iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 11 **Issue:** II **Month of publication:** February 2023

DOI: https://doi.org/10.22214/ijraset.2023.48940

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 11 Issue II Feb 2023- Available at www.ijraset.com

Microfinance as a Tool of Socio Economic Empowerment of Rural Women

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Abstract: ***Micro finance has become a tool of empowering the underprivileged people in the society. It plays a prominent role in the developing countries of Asia. These countries are having lots of success stories where the poor and backward people could manage to have sustainable source of revenue for themselves through microfinance. It is observed that in maximum cases women are plying a vital role in the use of micro finance through the self help groups (SHGs). This paper tries to see the impact of micro finance on the rural women of Assam - a state which is very near to Bangladesh, the country where microfinance has got tremendous response from the women folk. Through the research it was tried to see the impact of microfinance from the socio economic perspective of the North East India. The paper is based on primary data collected from the women respondents of rural area who have experience of working with the SHGs. The paper concluded that the micro finance has contributed to the empowerment of women in rural Assam and hence micro finance has a great future in this part of India.***
Keywords: Microfinance, self help group, rural women, income and empowerment

I. INTRODUCTION

Microfinance has made remarkable contributions to the rural social-economic structures in the developing countries like India, Bangladesh, Malaysia etc. It has become a useful tool for reducing poverty and enhancing economic growth and development in developing countries. Microfinance is a great support to poor women and helps them to move out of poverty and discriminatory situations. It helps in creating gender equality as well. In developing countries people face various problems in their day-to-day life, like nutrition related diseases, poor life style, lack of good education and hence they are unable to start something of their own. Therefore financial help for the poor through government or any other means is very essential. In India, women are still dominated by male in the household matters as well financial matters. India's economic growth is low and slow because women are not contributing to the economy in an expected way due to their disadvantageous position in the society. Women constitute around half of the total population of the world and so is in India also. Global data says that women are doing good in academics, politics, administration, social work etc. But in case of entrepreneurship development women are lagging behind. In rural areas problem is even more. With the development of microfinance and formation of Women's Self-Help Groups the women in India could achieve more visibility in social and economic spheres. SHG is a right way of empowering the women. In our country the concept of microfinance was initially started by NABARD in the nineties.

Microfinance programs help women in following ways:

1) Higher income and economic independence.
2) Access to information, network and markets hence higher political and social responsibility,
3) Involvement of women in family decision making process regarding the financial matters,
4) Larger role in community development

NABARD has defined microfinance as "provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and to improve living standards".

National Credit Fund for Women or "Rashtriya Mahila Kosh" is the national level microfinance apex organizations, which provide financial services to women in India, defines microfinance as a set of services consisting the following activities:

a) *Micro Credit*: Small loans for income generation activities
b) *Micro Savings*: small savings from borrower's own resources.

To summarize, microfinance is financial services of small quantity provided by financial institutions to the poor people for their livelihood process.

Empowerment is the authority or power given to someone to do something. It is dependent on internal strength and external facilities. Internal strength consists of self-motivation, self-esteem, self-worth and awareness.

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External facilities comprise of health, education, fundamental rights, protection from law, safe environment, job opportunity etc. Although remarkable numbers of research works have found that the micro-finance can play a serious role in empowerment of rural women in their socio economic lives, yet few other works denied such a relationship.

Gaiha &Nandhi (2007) analyzed that whether access to microfinance has given women greater autonomy in household decisions related to allocation of resources, savings and investments and found that neither participation nor duration of membership of a self-help groups (SHGs) has a significant effect on female autonomy.

Page and Czuba (1999) define empowerment as a multi-dimensional social process which helps people to gain control over their own lives and a process which fosters power in people to use in their own lives, their communities and in their society, by acting on issues they consider as important.

Puhazhendhi and Satya Sai (2001) found that SHG's have been instrumental in economic and social empowerment of the rural poor people and provided the incentive to take successive loans. Microfinance to rural women has given a great opportunity to the rural poor in India to attain reasonable economic, social and cultural empowerment which leads to better living standard and quality of life for participating households.

Kabeer (2001) defines empowerment as the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them.

According to the UN 1994 International Conference on Population and Development, women empowerment has five components that include women's sense of self-worth; their right to have and to determine choices; their right to have access to opportunities and resources; their right to have the power to control their own lives, both and within outside the home; and their ability to influence the direction of social change to create a more just social and economic order, nationally and internationally.

With the initiative of Nobel laureate Mr. Muhammad Yunis, Bangladesh Gramin Bank has popularized the concept of micro finance. Use of micro finance for women and especially for rural women can help them to form self-help groups (SHG) in their respective areas and receive small credits from NGO/Bank/NBFI for earning income.

The perception of women empowerment was first discussed at the international women's conference in Nairobi in the year 1985. The conference resolved that empowerment is a redistribution of power and control of resources in favour of women through positive intervention. Broadly, empowerment means individuals acquiring the power to think and act freely, exercise choices, and to fulfill their potential as full and equal members of society. Women empowerment challenges patriarchy and the gender-based discrimination against women.

II. RESEARCH METHODOLOGY

A. *Objectives Of The Research*

1) To study the impact of microfinance on rural women empowerment in India's North East context,

2) To find out the problems faced by the beneficiaries of the microfinance schemes if any.

B. *Research Design*

For the study a rural area Nahartoli was purposively chosen which is a part of newly formed Charaideo District of Assam. . Charaideo District is predominantly a rural district. Nahartoli is situated at a distance of 40 KM from the sub district headquarter - Mahmara. Its total land area is 483 hectres. As per the population census of 2011, the total population is 1,560, out of which 805 are male and female population is 755. Literacy level of the study area is 76.03 %. It is 78.76 % in case of male and 73.11% in case of female. The study area has 313 houses. The women in this area are highly engaged with self help groups.

1) *Sampling Types:* Purposive (non probabilistic) sampling method is used for the paper.

2) *Sampling Size:* The sample size consisted of 85 numbers of respondents.

3) *Source of Data*

a) *Primary Data:* Question Schedule was used to collect the necessary information which is framed keeping in view the objectives.

b) *Secondary Data:* Secondary data is collected from Internet, journals, published articles and research papers.

4) *Data Analysis Tool:* The collected data was processed and simplified in the form of tables for easy interpretation of data. For that percentage and graphical methods has been used.

C. *Hypotheses*

Following hypotheses is formulated for the study.

1) H_0: There is no relationship between women empowerment and microfinance services.
2) H_1: There is a relationship between women empowerment and microfinance services.
3) *Hypotheses Testing Method:* Chi Square test has been used.

III. FINDINGS AND INTERPRETATION

A. *Demographic factors:*

The age of the respondents were between 18 to 65 years as shown in the Table - 1

Table: 1
The age of the respondents:

Age group (in years)	% of respondents
18 - 25	07
25 - 35	41
35 – 45	32
45 - 55	15
55 – 65	05
Above 65	00
Total	100

B. *Other Demographic Information*

Out of total 85 numbers of respondents 93% are married while 05% are widow. Unmarried and divorcé are holding 1% each (Figure 01).

Although it is a rural area yet the family structures show that 53% belong to joint family whereas 47 % are from nuclear family (Figure 02).

Regarding educational qualifications of the respondents it is found that 12 have attended primary school, 60 have completed the secondary level school and 09 respondents have passed graduation. However 04 have never attended the school (Figure 03).

Regarding the number of members in a family it was found that 39 nos. of respondents have 1 to 4 persons in their family, 36 respondents have 5 to 8 members in their family whereas 10 of them are having family with more than 10 members (Figure 04).

Regarding their monthly income it was found that 16 nos. of respondents earn more than Rs 10,000 while 16 respondents earn between Rs 8,000 to Rs 10,000. 23 respondents earn between Rs 5,000 to 8,000, while 28 nos. earn between Rs 2,000 to Rs 5,000. Out of the samples 2 earn less than Rs 2,000 (Figure 05).

Figure 06 depicts that 26 respondents can save more than Rs 1,000 while 12 persons save between Rs 800 to Rs 1,000, while 13 save between Rs 500 to Rs 800, 16 save between Rs 200 to Rs 500 and 9 respondents save below Rs 200 (Figure 06).

Regarding their familial source of income it was found that 31% are coming from farmers' family, 19% are coming from job holder's family while 50% are coming from non farming background (figure 07).

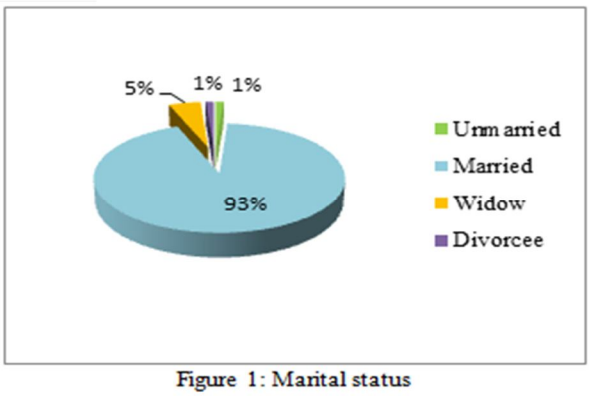


Figure 1: Marital status

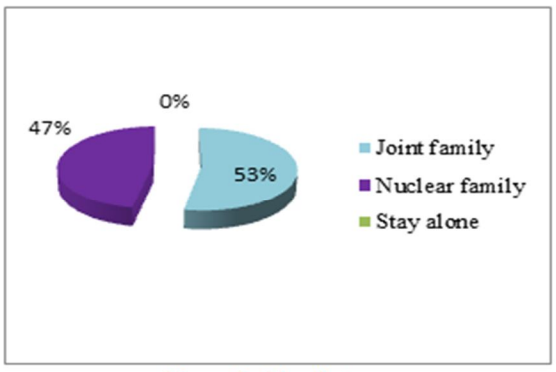


Figure 2 : Family type

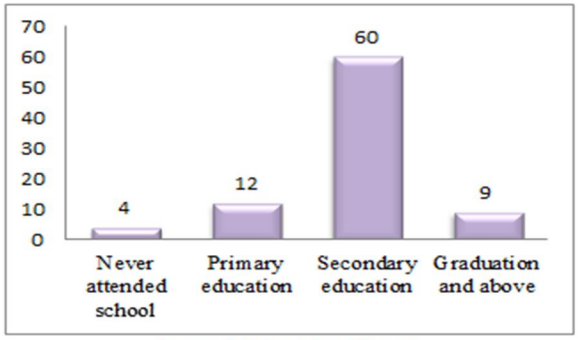


Figure 3 Educational Level

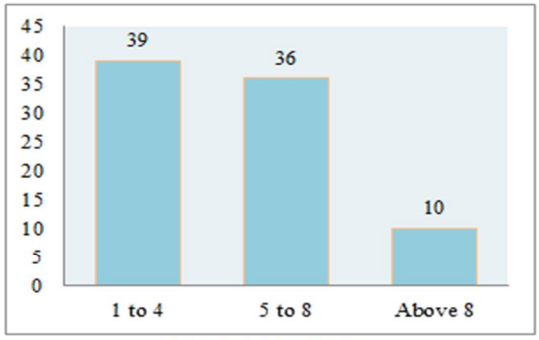


Figure 4: Family size

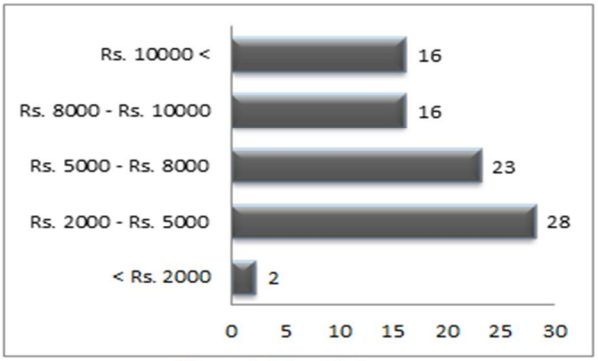


Figure 5: Monthly income

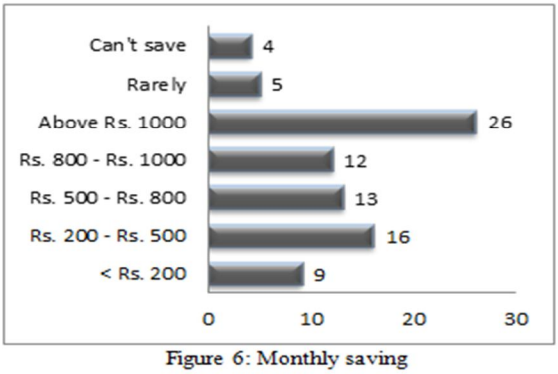


Figure 6: Monthly saving

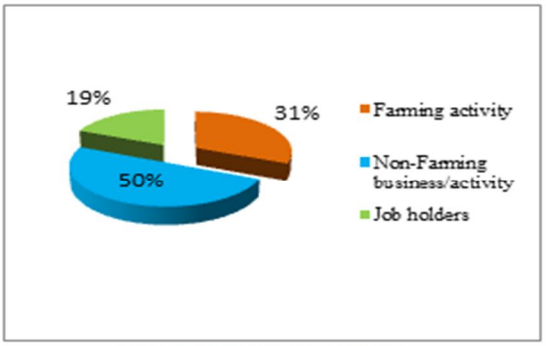


Figure 7: Sources of Income

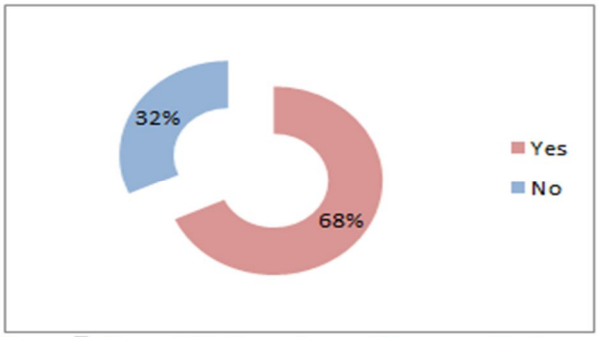


Figure 8: Financial independency of the respondents

In figure 8 it is seen that 68% respondents are somewhat financially independent and other 32% are not. The ones who are financially independent sell their poultry products, weaving products, horticulture products etc., some of them work as tea garden labour, seasonal labour in paddy fields and some run small grocery store in nearby areas.

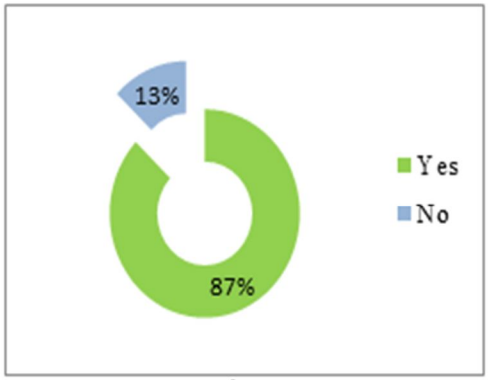


Figure 9 Use of any kind of loan by the respondents

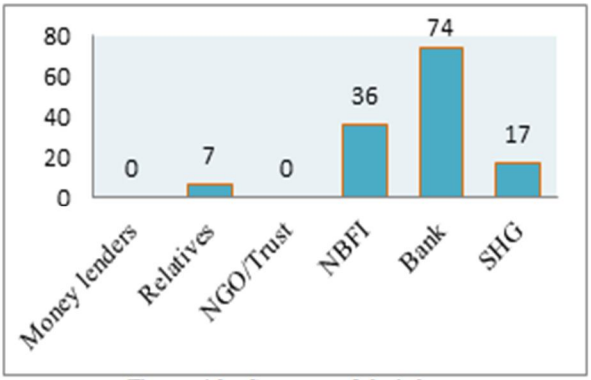


Figure 10 : Sources of their loan

In figure 9, it is seen that out of 85 respondents, 87% take loan (from other institutions) and the rest 13% did not take or apply any loan till date. From the figure 10 it is observed that 74 respondents took loan from Bank, 7 get money from relatives, 36 get loan from non banking financial institution named Aarohan, 17 get the loan from other SHG or from their own SHG. In absence of interested members of SHG loan is offered to other members as well. The 74 respondents could manage loan from Banks such as Gramin Bank, Bandhan Bank, Lakhimi Gaonlia Bank etc. Some respondents are taking loan from more than one institution also.

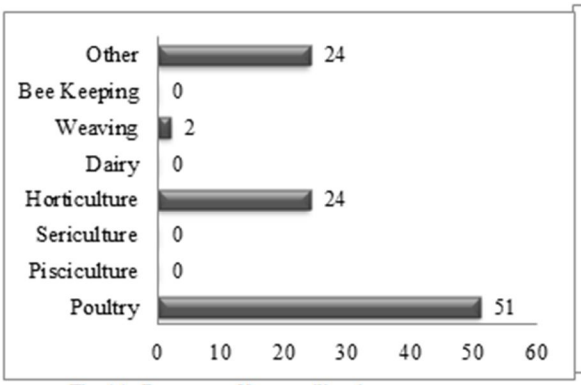


Fig 11: Purpose of loan utilization

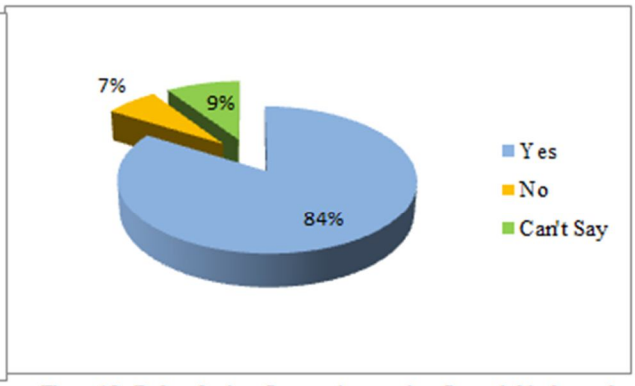


Figure12: Role of microfinance in creating financial independency

In the fig. 11, it is seen that 51 (60%) of beneficiaries use the loan for poultry (pig, chicken & goat), 24 (28%) beneficiaries use the loan for horticulture (vegetable &mini tea garden), 2 (2.3%) utilizes loan for weaving purpose and the rest 24 (28%) use their loan for opening a small grocery shop or for maintaining/upgrading the existing shop, for house renovation and some of them contribute the money to their husband/son for buying power tiller or other commercial vehicle. Some are using it for more than one purpose. Again while asked about the relationship between microfinance and financial independency, it is seen that 84% responded respond that microfinance is beneficial for them especially in terms of creating financial independency. Other 7% said that microfinance does not help them in creating financial independency and the rest 9% are confused about their thought (figure 12)

C. Taking Part In Family Decision Making

Table 2 (Role of members in family decision making process)

	No. of Responds	Percentage
Always	29	34%
Sometimes	42	49%
Rarely	14	17%
Never	0	0%

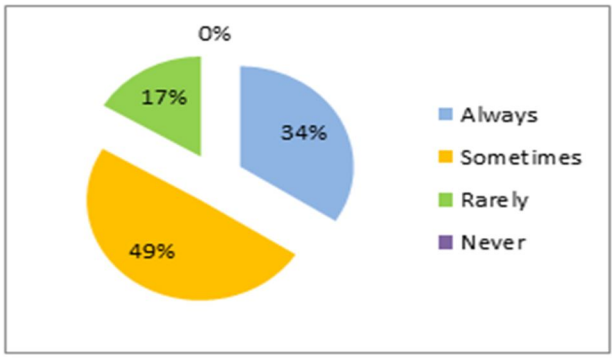


Figure 1 (Role of members in family decision making process)

In the figure 13, it is seen that 34% respondent always takes part in family decision making, 49% respondent sometimes takes part and the rest 17% rarely takes part. And there is no one who never takes part in family decision making.

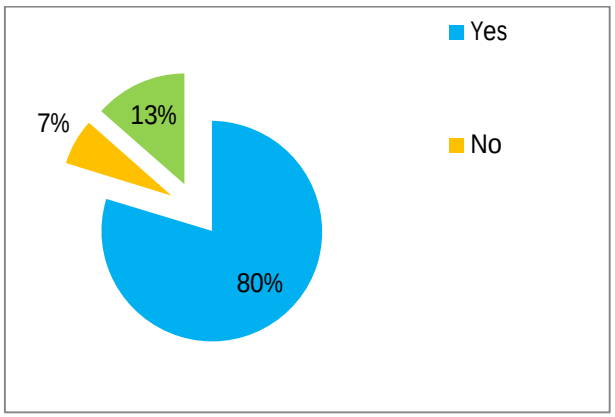


Figure 2 (Perception regarding upliftment of status after the utilization of micro finance)

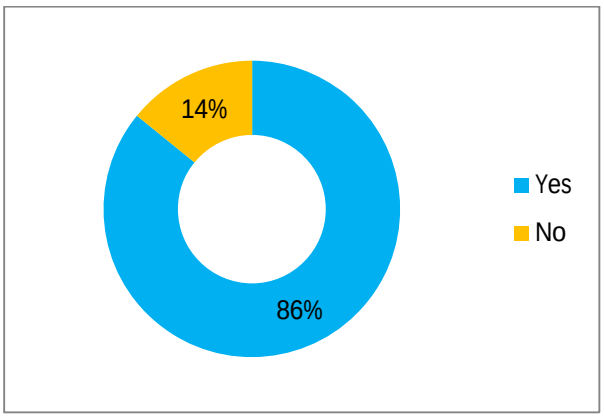


Figure 3 (Current involvement with business etc.)

In figure 14 it is observed that 80% respondent feel that benefit's getting from utilizing microfinance/loan is helping them in upgrading their socio-economic status. Only 7% feel that it does not help them in upgrading their socio-economic status and 13% are not sure about it. In figure 15, it is seen that 86% respondent currently active with small/ mini businesses and other 14% are not involved in any business at present. More than half of the respondent are involved in poultry (pig, chicken & goat) business, few of them are involved in horticulture (vegetable & mini tea garden) related business and the others are involved in small grocery shop business.

While asking about their SHG membership status following answers was found:

Table 3 (Current involvement with SHGs)

	No. of Responds	Percentage
Yes	61	72%
Yes (previously)	3	4%
Yes (unregistered)	8	9%
No	13	15%

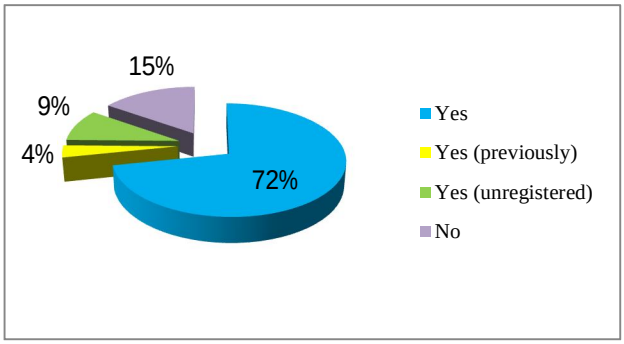


Figure 4 (current involvement with SHGs)

In the figure 16 it is seen that 72% respondent are part of a SHG, 4% were previously part of SHG, 9% are part of SHG but their SHG is not registered because it is newly formed and the rest 15% are not part of any SHG.

Information regarding the whether or not doing business collectively with SHG members –

Table 4 (Doing business collectively with SHG members)

	No. of Responds	Percentage
Yes	72	85%
No	13	15%

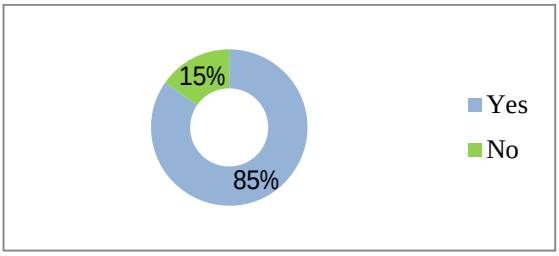


Figure 5 (Doing business collectively with SHG members or not)

In the figure 17 it is seen that 85% respondents are doing business collectively with their SHG members and the other 15% are not doing any business collectively or not doing any businesses. The respondents were mainly doing poultry (pig, chicken & goat) business collectively.



Figure 18: Frequency of payment of loan

In the figure 18 it is seen that 87% respondent repay their loan weekly to the banks , 35% respondent pay loan monthly i.e. for Aarohan (NBFI) and 7.1% said that it is difficult for them to pay on time the monthly loan due to the Covid situation and their loan payment become irregular.

D. Opinion Regarding The Earning Of Monthly Income After Utilization Of Loan

More than half of the respondent said that their monthly income increased after the utilization of loan. But some of them also said that their income levels haven't increased even after utilizing the loan. The reason might be the poor management of loan amount. Results are derived through Chi-square test on hypothesis which is drawn on the basis of objectives of the study.

IV. HYPOTHESES TESTING

Let us take hypothesis that "There is no relationship between women empowerment and microfinance services". People Benefited by Micro Finance: Observation value (O)

Particulars	No empowerment of rural women (B)	Empowerment of rural women (b)	Total
Microfinance services accepted (A)	12	62	74
Microfinance services not accepted (a)	8	3	11
Total	20	65	85

Source: primary data

On the basis of the above hypothesis, the expected frequency corresponding to the number of rural women benefited from micro finance would be:

Expectation (E) of (AB)=$\frac{A \times B}{N}$, where N is the total number of respondent.

$= \frac{74 \times 20}{85}$

= 17.41

Calculation of Chi Square (X^2)

Groups	O	E	O - E	$(O - E)^2$	$(O-E)^2/E$
AB	12	17.41	- 5.41	29.27	1.681
aB	8	2.59	5.41	29.27	11.301
Ab	62	56.59	5.41	29.27	0.517
ab	3	8.41	-5.41	29.27	3.480
				Total	16.98

Therefore Degree of freedom (r-1) (c-1) = 1, 'r' is row & 'c' is column.

The table value of X^2 for 1 degree of freedom at 0.05 i.e. 5% level of significance 3.841.

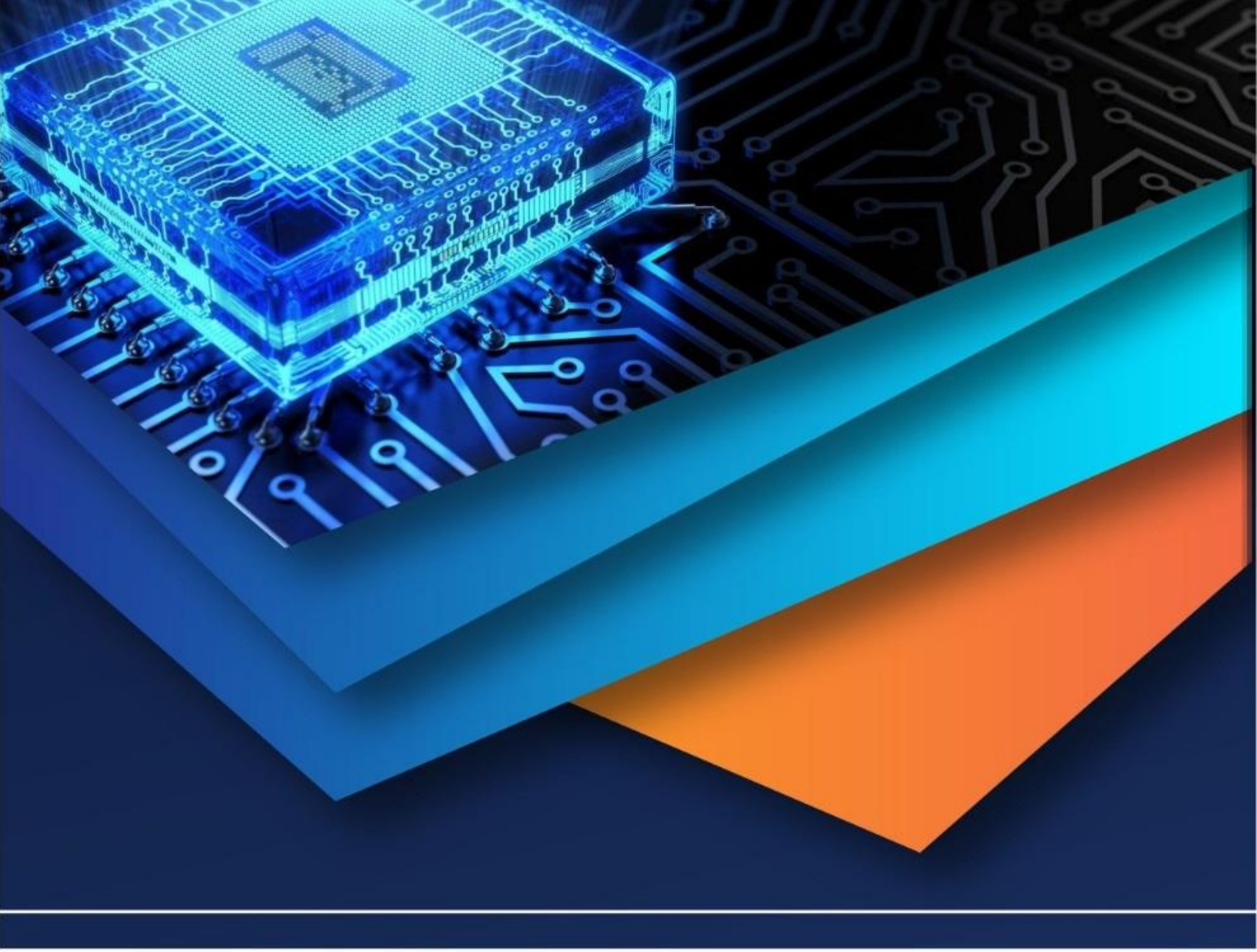
The calculated value of X^2 is much higher than the table value. Therefore, the null hypothesis (H_0) is rejected and the result of the experiment supports the alternate hypothesis (H_1) "There is a relationship between women empowerment and microfinance services".

V. CONCLUSION

From such types of studies it can be concluded that the micro finance is playing a great role in the betterment of socio economic lives of rural women in the backward areas of the North East India. It increased their ability to participate in family's decision making process, improve their social status, increase their earning and made them able to contribute towards their respective family expenses. It not only enhances income but also promote self-worth and empowerment among women in developing nations. It can be recommended that the rate of interest on microfinance loans should be lesser than of commercial banks' interest. Microfinance institutions should provide training programs to rural women to improve their entrepreneurial skill and to reduce the problems which hinder their access to microfinance. During the study period it was felt that proper monitoring of the self groups is very important. In the conclusion it can be said that lots of opportunities are there to increase the micro finance service in the rural areas of North East India to expand women's businesses since the study results confirmed that microfinance have a positive impact in empowering the rural women.

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