

## ROLE OF MICROFINANCE ON WOMEN EMPOWERMENT ESPECIALLY IN THE RURAL AREAS

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### **Abstract**

*The study examined the role of microfinance on Women Empowerment in the rural areas. According to the report of Government of India (1995)<sup>[7]</sup>: "empowerment means moving from a position of enforced powerlessness to one of power. Emerging evidence shows that microfinance has positive impact across a wide range of client groups and spheres. In this context, the present study focuses on the women empowerment, security, and opportunity for women –specifically those related to risk, vulnerability and assets. The study makes an attempt to identify the factors which influence women empowerment in rural areas.*

**Keywords:** Microcredit, Women Empowerment, Self Help Groups (SHGs) , Microfinance.

### **Introduction:**

Empowerment of women that will have lasting impact must involve conscious re-examination about the social construction of gender, which subordinates women in the family, class, caste, religion or society. The economic empowerment approach has relied on improving women's control over economic resources and strengthening women's economic security (Reji, 2011)<sup>[6]</sup>

The study highlighted the progress of SHGs in India and in Tamil Nadu. It revealed that there has been a steady progress in the number of SHGs and amount of loans sanctioned. The study concluded that a timely and regular check of the micro credit through SHGs will contribute to a healthy progress and to the overall development of rural women (Kumararaja, 2009)<sup>[2]</sup>

Today's use of the expression 'Microfinance' has its roots in the 1970s when organizations such as the Grameen Bank of Bangladesh pioneered Microfinance. Many pioneering enterprises began experimenting with loaning to the underserved people. The programs demonstrated that poor people can be relied on to repay their loans and that it is possible to

provide financial services to poor people through market-based enterprises without subsidy. Shore Bank was the first Microfinance & Community Development Bank founded 1974 in Chicago (Malathi and Vijarani,2012)<sup>[6]</sup>. Women empowerment helps the rural women folk in terms of gender equality in decision making, hold over resources and mobility at the household level and political & societal participation (Malathi and Vijarani,2012)<sup>[6]</sup>

### **Research Background**

Women are an integral part of every economy. All round development and harmonious growth of a Nation would be possible only when women are considered as equal partners in progress with men. Empowerment of women is essential to harness the women labor in the main stream of economic development. This study identified role of micro finance in women empowerment.

### **Micro Finance and Women Empowerment:**

The provision of adequate doses of micro fiancé in time to the women folk for their personal, family and business purposes by a dependable agency, would naturally generate confidence and zeal among them for the performance of their activities. It is based on the recognition

that the capacity of the poor women for entrepreneurship would be encouraged with the availability of small-scale loans and would introduce them to the small enterprise sector (Saravanan, 2008) <sup>[1]</sup>

It has universally been accepted that the micro financing is a very successful instrument for eradication of poverty. Most of the Governments in developing countries are encouraging micro financing for alleviation of poverty and for empowerment of women in their countries (Chavan et. al., 2010)<sup>[4]</sup>. In India also NABARD has been playing a leading role in micro financing programme. According to NABARD as on 31-3-2006, 22,38,565 SHGs are formally linked to the banking system, while over 90% of them comprise only of women members. - "Role of micro finance in empowering women" (Sankaran, 2009) <sup>[3]</sup>

### Objectives of the Study

1. To study the demographic factors of the rural women.
2. To find out the economic impact of microfinance towards women empowerment.
3. To analyze how they realize empowerment among them.
4. To examine the social benefits of women from microfinance in the rural areas.

### Methodology

The study is both descriptive & analytical in nature. The study was carried out with a sample size of 50, primary data was collected through questionnaire and interview method from the women members from rural areas of Villupuram District ; secondary data were taken from Govt of India reports, journals, reference book and internet. .

### Data Analysis And Interpretation

#### 1. Marital status of women in rural areas

S.no	Marital status	No of respondents	%
1	Yes	50	100
2	No	-	--

Source:primary data.

**Inference:** From the above table it is inferred that 100% of the respondents are married.

#### 2. Members Of Self Help Groups By Women

s.no	Available in self help groups	No of respondents	%
1	Yes	48	96
2	No	2	4

Source:primary data.

**Inference:** It is inferred that 96% of the respondents are members of self-help groups.

#### 3. Age Limit of Women

	Option	No.of Respondents	Percentage
1	20-30	9	18

2	30-40	23	46
3	40-50	11	22
4	50 and above	7	14
	Total	50	100

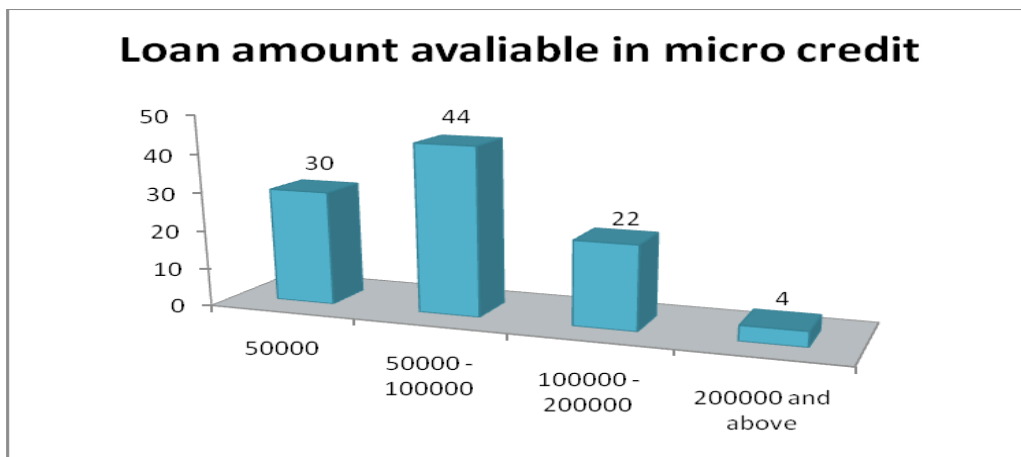
Source: primary data.

**Inference :** From the above table, it is seen that 18% of the respondents are age 20-30, 46% of the respondents are of 30-40 age, 22% of the respondents 40-50 age & 14% of the respondents' age is 50 and above.

**4. Loan amount available in the form of Micro Finance**

S.No	loan amount	No. Respondents	of Percentage
1	50000	15	30
2	50000 – 100000	22	44
3	100000 – 200000	11	22
4	200000 and above	2	4
	Total	50	100

Source:primary data.



**Inference:**

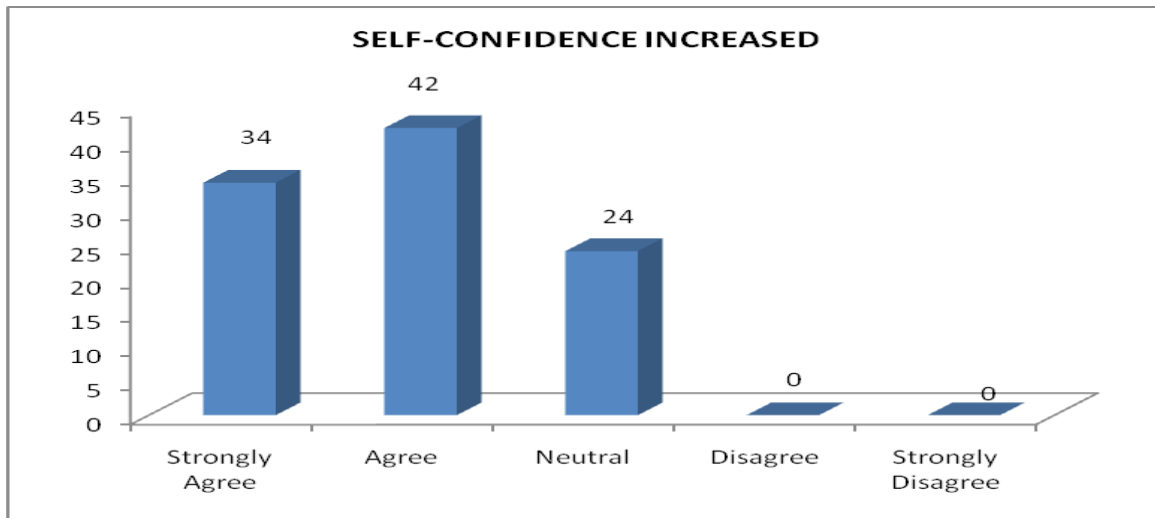
From the above table, it is inferred that 30% of the respondents received loan amount of Rs.50000 in micro credit, 44% of the respondents are in Rs.50000-100000 loan amount category,

22% of the respondents received Rs.100000-200000 and 4% of the respondents are 200000 and above category.

**5. Women’s self-confidence increased based on Microfinance**

S.No	Option	No. of Respondents	Percentage
1	Strongly Agree	34	34
2	Agree	42	42
3	Neutral	24	24
4	Disagree	0	0
5	Strongly Disagree	0	0
	Total	50	100

Source:primary data.



**Inference:** From the above chart, is inferred that 34% of respondents strongly agree that self-confidence has increased based on microfinance, 42% of the respondents agree & 24% of the respondents have exercised neutral opinion .

**6.Enjoy Special Respect At Home**

S.No	Option	No. of Respondents	Percentage
1	Strongly Agree	7	14
2	Agree	21	42

3	Neutral	14	28
4	Disagree	8	16
5	Strongly Disagree	0	0
	Total	50	100

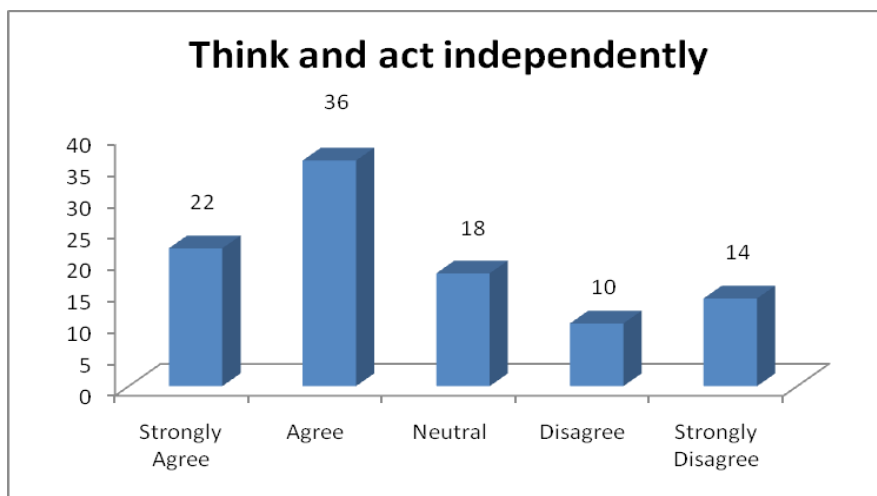
Source: primary data.

**Inference:** From the above table, it is inferred that 14% of the respondents strongly agree that they have the special respect at home, 42% of the respondents agree somewhat to the statement, 28% of the respondents have neutral opinion & 16% of the respondents disagree with the statement.

**7.Think and act independently**

S.No	Option	No. of Respondents	Percentage
1	Strongly Agree	11	22
2	Agree	18	36
3	Neutral	9	18
4	Disagree	5	10
5	Strongly Disagree	7	14
	<b>Total</b>	<b>50</b>	<b>100</b>

Source:primary data



**Inference:** It is inferred that 22% of respondents strongly agree that they think and act independently in their entrepreneur roles, 36% of the respondents agree, 18% of the respondents are neutral, 10% of the respondents are disagree & 14% of respondents strongly disagree.

### 8. Increase in Savings Level

S.No	Option	No. of Respondents	Percentage
1	Strongly Agree	13	26
2	Agree	23	46
3	Neutral	5	10
4	Disagree	9	18
5	Strongly Disagree	0	0
	Total	50	100

Source: primary data.

**Inference:**

It is inferred that 26% of the respondents strongly agree that their saving level increased, 46% of the respondents agree that the saving level increased, 10% of the respondents have neutral opinion & 18% of the respondents disagree to the statement.

### 9. It helps to face any economic problem

S.No	Option	No. of Respondents	Percentage
1	Strongly Agree	14	28
2	Agree	19	38
3	Neutral	8	16
4	Disagree	7	14
5	Strongly Disagree	2	4
	Total	50	100

Source:primary data.

**Inference:**

It is inferred that 28% of respondents are strongly agree the it helps to face any economic problem, 38% of the respondents are agree the face economic problem, 16% of the respondents neutral it helps to face the economic problem .

**analysis using ranking method:**

**10.Rank the motivating factors of empowerment**

Factor	Options
Aware of the banking procedure	X1
Our work in Govt. completed quickly	X2
Able to fight against bribe in govt. offices for sanctioning loan	X3
Govt. implementing govt. schemes in the village	X4
We also involved in Govt programmes	X5

Source:primary data.

**10.1 Calculation of weighted average method:**

RANK	WEIGHT (W)	X1		X2		X3		X4		X5	
		X1	X1 W	X2	X2W	X3	X3 W	X4	X4 W	X5	X5 W
<b>A</b>	5	11	55	9	45	16	80	3	15	17	85
<b>B</b>	4	8	32	11	44	11	44	9	36	13	52
<b>C</b>	3	12	36	12	36	8	24	14	42	9	27
<b>D</b>	2	3	6	14	28	9	18	17	51	7	14
<b>E</b>	1	16	16	4	4	6	6	7	7	4	4
<b>TOTAL</b>		50	145	50	157	50	172	50	151	50	182
<b>AVERAGE</b>		2.9		3.14		3.44		3.02		3.64	
<b>RANK</b>		5		3		2		4		1	

Options	Rank
We also involved in Govt programmes	1
Able to fight against bribe in govt. offices for sanctioning loan	2
our work in Govt. completed quickly	3
Govt. implementing govt. schemes in the village	4
Completely aware of the banking procedure	5

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### 11. Correlation between self-confidence increase & awareness of banking procedures:

X – Self-confidence increased

Y- Completely aware of banking procedures

X	Y	X <sup>2</sup>	Y <sup>2</sup>	XY
17	28	289	784	476
21	17	441	289	357
12	5	144	25	60
0	0	0	0	0
0	0	0	0	0
50	50	$\sum X^2 = 74$	$\sum Y^2 = 98$	$\sum XY = 893$

$$r = 0.832$$

**Inference:** Since r value is 0.832, it could be established that there is high positive correlation between respondent's increase in Self-confidence and being aware of banking procedures.

### CONCLUSION:

Micro finance is a prime mover in the economic development & upliftment of women empowerment in rural areas. Micro finance plays a major role in the life of the poor people, it particularly helps to improve the economic and the social status of the women. The repayment levels of the loan through microfinance is higher than thru' any other credit. Many women in rural areas have become entrepreneurs because the Self Help Groups (SHGs) encouraged them. The encouragement of the members and the availability of credit facilities has led to their empowerment. Thus it benefits both the women and rural community.

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7. Government of India, "Fourth World Conference on Women", Beijing, 1995, Country Report, Department of Women and Child Development,Ministry of Human Resource Development, 1995, p. 116.



**WEB SITES:**

- <http://www.tn.gov.in/dtp/shg.htm>(Empowerment Activities)
- <http://ideas.repec.org/a/mgn/journal/v4y2011i3a7.html> (**Self-Help Groups: Women Empowerment**)
- NABARD Microfinance, Microcredit official website.
- Complete finance report, empowerment women SHGs Other Websites and Books.

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