



“A PRAGMATIC IMPACT ANALYSIS OF MICROFINANCE ROLE IN WOMEN EMPOWERMENT IN RAJASTHAN”

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ABSTRACT

The progress under microfinance sector in India has registered a remarkable growth in the past three decades covering more than 77 lakh SHGs and around 9 crore households of which 2.5 lakh SHGs have been promoted in Rajasthan. Microfinance in Rajasthan has also undergone a sea change in the past few years in terms of credit dispensation, financial inclusion and other services to the rural poor. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country. Micro finance is necessary to overcome exploitation, create

confidence for economic self reliance of the rural poor, particularly among rural women. Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women's empowerment. Through their contribution to women's ability to earn an income, these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, and wider social and political empowerment. The major stakeholders in Microfinance sector in Rajasthan comprise NABARD, RAJEEVIKA, Directorate of Women Empowerment, ICDS,

NGOs and MFIs. The paper highlights the basic features of SHG federations and its need for social and economic development of the society. The results from these self-help groups (SHGs) are promising and have become a focus of intense examination as it

is proving to be an effective method of poverty reduction and economic empowerment. Mainly on the basis of primary data analysis, this paper attempts to highlight the role of Microfinance and SHGs in the empowerment of women in India.

KEYWORDS: SHG, Poverty, Rajasthan, Microfinance, Woman Empowerment

1. INTRODUCTION

Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. Women have been the most underprivileged and discriminated strata of the society not only in India but the world over.

In spite of all Government and Non-Governments' efforts, they have been highly ignorant clients of the financial sector. In the recent times, microfinance has been emerging as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance the formal and semi formal sectors like commercial banks, NGOs etc. are taking

much interest in providing microfinance to women considering it to be a profitable commercial activity.

Women are also participating in the microfinance movement by availing the microfinance services being provided by the various financial channels. The main aim of microfinance is to empower women. Microfinance is the provision of financial services to low-income clients, including consumers and the self employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. Women make up a large proportion of microfinance beneficiaries.

Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision making, thus encouraging gender equality. According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of microfinance

The SHG programme has emerged as a significant tool in channelizing credit and other financial products and services to the poor and unbanked masses in the rural and semi urban areas. It is also seen as an effective strategy for facilitating financial inclusion and livelihood promotion thus reducing poverty and unemployment in the rural sector.

Though the SHG Bank Linkage programme has helped many rural poor in accessing the micro credit and meeting out their small financial needs, they themselves are facing a number of constraints and challenges for sustainability.

MICROFINANCE AND WOMEN EMPOWERMENT

Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organised groups. Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women's empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women’s ability to earn an income these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment.

Micro finance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving gender equality. Majority of microfinance programmes focus women with a view to empower them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority.

A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for the women's rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers. Self-help groups intermediated by microcredit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge (Zaman 2001). Several recent assessment studies have also generally reported positive impacts (Simanowitz and Walker 2002).

2. LITERATURE REVIEW

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. It has been well-documented that an increase in women's resources results in the well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997).

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Ranjula Bali 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. Susy Cheston, Lisa Kuhn in their article titled

‘Empowering Women through Microfinance’ concluded Microfinance has the potential to have a powerful impact on women’s empowerment. Ranjula Bali Swaina and Fan Yang Wallentin (September 2009) in their article ‘Does microfinance empower women? Evidence from self-help groups in India’ concluded that their study strongly indicate that SHG members are empowered by participating in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices.

Batliwala (1994) identified three approaches to women’s empowerment: the integrated development approach which focused on women’s survival and livelihood needs; the economic development approach which aimed to strengthen women’s economic position and the consciousness approach which organized women into collectives that address the source of oppression.

Mayoux (1997) argues that the impact of microfinance programmes on women is not always positive. Women that have set up enterprises benefit not only from small increases in income at the cost of heavier workloads and repayment pressures.

Sometimes their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as unpaid family workers with little benefit. She further points that in some cases women’s increased autonomy has been temporary and has led to the withdrawal of male support.

3.OBJECTIVE OF CURRENT STUDY

1. To study the role of micro finance in women empowerment.
2. To study the performance of SHGs in Rajasthan.
3. To analyse the empowerment which women members get in SHGs

4. RESEARCH METHODOLOGY

- **Sources of Data:** The study is exploratory in nature and is based on both primary and secondary data.
- **Secondary data** was has been collected with the help of Books, Magazines, Newspapers, Research Articles, Research Journals, E-Journals, RBI Report, Report of NABARD etc.
- **Primary data** was enumerated from a field survey in the study region. (Rajasthan).

- **Area of Sampling:** The study was conducted in the district of Jaipur and Ajmer of Rajasthan through a field survey to get an insight of the benefits and challenges faced by women in SHGs. **Sample Size:** 200 samples from 5 SHGs from the area of study have been considered to conduct the present study.
- **Method for data collection:** A structured interview schedule was prepared and used for collecting data from the women SHG member. Both open ended and close ended questions were included in the schedule.
- **Hypothesis to be analyzed:** H_0 : There is no difference in mean income of respondents before and after availing microfinance which directly leads to women empowerment.
- **Statistical tools:** Simple correlation coefficient, paired t-test, cross tabulation and percentage analysis are used for the analysis of the data.

5. OUTCOME AND ANALYSIS

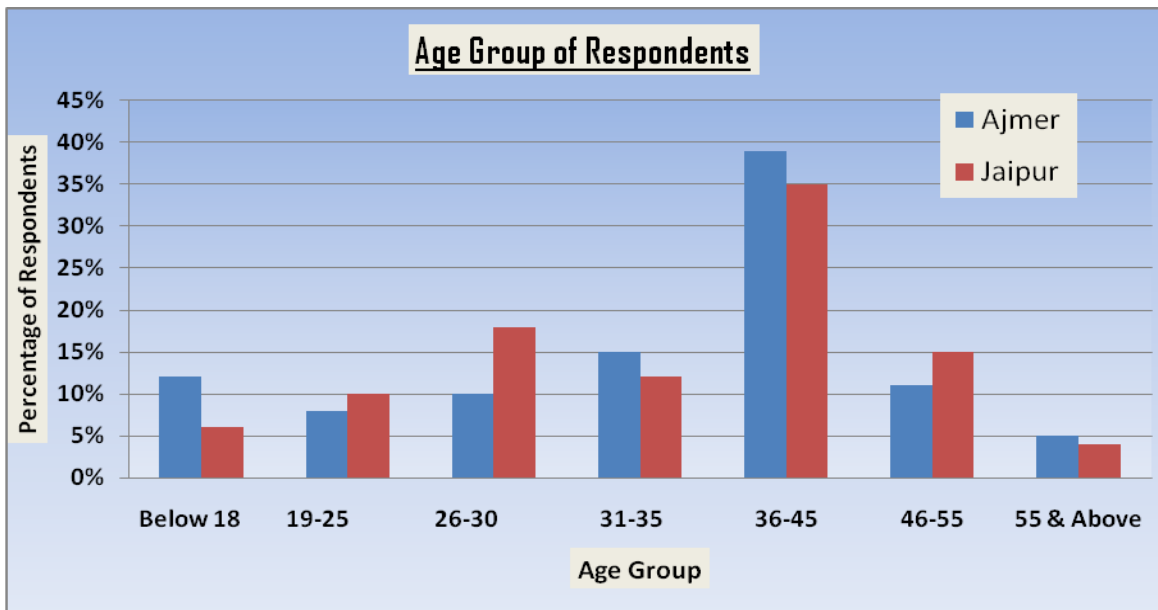
In current research study 100 women members were analyzed from Jaipur and Ajmer region of Rajasthan. Demographic details of respondents were as depicted:

(a). Age of Respondents:

TABLE 1 AGE GROUP OF WOMEN RESPONDENTS

Age	AJMER		JAIPUR	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Below 18	12	12%	6	6%
19-25	8	8%	10	10%
26-30	10	10%	18	18%
31-35	15	15%	12	12%
36-45	39	39%	35	35%
46-55	11	11%	15	15%
55 & Above	5	5%	4	4%

CHART 1 AGE GROUP OF WOMEN RESPONDENTS



The above table evaluates the age of respondents for the current study. In Ajmer the maximum respondents 39% were from the age group of 36 to 45 years and similarly in Jaipur the maximum 35% respondents were in the category of 36 to 45 years of age group. The minimum respondents 5% and 4% for both the districts were above the age of 55. There were only 12% from Ajmer and 6% from Jaipur who were below 18 years of

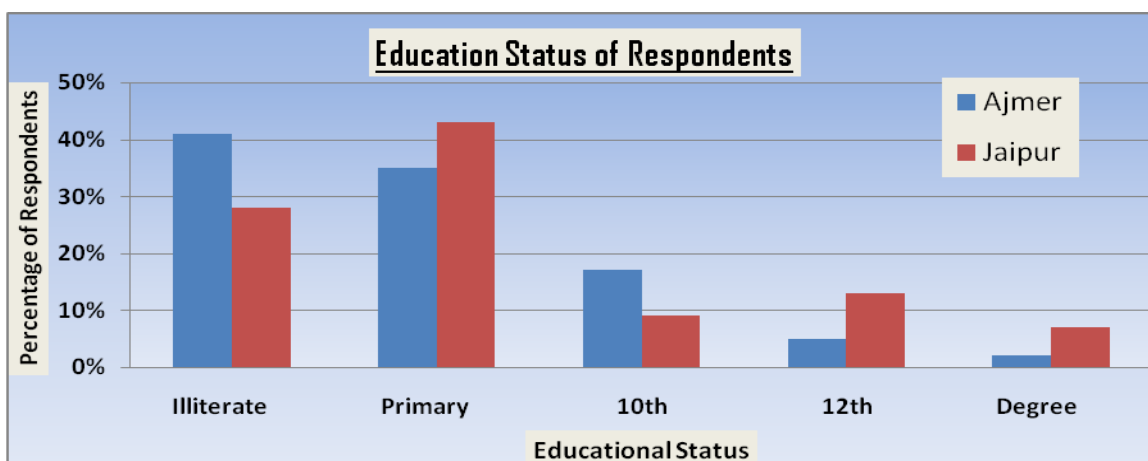
age whereas 15% and 12% from both the districts had respondents from 31 to 35 years of age. The remaining 8% and 10% were between 19-25 years of age whereas 11% and 15% were between 46 to 55 years of age. It can be concluded from the table that maximum respondents from both the districts had middle aged or above aged women as compared to young ones.

(b) Education of Women Respondents :

TABLE 2 EDUCATION OF WOMEN RESPONDENTS

Education	AJMER		JAIPUR	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Illiterate	41	41%	28	28%
Primary	35	35%	43	43%
10th	17	17%	9	9%
12th	5	5%	13	13%
Degree	2	2%	7	7%

CHART 2 EDUCATION OF WOMEN RESPONDENTS



In the above table the next parameter was education level of respondents where maximum respondents 41% from Ajmer were illiterate whereas in Jaipur 43% completed their studies till primary level. The minimum respondents 2% and 7% for both the districts were having a degree. Jaipur had 28% of illiterate whereas Ajmer

had 35% respondents who were educated till primary. The remaining 17% from Ajmer and 9% from Jaipur were 10th pass whereas 5% and 13% from both the districts were 12th pass. It can be analyzed from the above table that most of the women from villages of Ajmer and Jaipur were either illiterate or were having education till primary.

IMPACT OF MICROFINANCE ON WOMEN EMPOWERMENT DATA ANALYSIS

Few statements were analyzed to elucidate the impact of microfinance on

women empowerment which are depicted below:

(a) Did you find benefits in your savings from microfinance support for your loan purpose?

TABLE 3 BENEFITS N SAVINGS FROM MICROFINANCE

Respondent's Opinion	AJMER		JAIPUR	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Yes	63	63%	57	57%
No	37	37%	43	43%

The above table analyses the responses of respondents whether they find benefits in their savings from microfinance support for their loan purpose or not in which maximum respondents 63% from Ajmer and 57% respondents from Jaipur found benefits in

their savings from microfinance support for their loan purpose whereas only 37% and 43% respondents didn't find any benefits from their savings from microfinance support for their loan purposes.

(b) Your Monthly income after availing microfinance or joining of SHG.

TABLE 4 IMPACTS IN MONTHLY INCOME AFTER AVAILING MICROFINANCE

Monthly income after availing Microfinance	AJMER		JAIPUR	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Highly increased	18	18%	21	21%
increased	32	32%	34	34%
Neither increase nor decrease	25	25%	29	29%

decreased	20	20%	11	11%
Highly decreased	5	5%	5	5%

From the above table the monthly income has been examined after availing microfinance or joining SHG. Maximum respondents 32% and 34% from Ajmer and Jaipur agreed that their income increased after availing microfinance or joining SHG whereas minimum respondents 5% from Ajmer and 5% from Jaipur believe that their income has highly decreased after availing microfinance or joining SHG. There were 18% and 21% respondents who believe that their income has highly increased after availing microfinance or joining SHG whereas 25% and 29% respondents from both districts were also there who feel that there is neither an increase nor decrease in

their income after availing microfinance or joining SHG. The remaining 20% and 11% respondents believe that their income has decreased after availing microfinance or joining SHG. It can be concluded that many income of many respondents had increased due to availing microfinance or joining SHG.

HYPOTHESIS TESTING

To analyze the hypothesis (H_0 : *There is no difference in mean income of respondents before and after availing microfinance which directly leads to women empowerment*) on mean scores of above table following Leven's T Test was used and results are depicted as below:

Independent Samples Test										
VARIABLE		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Woman Empowerment	JAIPUR	.648	.422	7.426	148	.000	0.59	0.08	0.43	0.75
	AJMER	1.453	.230	4.062	155	.000	0.34	0.08	0.18	0.51

In the study of Woman Empowerment as an important variable of current research it was found that at 148 degree of freedom t value was 7.426 and 4.062 for Jaipur and Ajmer respondents separately. Significance value was obtained at 0.00, which is significant in both cases.

Above hypotheses testing interoperates that as the 2 tailed value for Ajmer and Jaipur seems to be significant in above variable (Women Empowerment), thus it can be postulated that **Null Hypotheses H_0** : There is no difference in mean income of respondents before and after availing microfinance which directly leads to women empowerment is **Rejected and alternate hypothesis H_1** : There is a significant difference in mean income of respondents before and after availing microfinance which directly leads to women empowerment is **accepted and proved**

5. CONCLUSION AND SUGGESTIONS

Thus it can be concluded from the above study that microfinance is playing a vital role in the social, psychological as well as economic empowerment of women in India. Microfinance loan avaiement and its productive utilization found to be having a

profound role and impact on women empowerment.

The empirical findings of the study suggests that microfinance has a profound influence on the economic status, decision making power, knowledge and self worthiness of women participants of self help group linkage program in Ajmer and Jaipur region of Rajasthan. Microfinance is accepted as a key mantra for attaining and maintaining the sustained and longterm economic growth in all over the world. Reaching poor people on massive scale with popular products on a continuous basis involves rethinking the basic assumptions and making the changes. Today microfinance is striving to match the convenience and flexibility of informal sector while adding flexibility and continuity. Hypotheses testing in current research study interoperates that as the 2 tailed value for Ajmer and Jaipur seems to be significant in above variable (Women Empowerment), thus it can be postulated that **Null Hypotheses H_0** : There is no difference in mean income of respondents before and after availing microfinance which directly leads to women empowerment is **Rejected and alternate hypothesis H_1** : There is a

significant difference in mean income of respondents before and after availing microfinance which directly leads to women empowerment **is accepted and proved**

Though different studies conducted at various levels show different conclusions,

it can be acknowledged from the present study that despite of bottlenecks, microfinance is capable of helping the poor to upscale themselves to a better living and playing a significantly positive role in upgrading women empowerment.

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