

Impact of Microfinance on Women empowerment – A study of Pune District (Rural Pune)

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Abstract –

The objective of this paper is to assess the impact of microfinance on women's empowerment in rural areas of Pune, covering three districts. Research methodology consisted of primary data comprising of 487 respondents who were surveyed using the Snowball sampling method. The conceptual framework of the research, primarily encompassed the role of rural women in decision making, physical mobility, economic situation, participation in political & other forums and enhancing self-confidence. Findings of the research clearly show the positive impact of microfinance on the lives of female respondents staying in rural areas of Pune. It has brought about a transition both financially and socially in the lives of these respondents, enabling them improve their self- esteem and psychological wellbeing in a largely male dominated ecosystem. It has truly helped in driving across a strong message of what women empowerment can do not only to women as individuals but also as entrepreneurs who are changing the economic landscape in India.

JEL Classification- G21, J16

Introduction-

Microfinance is a concept that is helping the poor to avail and create opportunities for economic growth. In India, microfinance has fuelled the efforts of rural development, women empowerment and wealth generation by providing small scale savings, credit, insurance and other financial services to poor and low income households. Microfinance thus serves as a means to empower the poor and provides a valuable tool to help the economic development process.

The concept of micro financing and self-employment activities in rural areas has developed considerably over the last two decades. It is working neither on domain/charity nor on subsidy. It is basically rotational investment done to motivate the poor to empower themselves and practice the dictum 'Save for the future and use those resource during the time of need.' Theoretically, microfinance also known as microcredit or micro lending means making provision for smaller working capital loans to the self-employed or self-employment seeking poor

Microfinance could be referred to as an institutional mechanism of providing credit support in small amount and usually linked with small groups along with other complementary support such as training and other related services to the people with poor resources and skills for enabling them to take up economic activities. In India Microfinance is very much important for women empowerment, as poor women will not be able to avail financial services because they might not have collaterals to keep as a guarantee. This study aims to identify and assess the impact of Microfinance on women empowerment. This study was conducted in Pune area that too in rural area to ensure that the real impact of microfinance on women empowerment.

Review of Existing literature

Table 1- Review of Existing Literature

Sr. No	Author	Year	Crux of the study
1	Hunt and Kasynathan	2001	Microfinance is a strategy for political, economic, and social empowerment of women.
2	Kabeer	2001	Microfinance is an important strategy for women empowerment in Bangladesh.

3	Leach and Sitaram	2002	Study illustrates importance of microfinance on the social empowerment of women.
4	Elahi	2003	Researcher studied Sudra women working in thee silk-reeling industry and found that microfinance leads to empowerment of women
5	Swain and Wallentin	2009	Study showed that group of SHG participants showed a clear evidence of a significant and higher empowerment, while allowing for the possibility that some members might have been more empowered than others.
6	Ssendi and Anderson	2009	Authors have studied the impact of microfinance on the economic on women empowerment of women in Tanzania and found it to be significant.
7	Drolet	2011	Microfinance is an important strategy for empowerment of women in Egypt.
8	Torri and Martinez	2014	Authors have studied the importance of microfinance in Indian context and found it very significant for improvement of social and economic status of women.
9	Suprabha	2014	Assessed microfinance as a tool for women empowerment through women entrepreneurship authors have studied its impact in India and revealed a positive outcome.
10	Ghosh, Chakravarti and Mansi	2015	Assessed women empowerment w.r.t. SHG in India and they found microfinance is the important tool and strategy for the social and economic empowerment of Women in rural India.
11	Othman	2015	Author has studied impact of microfinance in Malaysia and revealed a positive impact.
12	Ullah and Khan	2017	Microfinance as an important strategy to women empowerment in Pakistan and found a positive impact.
13	Mathur and Agarwal	2017	Authors have studied microfinance as a strategy for women empowerment and found it to be somewhat important. They found that microfinance did not lead to women empowerment in a significant manner.
14	Ritesh Patel, Mitesh Patel, Nikunj Patel	2018	Authors have found out that microfinance is really important tool for women empowerment. The study was conducted In Rural Gujarat.

Research Gap-

Studies which have been done in the recent past are on the topic of microfinance and women empowerment. Researcher has even mentioned a few studies which have checked the impact of microfinance on rural development. The conclusion which can be drawn from all the studies is that all researcher have tried to measure the impact of microfinance on women empowerment in general terms or it is interpreted from the individual point of view (Social/Economic). In this paper researcher has tried to include the aspects in more collaborative manner. Researcher has tried to see the impact of microfinance on Social, Economic, and Political perspectives of women (Respondents). This study is unique and novel in its sense, reason being it's the first study done on this aspect in this region.

Research Methodology-

The research methodology adopted in this paper is about evaluating the impact of microfinance on women empowerment. This study was carried out on women who are staying in the rural areas of Pune District (Maharashtra). The criteria for measurement was 5 pointer scale which started from '0' 'Lacking empowerment', while '5' represents 'Highly empowered'. The conceptual framework of the research is explained as follows-

1. **Role in Decision Making:** The decision making ability of women is tested on their abilities of taking financial and social decisions.
 - a) Financial Decision- Since the study is pertaining to the microfinance aspect the financial decision making is related to two things- a) Taking loans b) Utilizing that loan. Women use this loan either for the use in households or may be for business purposes, hence this financial decision making becomes an important factor in measurement of women empowerment. So the women who takes financial decision to the level of complexity defines the points earned by women on the scale of 0 to 5.

- b) **Social Decision-** It was observed during the data collection that many women have taken decisions regarding education of children, besides this there are hardly any decisions taken by women which can be included in social decisions and hence it was considered to be criteria to allot points to women. So women taking social decision to the level of complexity defines the point earned by women on the scale of 0 to 5.
2. **Physical Mobility-** Physical mobility is concerned with the movement of women in the villages, Grampanchayat, bank, collector's office, nearby hospital, and relative houses (nearby and distant) without the support of anyone. Respondents were given points on the basis the distance covered by the women on a daily basis.
3. **Economic Situation-** If a respondent has earned through job or laborious work, she got a point or the scoring remains zero. The entrepreneur of this lot were given two points for running business venture no matter how small. If the respondent had cash in hand she was awarded with 1 point, otherwise 0. If the cash criteria is satisfied (Cash at hand > 1000 Rs.) then she earns one more point.
4. **Participation in Political and other forums-** If the respondent had voted in the last election, she got 1 point, otherwise 0. Every women who has attended either of the meetings from Gram panchayats, during last year was awarded 1 point. If she had contested the election in last three years she was allocated 1 point. She wins additional point if she contested election for ward member positions, 2 additional points for the positions of block chairman or Zillaparishad, and 4 additional points if she had contested for Zillaparishad president.
5. **Self Confidence-**The respondent was awarded 1 point each if-
- Able to handle money
 - Perform basic calculations
 - Travel alone for medical treatment of self/ Family/ Children
 - Travel conveniently to nearest town or headquarters
 - Able to forth her thinking through different forums which addresses the current issues in society
 - Able to resolve family disputes

Respondent was able to earn more points on the basis of more confidence and less confidence in handling the above matters.

6. **Public Interaction** – Respondents got 1 point each for interaction with Sarpanch, PDS, dealer, Anganwadi worker, ANM health worker, teacher, banker, post-office personnel, and the government officer in the last two years.
7. **Ability to make small purchases-** The respondent got 1 point if the respondents are able to purchase small items for households. If the respondent is economically independent that is if she is able to buy items through her own earning.
8. **Ability to make large purchases-** The respondents got one point if she purchased kitchen vessels, 2 points for purchasing the clothes for children, 3 points for purchasing own clothes.
9. **Participating in public/ civic Protests-** The respondents are able to fetch 1 point in the scoreboard if they are able to participate in public and civic protests.
10. **Development programmes-** If the respondent is aware about the development programmes run by the government and she is able to explain it, she earns 1 point and she has at least made an attempt to participate in it then she earns 1 more point.
11. **Ability to run a new business-** If the respondent is able to run a small business in that case she earns a point for it. She got an additional point if she is able to run a small business, (Gruhodyog). If the respondent had been running a business for more than 3 years, she got an additional point.

Objectives-

- To study the social, political and economic empowerment of women before availing microfinance facility.
- To study the social, political and economic empowerment of women after availing microfinance facility.

Hypothesis-

H_0 – There is no significant difference between Social, Economic and Political empowerment of women before and after availing microfinance facility.

H_1 – There is no significant difference between Social, Economic and Political empowerment of women before and after availing microfinance facility.

Research Design, Sample Size and Data Collection

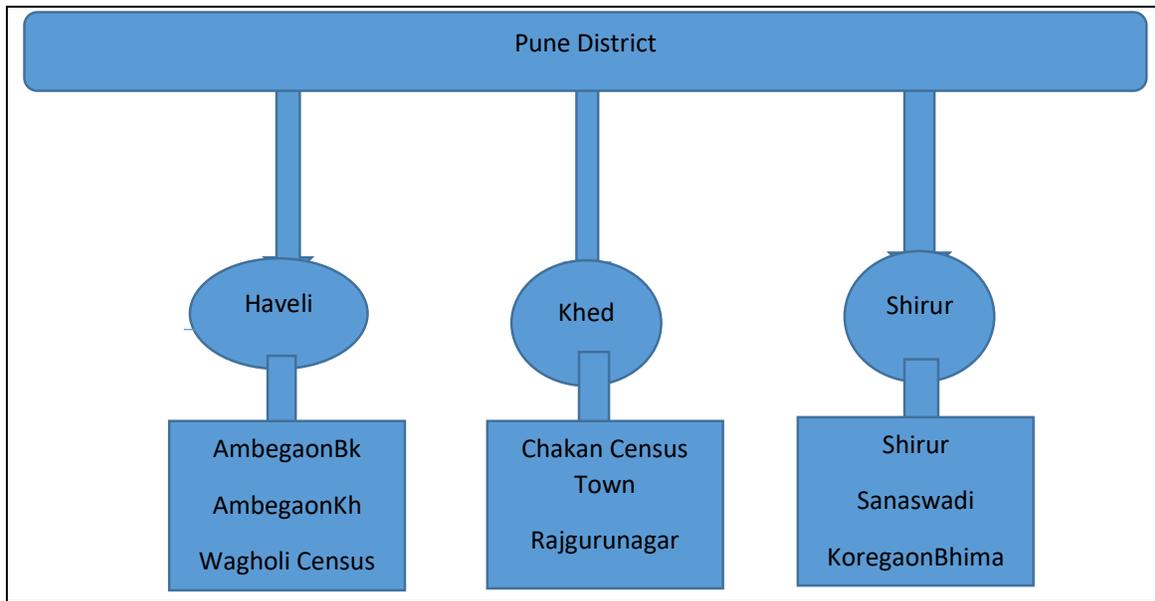


Figure 1- Demographic Constitution (Area wise)

In this study, cross sectional research design was adopted. Moreover the study does broadly come under **Descriptive Research design**.

A total of 487 respondents were surveyed through the Snowball sampling. The respondents were selected on the basis of two criteria -

- a) Geographical criteria that is the geographical location of respondents of Pune districts (Rural area),
- b) Respondents should be from the Self Help Group based microfinance programmes.
- c) The respondents were covered from three talukas (9 villages) of each districts. The distribution of a sample size is shown in above figure. On the basis of review of past studies, variables were identified and structured questionnaire was framed. Data was collected through personal interviews of the SHG members. The instrument was pilot tested at some places in the villages. The questionnaire used is formal and unconcealed.

Data Consideration-

The data was collected with the help of acquaintances staying in the areas. The samplings started from a few respondents later on the references were collected from the initial respondents.

Data Analysis and Interpretation-

Table 2- Age Composition

Age	Number of Respondents	% of the respondents
<21 years	18	3.70
21-30 years	217	44.56
31-40 years	156	32.03
41-50 years	54	11.09
51-60 years	38	7.80
> 60 years	4	0.82

Interpretation-

Majority of female respondents comes under the age group of 21-40 years. Around 30% of the respondents belong to other age groups.

Table 3- Educational Composition

Education	Number of Respondents	% of the respondents
Illiterate	40	8.21
Primary Education	253	51.95
Secondary education	159	32.65
Degree Education	35	7.19

Interpretation-

Majority of female respondents comes under the educational category i.e Primary education and Secondary Education. 7 % female respondents are graduate while 8% female respondents are illiterate.

Table 4- Income Level Composition

Monthly Income Level	Number of Respondents	% of the respondents
<1,000	141	28.95
1,000-5,000	235	48.25
5,000-10,000	84	17.25
>10,000	27	5.54

Interpretation-

Above table shows that approximately 65% of the female respondents are earning in the bracket of 1,000-10,000. While only 5% of the female respondents are earning more than 10,000. While 29% female earns less than 1,000.

Table 5- Family Size Composition

Family Size	Number of Respondents	% of the respondents
Small (<=2)	84	17.25
Medium (3-4)	225	46.20
Large (5-6)	151	31.01
Very Large (>=7)	27	5.54

Interpretation-

Above table shows that approximately 75% of the female respondents stays with the family of 3-6 people. While 5 % female respondents' stays in very large family. While 17% stays in smaller families consisting of either or lesser than 2 members besides them.

Table 6- Earning Family Member Frequency

Earning members In family	Number of Respondents	% of the respondents
1	135	27.72
2	195	40.04
3	140	28.75
4	17	3.49

Interpretation-

Above table shows that approximately 69% of the female respondents have 2 to 3 earning members in the family. While 17% has 4 earning members in the family. And 27% which is a substantial number has only 1 earning member in the family.

Table 7- Occupation Info.

Occupation	Number of Household	% of the households
Animal Husbandry	39	8.01
Farming	178	36.55
Labour	187	38.40
Salaried Worker	44	9.03
Self-employed	39	8.01

Interpretation-

Above data shows that 8% of the female respondents works in Animal Husbandry, while approximately 37% of the female respondents works in Farming. 38% works as labourers while 9% works as salaried workers. Only 8% of the respondents from the total sample are self-employed.

Validity of the Study-

The sample considered in this study is captured by keeping the rational of checking the impact of Microfinance on the development of social, economic and political well-being of the female respondents. The descriptive variables considered in the above data shows that this data shows content, construct and face validity to establish external and internal validity of the results.

Further reliability analysis is also conducted to establish the consistency of the data so that the finding inferred would be in the congruence of the objectives.

Reliability analysis of the data-

Table 8- Reliability Stats.

Cronbach's alpha	No. of Items
0.932	38

Interpretation-

The reliability test of the dataset is important considering its objective to establish the consistency of the data. Researcher has already demonstrated the validation of the dataset by correlating the descriptive variable of the study with the objectives of the study. As a norm if Cronbach's alpha is more than 0.6 the dataset is supposed to be consistent. The sample considered in this study depicts Cronbach's alpha as 0.932 which is appropriate enough to set the reliability of the data.

Data Analysis-

Table 9- Experimental Results of Paired T- Test

Empowerment Measures	Before Joining SHG	After Joining SHG	T-stats	Sig.
Financial Decisions	2.56	3.14	-18.23	0.000
Social Decisions	1.98	3.02	-1.65	0.001
Physical Mobility	1.76	2.45	-1.78	0.023
Economic skillset	1.65	2.67	-4.69	0.000
Participation abilities	1.35	2.39	-2.05	0.000
Confidence	1.67	2.24	-2.25	0.000
Inter personal skills	1.96	2.68	-5.16	0.000
Spending(Small)	2.84	3.88	-2.55	0.000
Spending (Large)	1.68	1.87	-3.14	0.000
Development Programmes	2.44	2.89	-3.41	0.000
Ability to run small business	1.55	2.58	-8.14	0.000
Ability to raise voice against wrong	1.64	2.12	-5.37	0.000

Interpretation-

The above variables considered are the micro variables for the Economic, Social, Political parameters of women empowerment which are already explained the conceptual framework of the paper. The significance value for each micro variable is less than 0.05, which eventually rejects the null hypothesis and helps to establish the premise that, "There is a significant difference between the Social, Economic and Political status of females after availing Microfinance."

Table 10- Experimental Results of Paired T- Test (Consolidated Parametric Score)

Nature of empowerment	Before Joining SHG	After Joining SHG	T-stats	Sig.
Economic	9.64	10.67	-17.68	0.000
Social	8.32	9.32	-19.34	0.000
Political	2.81	3.88	10.11	0.000
Composite	21.34	31.67	25.43	0.000

Interpretation-

Above table depicts the variable scores of Paired T test, which are calculated by taking means of micro variables under each variable. Even the mean scores shows that the null hypothesis cannot be accepted as it falls under rejection continuum of both the tails of the central tendency curve.

Findings-

1. Study has shown clearly through various statistical tests that microfinance has made an impact in lives of female respondents residing in the rural areas of Pune on the aspects of their empowerment.
2. Microfinance facilities have helped respondents to develop a sense of autonomy in social, economic and political arena of their lives.
3. Microfinance has tremendously helped them in their economic transformation from one vertical to other (from labourers to run small business).

4. Microfinance availability worked as a multifaceted process for the respondents to help them to restructure their position in Social, Economic and Political strata.

Conclusion-

The aim of the research was to study the impact of microfinance on empowerment of females. The research could prove the significant impact of microfinance. The study could prove that whether availed individually or by a group this facility has the ability to change social, economic and political relationships and the institutions. This change leads to psychological developments which are self-esteem, self-confidence, the ability to imagine and aspire to a better future. It can be observed that vulnerable groups generally women lack the skills and confidence to engage in decision-making, availability of finance not only helps them to take their own decision but also helps them to understand and participate in community decision making. Hence it's the necessity for a developing country like India to think more in this direction.

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