein the Government or the promoting

institution bear the cost of intervention to stabilize and sustain the SHG's so as to prevent their failure

Ranjula Ball Swain (2007) "Can Microfinance Empower Women? Self-Help Groups in India" concluded many strides have been made in the right direction and women are in the process of empowering themselves and NGOs that provide support in financial services and specialized training, have a greater ability to make a positive impact on women empowerment.

Gaiha Raghav (2007) studied empowerment through SHG groups in Maharashtra. They found that savings mobilization through SHG's was highly effective. They also found that most of the loans taken by members of the SHG were being used largely for health, education and production related expenses. They also concluded that SHG's helped contribute in building trust, reciprocity and associational capital. Domestic violence was also reduced. However this came at a price, which involved putting in long hours by the SHG workers in running the institutions.

Statement of the Problem

In olden days women were restricted to take part in any social activities and not given roles in decision making in her family. The situation was even more worsening in rural and urban areas. Now the situation has been changed. Some of the women are given freedom to do what they wish. In today's scenario more women are engaged in income generating activities. This is because of NGO and other financial institution came forward to provide microfinance to poor women. They believe that a woman is the small credit risk and often benefits the whole family. The main aim of microfinance for women is to empower women. This induced the researcher to focus more on the empowerment of rural women who participate in SHG program and the microfinance.

Objectives of the Study

1. To find out the improvement in the socio-economic status of women due to access to microfinance.
2. To study performance of SHG's in Urban areas
3. To analyze the savings habits of the urban and rural poor women. (Eg any chit funds, savings at home).

4. To given suggestions for the betterment of women's empowerment through micro Finance.

Research Methodology

The study is in its nascent stages; however the methodology proposed is as follows. Both primary and secondary data will be used for the purpose of this study. The sources of secondary data will be mainly NABARD and RBI publications.

Data Collection : Primary data will be collected through specially designed (separate) questionnaires for the target sample of the women beneficiaries (SHG & MFI, control group). The questionnaires will be designed with the assistance of a statistician and separate questionnaires will prepared and used for the selected sample in each category viz SHG's, MFI, control group In order to ensure reliability and consistency, we plan to undertake a pilot study and analyze its results. large in number they are divided by groups and randomly selected for data collection.

Sources of Data: The study is undertaken in Urban areas of Warangal District. Only primary data are used. Primary data have been enumerated from a field survey in the study region. One NGO is selected and five Self-Help Groups promoted by that NGO in Urban areas of Warangal are taken for the study.

Sample Size: 200 samples have been collected for the research from urban areas of Warangal districts.

Limitations of the Study

The study is limited to Urban areas of Warangal district of Telangana state. Hence output of this study may not be applicable to rural areas and remaining areas of Urban.

The data required for the study was collected from the sample respondents and other people those who connected directly and indirectly in the activities of micro finance.

Data Analysis and Interpretation:

The respondents have taken loans up to 8000/- from various microfinance institutions MFIs and they started business activities like fertilizer shop, Vegetable vending, daily cloth shop etc., the table 1 shows the income earned by the respondent gain their business activities

Table 1: Monthly Income of respondents

Sl.No.	No. of Respondents /Income	No. of Respondents	Percent
1	Below 2000	13	6.5
2	2000-4000	35	17.5
3	4000-6000	85	42.50
4	6000-8000	42	21.00
5	Above 8000	25	12.50
	Total	200	100.00

Source : Field Study

Table-1 Shows that the average monthly income of the respondents, out of the 200 respondents, 42 (21.00%) respondents have been earning the monthly income in the range of Rs.4000 to 6000. The table also says that 35 (17.05%) respondents have been earning in the range of Rs. 2000-4000 and 85(42.5%) respondents have been earning in the range of Rs.6000 to 8000 per month. It is interesting to note that nearly 13 percent of the respondents are earning more than Rs. 8000 per month. Only 6.5 per percent of women are earning below of Rs. 2000. Thus the study indicates that most of the respondents are earning from Rs. 2000 to 8000 per month.

Table 2: Empowerment in the society expressing opinion freely

Sl.No.	Options	Frequency	Percent
1	Yes	126	63.00
2	No	74	37.00
	Total	200	100.00

Source: Field Study

Table-2 indicates that, out of the 200 sample 126 (63.00%) respondents opinion can able to express their opinions freely in the groups and also in society and 74 (37.00%) percent of the respondents not able to influence the society in the positive way.

Table-3: Role of decision making in family

Sl.No.	Options	Frequency	Percent
1	Yes	133	66.50
2	No	67	33.50
	Total:	200	100.00

Source: Field Study

Table-3 shows that 133 (66.5%) agreed that they play a vital role in decision making in their family and 67 (33.50%) respondents they could not take independent decisions in their families

The study identified that income from venture and women's empowerment in the society that means when income increased the empowerment also increases. Similarly the positive correlation can be seen in between income from venture and decision making in their families. The income of the women can have influence on decision making power.

Table-4 : Spending pattern of microfinance amount

Sl. No.	Options	Frequency	Percent
1	Household purpose	42	21.00
2	To start business	96	48.00
3	To promote existing business	38	19.00
4	Education purpose	10	5.00
5	Business and repayment of other loans	14	7.00
	Total:	200	100.00

Source: Field Study

Table-4 shows that the majority of the respondents i.e., 96(48.00%) respondents have spent their money taken from microfinance institutions for the purpose of start business ventures, followed by education purpose their children. And 38(19%) respondent used their money taken from microfinance societies MFS as loans for the purpose promotes existing business ventures only 14(7.00%) respondents have re paid their loans from this amount . those study sates that majority of respondents have spent their micro finance amount to business activities.

Suggestions

Based on the study we can give following suggestions that can help enhance the effectiveness of micro finance and empowerment of women.

1. There should be a continuous attempt to inspire, encourage, motivate and co-operate women entrepreneurs. Trade fairs, Industrial exhibition, seminars and conference should be organized to help women to facilitate interact with other women entrepreneurs.
2. Self-Help Groups are to be encouraged to take up programs to increase their social

awareness and make them active in participating in division- making related to the household and society.

3. Meetings of Self-Help Groups at the district and state level should be organized to share their experiences with each other.

Conclusion

All they need is a way to develop their skills and talents by participating in various training programs. For any bank, financial services institution long term growth is dependent on the manner that it approaches and taps untapped markets. In the Indian context, this effort has largely been led by the PSU Banks and MFI's. It's imperative that the requirements of this section be matched with the needs at the grassroots level in a transparent and efficient way, rather than looking at imposing statutory regulations and mandates. Microfinance is often portrayed in literature as a tool that allows individuals excluded from the financial system to get access to sources of funding i.e. as a means of combating exclusion and poverty. We hope that the impact is far greater and enduring and this study is an endeavor in understanding the fortifying' effects of microfinance. We hope that the findings of the study will be beneficial to all that parties involved viz (banks, RBI, MFI's and the beneficiaries) in designing products that cater to the needs that exist at the bottom of the pyramid as a innovative mechanism to propel capital assimilation, local entrepreneurship and economic growth for the entire communities. Capacity building, empowerment and an ability to deal with the unforeseeable future we hope will change and make sustainable banking at the bottom of the pyramid into a reality. The urban area Self Half groups are performing well. The study concludes that microfinance brought social empowerment than economic empowerment impact of microfinance is appreciable in bringing confidence, courage, skill development and empowerment. The SHG members feel free to move with their groups and leaders. If ladies them participate varies social welfare activities with good co-operation while interacting with the respondent.

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