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## Role of Microfinance in Women Empowerment

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### Abstract

*The present study attempts to analyse the role of microfinance in women empowerment in selected districts of Haryana. Primary data have been collected through pre-tested structured questionnaire. For the purpose of data collection, a sample of 200 women beneficiaries is taken from four districts of the state Sirsa (50), Kaithal (50), Rohtak (50) and Gurgaon (50) of Haryana on the basis of judgment sampling. The collected data were analyzed with the help of Kruskal Wallis H-Test and Ranking method. The findings indicate that the microfinance play an important role in women empowerment as emphasize on education of their children, contribute to household income, improve the standard of living of family, increase the ability to face the problem, increase in self confidence, reduce poverty level of the family, increase in social recognition, better capacity to face sudden household shocks, equal participation with husband in family decision, etc. Statistically, the results of Kruskal Wallis H-test show that there is a significant difference in the viewpoint of respondents towards reduced poverty level of the family and increased autonomy and willingness to take decision about self and others, therefore null hypothesis is rejected. The findings of the study suggested that NGOs should come up with more training sessions in income generating activities of women, and develop their skills and talents by participating in various training programs.*

**Keywords:** Beneficiaries, Microfinance, Poverty, Empowerment

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### Introduction

Of the 1.3 billion people who live in absolute poverty around the globe, 70 percent are women. For these Women, poverty doesn't just mean scarcity and want, which means rights denied, opportunities curtailed and voices silenced. Empowerment of women means to let women

survive and let them live a life with dignity, humanity, respect, self-esteem and self-reliance. This will help them to make their own decisions (*Pokhriyal, Rani and Uniyal, 2014*). The World Bank (2011) has estimated that there were an estimated 1.345 billion poor people in developing countries who live on \$1.25 a day or less. The 2007 World Bank report "Global Economic Prospects" predicts that in 2030 the number living on less than the equivalent of \$1 a day will fall by half, to about 550 million. According to FAO (2010) in round numbers there are 7 billion people in the world. Another report said that in India, 66 percent of the rural women are engaged in agriculture as a main occupation (*Sihag, 2006*) and 48.46 percent of the country's population is women (Census, 2011). Eighty-eight percent of the indebted categories are headed by small/marginal farmers with holding less than 2 ha (*Thorat, 2005*). As we know that the women were not that much developed in the past. Their condition was severe. They were restricted behind the four walls. They had to face so many restrictions. They were not free to do anything because of the blind custom followed by the poor and illiterate people in the society. The one and only one suffer were women. It is truly said that solutions always stick with the problems. Where there is a problem, solution will be there. Traditional development theories believed that a high growth rate of the economy would benefit the poor through the so-called trickledown effect. This suggests that, among the poor, both men and women would equally reap the fruits of high economic growth rate. However, this has been belied by actual development and in spite of the various development measures and constitutional legal guarantees-women have lagged behind in almost all sectors. Microfinance is emerging as a powerful instrument for poverty alleviation in the economy (*Meena and Meeena, 2010*). Due to the development of new policies, programmes and even projects, the status of women has totally been changed as they provide assistance to the low income women. This concern for low-income women's needs has coincided historically with recognition of their important role in development. Various intervention approaches have been developed in order to address the needs of the women which ultimately reveal modifications not only in social policy approaches to third World Development, state policies relating to women but also in the overall economic policy of the country as a whole. The empowerment approach is the most recent and is aimed at empowering women through greater self-reliance and internal strength (*Narang, 2012*).

The concept of empowerment is defined as the process by which women take control and ownership of their choices. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-

esteem, and self-confidence (*Kabeer, 2001*). Empowerment is a process of awareness and capacity building leading to greater participation, to greater decision making power and control and transformative action. Empowerment of women signifies harnessing women power by conscientising their tremendous potential and encouraging them to work towards attaining a dignified and satisfying way of life through confidence and competence as person with self-respect, rights and responsibilities. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem, and self-confidence (*Narang, 2012*). The micro finance is agenda for empowering poor women. Micro enterprises are an integral part of planned strategy for securing balanced development of the economy of the poor women. Rural women's participation in agro-based activities is much more than what statistics reveal. This is mainly due to the fact that most of the work done by the women at farm and home is disguised as daily chores. Mechanization and easy availability of labour provide more time to energetic women to engage themselves in self-employment or entrepreneur ventures. Rural women are having human and non-human resources to take up an enterprise need one an innovative mind and motivation. Entrepreneurship is the only solution to the growing employment among rural youth. It helps to generate employment for a number of people within their own social system. This is more beneficial for women in rural areas as it enables them to add to the family income while taking care of their own home and livestock centered task. Rural women possess abundant resources to take up enterprises. She has the benefit of easy availability of arm and livestock based raw materials and other resources (*Panda, 2013*).

### **Women Empowerment in India**

The year 2001 had been declared by the Government of India as "Women's Empowerment Year" to focus on a vision where women are equal partners like men" because the Constitution of India grants equality to women in various fields of life. In the past, the position of women was miserable in the society and even women were not ready to undertake any assignment or job due to many reasons like fear, shyness, male dominance in the society and Purda system but time has been changed now. Women of today are not like the early days. Now, they are always ready to come forward and want more economic independence, their own identity, achievements, equal status in the society and greater freedom. And Government of India has provided for Self Help Groups (SHGs) to them so that proper attention should be given to their economic independence through self employment, entrepreneurial development and well being that ultimately leads to its

contribution. SHGs have been emerged as a powerful instrument in order to alleviate poverty and for the empowerment of women in the rural economy. SHGs through the network of commercial banks, co-operative banks, regional rural banks, NABARD and NGO's has been largely supply driven and a recent approach in the provision of financial services to the poor and further upgrading their status in the society. In this way, SHGs are important not only to reduce rural poverty, to promote rural savings but also to increase gainful employment. Keeping this in mind, the present study is to study the growth of SHGs and to analyse the current position of women empowerment and study the economic improvement of women after their joining SHGs. The information for the study has been collected from secondary sources i.e. various books, Journals, newspapers, published literature, websites, and annual reports (*Narang, 2012*). Empowerment can take place at a hierarchy of different levels – individual, household, community and societal – and is facilitated by providing encouraging factors (e.g. exposure to new activities, which can build capacities) and removing inhibiting factors (e.g. lack of resources and skills). In this connection Microfinance with Self Help Groups play an effective role for promoting women empowerment. It is not only an efficient tool to fight against poverty, but also as a means of promoting the empowerment of the most marginalized sections of the population, especially women. According to Ellie Bosch it is just old wine in a new bottle (*Bosch, 2002*).

### **Review of literature**

Various articles appeared in journals/magazines on different aspects of microfinance and women empowerment but they are restrictive in nature and do not give a comprehensive picture. Sarumathiamdmohan (2011) explained the role played by Microfinance in women's empowerment is considered into three dimensions namely psychological, social and economical. Analysis showed that there is a gradual increase in the all the three factors among rural women's. From the interaction among the respondents it was noticed that some members were expecting the NGO to come up with more training sessions in income generating activities. There was definite improvement in psychological well being and social empowerment among rural women as a result of participating in microfinance through SHG program. Sanjay (2012) analysed the meaning of the term 'empowerment'-its different concepts, issues and indicators. He examined the influence of membership of SHGs and gender inequality, to access the involvement of SHG member in decision making in the family and to study membership of SHGs and improvement of women position in the patriarchal family system in the study area and finally, to study the relation of SHG members and development of leadership qualities. It

is observed from the study that SHG have a positive impact on women members particularly in empowering them. Sultana and Hossen (2013) examined the condition of women empowerment and the role of employment in women empowerment in Khulna City of Bangladesh. The sample size was restricted to 120 employed and unemployed women of Khulna City and random sampling technique was followed. For measuring empowerment level, cumulative empowerment index (CEI) was constructed and multiple linear regression model was used to reveal the causal relationship between women empowerment and its important determinants. The study found that the employed women were more empowered than those of unemployed women in Khulna City. The study also found that age, educational qualification, household income and employment have a statistically significant positive effect on women empowerment. Sahoo (2013) attempted to analyse the role and performance of SHGs in promoting women's empowerment in Cuttack District of Odisha. The broad objective of the study was to analyse the operating system of SHGs for mobilization of saving, delivery of credit to the needy, repayment of loans and in building up of opinion of SGH members regarding increase in the power of decision making. Both primary and secondary data were collected and age, family system and number of dependents in the family, etc., were analysed in demographic information. The study focused on the role of SHGs in women empowerment, social solidarity and socio-economic betterment of the poor for their consolidation. Pokhriyal, Rani and Uniyal (2014) attempted to study the role of microfinance intervention in promoting women empowerment in rural India. To check the various schemes under which the microfinance tool is applied and the progress of this program the help of various data provided by the government and other institutions was included in this study. With the help it was suggested that education facilities and family protection must be provided in proper way. Microfinance institutions should be strengthened and expand their support to recourse poor women.

### **Objective of the Study**

The present study is conducted to identify the role of microfinance in women empowerment in selected districts of state of Haryana.

### **Research Hypothesis**

**H<sub>01</sub>:** There is no significant difference in the viewpoint of respondents of the selected districts towards the women empowerment.

**H<sub>0a</sub>:** There is a significant difference in the viewpoint of respondents of the selected districts towards the women empowerment

## Research Methodology

To achieve the objective of the study, a sample of 200 respondents in four districts is taken on the basis of judgment sampling *i.e.* Sirsa (50), Kaithal (50), Rohtak (50), and Gurgaon (50) to know the role of microfinance in women empowerment. The primary data have been collected through pre-tested structured questionnaire. Secondary data have been collected from various Journals, Magazines and Annual Reports of the selected organizations. The collected data were analysed with the help of mean and standard deviation. Further, Kruskal Wallis H-Test has been applied to test the validity of the results.

## Results and Discussion

Table 1 shows the analysis of respondent's viewpoint towards role of microfinance in women empowerment in related districts. Contribution in household income is placed at the top (Mean=3.98, SD=0.32) in Sirsa; followed by more focus on education of self and children (Mean=3.94, SD=0.31); reduces poverty level of the family (Mean=3.92, SD=0.27); increase in self confidence (Mean=3.84, SD=0.74); improves standard of living of family (Mean=3.84, SD=0.55); better capacity to face sudden household shocks (Mean=3.78, SD=0.58); increase the ability to face the problem (Mean=3.76, SD=0.56); increase in social recognition (Mean=3.62, SD=0.67); equal participation with husband in family decision (Mean=3.42, SD=0.88); increased autonomy and willingness to take decision about self and others (Mean=2.92, SD=0.90); better control over resources, political and development activities (Mean=2.88, SD=0.66); awareness about new government policies and schemes (Mean=2.62, SD=0.92); reduction in burden of domestic work including childcare (Mean=2.52, SD=0.84); active participation in social services (Mean=2.48, SD=0.74) and improvement in the awareness about environment (Mean=2.32, SD=0.84).

The respondents viewpoint in Kaithal district shows more focus on education of self and children is placed at top (Mean=4.00, SD=0.57); followed by contribution in household income (Mean=3.90, SD=0.54); improves standard of living of family (Mean=3.88, SD=0.33); reduces poverty level of the family (Mean=3.86, SD=0.50); increase in social recognition (Mean=3.84, SD=0.84); increase the ability to face the problems (Mean=3.72, SD=0.61); better capacity to face sudden household shocks (Mean=3.68, SD=0.55); increase in self confidence (Mean=3.58, SD=0.88); equal participation with husband in family decision (Mean=3.24, SD=0.98); awareness about new government policies and schemes (Mean=2.78, SD=1.04); active participation in social services (Mean=2.70, SD=0.89); increased autonomy and willingness to

take decision about self and others (Mean=2.70, SD=1.04); better control over resources, political and development activities (Mean=2.56, SD= 0.76); reduction in burden of domestic work including childcare (Mean=2.50, SD=0.86) and improvement in the awareness about environment (Mean=2.06, SD=0.62).

The respondents viewpoint in Rohtak district shows that more focus on education of self and children is placed at top (Mean=4.02, SD=0.43); increase the ability to face the problems (Mean=3.96, SD=0.60); increase in self confidence (Mean=3.92, SD=0.75); contribution in household income (Mean=3.76, SD=0.77); better capacity to face sudden household shocks (Mean=3.70, SD=0.58); improves standard of living of family (Mean=3.66, SD=0.52); reduces poverty level of the family (Mean=3.66, SD=0.63); increase in social recognition (Mean=3.64, SD=0.98); increased autonomy and willingness to take decision about self and others (Mean=3.20, SD=0.86); equal participation with husband in family decision (Mean=3.14, SD=1.09); awareness about new government policies and schemes (Mean=2.80, SD=0.83); active participation in social services (Mean=2.68, SD=0.94); better control over resources, political and development activities (Mean=2.66, SD= 0.77); reduction in burden of domestic work including childcare (Mean=2.58, SD=0.84); and improvement in the awareness about environment (Mean=2.24, SD=0.66).

The respondents viewpoint in Gurgaon district shows more focus on education of self and children is placed at top (Mean=3.98, SD=0.87); contribution in household income (Mean=3.92, SD=0.78); improves standard of living of family (Mean=3.78, SD=0.71); increase in self confidence (Mean=3.72, SD=0.99); increase the ability to face the problem (Mean=3.64, SD=0.92); increase in social recognition (Mean=3.64, SD=1.16); better capacity to face sudden household shocks (Mean=3.50, SD=1.16); reduces poverty level of the family (Mean=3.44, SD=0.81); increased autonomy and willingness to take decision about self and others (Mean=3.28, SD=0.95); equal participation with husband in family decision (Mean=3.16, SD=1.09); awareness about new government policies and schemes (Mean=2.94, SD=1.25); better control over resources, political and development activities (Mean=2.86, SD= 1.28); reduction in burden of domestic work including childcare (Mean=2.58, SD=1.25); improvement in the awareness about environment (Mean=2.42, SD=1.13) and active participation in social services (Mean=2.38, SD=1.07).

The overall respondents viewpoint shows that more focus on education of self and children is placed at top (Mean=3.99, SD=0.58); contribution in household income (Mean=3.89, SD=0.63);

improves standard of living of family (Mean=3.79, SD=0.55); increase the ability to face the problems (Mean=3.77, SD=0.69); increase in self confidence (Mean=3.77, SD=0.85); reduces poverty level of the family (Mean=3.72, SD=0.61); increase in social recognition (Mean=3.69, SD=0.93); better capacity to face sudden household shocks (Mean=3.67, SD=0.77); equal participation with husband in family decision (Mean=3.24, SD=1.01); increased autonomy and willingness to take decision about self and others (Mean=3.03, SD=0.96); awareness about new government policies and schemes (Mean=2.79, SD=1.02); better control over resources, political and development activities (Mean=2.74, SD=0.90); active participation in social services (Mean=2.56, SD=0.92); reduction in burden of domestic work including childcare (Mean=2.55, SD=0.96) and improvement in the awareness about environment (Mean=2.26, SD=0.84).

Statistically, the results of Kruskal Wallis H-test shows that there is no significant difference among the district-wise respondents viewpoint towards increase in social recognition ( $p=0.414$ ), increase in self-confidence( $p=0.312$ ),increase the ability to face the problem( $p=0.142$ ), contribute in household income( $p=0.389$ ), equal participation with husband in family decision( $p=0.460$ ),better control over resources, political and development activities( $p=0.132$ ),better capacity to face sudden household shocks( $p=0.539$ ),active participation in social service and social issues( $p=0.177$ ),awareness about new government policies and schemes( $p=0.466$ ), more focus on education of self and children( $p=0.549$ ), improves standard of living of family( $p=0.056$ ),improvement inthe awareness about environment( $p=0.365$ ),reduction in burden of domestic work including childcare( $p=0.960$ ),therefore the null hypothesis is accepted. On the other hand, there is significant difference among the district-wise respondents viewpoint towards reduces poverty level of the family ( $p=0.002$ ) and increased autonomy and willingness to take decision about self and others ( $p=0.011$ ), therefore the null hypothesis is rejected and alternative hypothesis is accepted.

### **Conclusion and Recommendations**

The results of the study concluded that microfinance play an important role in women empowerment as emphasize on education of self and children, contribute to household income, improve the standard of living of family, increase the ability to face the problem, increase in self confidence, reduce poverty level of the family, increase in social recognition, better capacity to face sudden household shocks, equal participation with husband in family decision, *etc.* Although microfinance is not always empowering for all women, most women do experience some degree of empowerment as a result. Empowerment is a complex process of change that is experienced



by all individuals somewhat differently. The findings of the study suggested that that NGOs should come up with more training sessions in income generating activities of women, and develop their skills and talents by participating in various training programs.

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**Table 1: Role of Microfinance in Women Empowerment (for female beneficiaries only)**

Statements	Sirsa			Kaithal			Rohtak			Gurgaon			Total			H test	
	Mean	S.D	Rank	Mean	S.D	Rank	Mean	S.D	Rank	Mean	S.D	Rank	Mean	S.D	Rank	$\chi^2$	Sign.
Increase in social recognition	3.62	0.67	8	3.84	0.84	5	3.64	0.98	8	3.64	1.16	6	3.69	0.93	7	2.859	0.414
Increase in self confidence	3.84	0.74	4	3.58	0.88	8	3.92	0.75	3	3.72	0.99	4	3.77	0.85	5	3.566	0.312
Increase the ability to face the problem	3.76	0.56	7	3.72	0.61	6	3.96	0.60	2	3.64	0.92	5	3.77	0.69	4	5.450	0.142
Contribution in household income	3.98	0.32	1	3.90	0.54	2	3.76	0.77	4	3.92	0.78	2	3.89	0.63	2	3.019	0.389
Equal participation with husband in family decisions	3.42	0.88	9	3.24	0.98	9	3.14	1.09	10	3.16	1.09	10	3.24	1.01	9	2.584	0.460
Better control over resources, political and development activities	2.88	0.66	11	2.56	0.76	13	2.66	0.77	13	2.86	1.28	12	2.74	0.90	12	5.620	0.132
Better capacity to face sudden household shocks	3.78	0.58	6	3.68	0.55	7	3.70	0.58	5	3.50	1.16	7	3.67	0.77	8	2.164	0.539
Active participation in social services	2.48	0.74	14	2.70	0.89	11	2.68	0.94	12	2.38	1.07	15	2.56	0.92	13	4.929	0.177
Awareness about new government policies and schemes	2.62	0.92	12	2.78	1.04	10	2.80	0.83	11	2.94	1.25	11	2.79	1.02	11	2.552	0.466
More focus on education of self and children	3.94	0.31	2	4.00	0.57	1	4.02	0.43	1	3.98	0.87	1	3.99	0.58	1	2.114	0.549
Improves standard of living of the family	3.84	0.55	5	3.88	0.33	3	3.66	0.52	6	3.78	0.71	3	3.79	0.55	3	7.571	0.056
Reduces poverty level of the family	3.92	0.27	3	3.86	0.50	4	3.66	0.63	7	3.44	0.81	8	3.72	0.61	6	15.302	0.002*
Improvement in the awareness about environment	2.32	0.84	15	2.06	0.62	15	2.24	0.66	15	2.42	1.13	14	2.26	0.84	15	3.176	0.365
Increased autonomy and willingness to take decision about self and others	2.92	0.90	10	2.70	1.04	12	3.20	0.86	9	3.28	0.95	9	3.03	0.96	10	11.132	0.011*
Reduction in burden of domestic work including childcare	2.52	0.84	13	2.50	0.86	14	2.58	0.84	14	2.58	1.25	13	2.55	0.96	14	0.298	0.960

Source: Survey