

Effectiveness of Microfinance on Women Empowerment in Bilaspur: A Study

Kabir
Biswadeep Mishra

Abstract

The main purpose of this study is to measure the effectiveness of Microfinance on Women Empowerment in Bilaspur city of Chhattisgarh. The objective of the study is to assess the impact of microfinance on women empowerment by evaluating the perception of women beneficiaries of various MFIs. Another one is to suggest possible measures to get the best outcome of microfinance in terms of women empowerment in the area of study.

This study is descriptive in nature, based on primary data collected from beneficiaries of microfinance institutions with published and unpublished reviewed secondary data. Findings of the study revealed that microfinance has played a significant role in enhancing the women empowerment in Bilaspur city. And it is effectively contributing towards the upliftment of the women in the society by increasing their role and involvement in decision making factors like family planning, girl child education, children marriage, self confidence in the family and society as well.

This study will help the policy makers to frame out new policies to develop the status of microfinance in the state and this will ultimately contribute in the upliftment of women in the society by bringing them towards the doorstep of empowerment. Also to frame policies by keeping in mind the needs and demands of the women beneficiaries from the microfinance institutions.

Key Words

Microfinance, Women Empowerment, Microfinance Institutions (MFIs)

Introduction

It is the perception of people that microfinance is a movement of providing micro credit to that marginalised section of the society who do not have access to formal banking system. And it is the need of the time to incorporate the marginalised section of the society into the main stream for equitable development of the society.

The Asian Development Bank has also been actively promoting best practices and innovative techniques in the area of Microfinance in its strategy 2020. It is doing so through loans, credit lines, investments, grants, guarantees, technical assistance in areas relating and allied to Microfinance and Financial Inclusion.(2014 Project Classification Scheme).

Major Delivery Models of Microfinance in India

- 1) Self-Help Group (SHG) Bank Linkage Program.
- 2) Microfinance Institutions (MFIs)

In terms of outreach particularly in India Self-Help Group model leads the race. However in the international picture its MFI model which has greater outreach and is preferred



by most of the countries as a tool for women empowerment.

Women Empowerment

The UN Women Annual Report 2015-16, emphasizes reaching and supporting the poorest and most marginalized women many of whom increasingly face emerging challenges such as climate change and migration. It supports laws and policies that strengthen women's economic opportunities and advocate for equitable access to services that enhance their livelihoods such as water, energy, transport and green technology.

Objective of the Study

- ✳ To study the impact of microfinance on women empowerment in the Bilaspur city of Chhattisgarh.
- ✳ To provide suggestion and possible measures to improve the status of women empowerment through microfinance.

Literature Review

Das (2016) WSHGs are mainly expected to empower rural marginalized women. Micro-Finance has emerged as one of the most sustainable and effective tools for enabling the poor and disadvantaged sections of the society basically for rural women, to have access to institutional credit.

Jhavar and Chawla (2015) recommended in their study that to get positive output from micro entrepreneur the Microfinance Institutions should observe their interest rate policies and provide easy accessibility of the same.

Vachya and Kamaiha (2015) in their empirical examination revealed that SHG Bank Linkage Program has a positive impact on household decision making by women. It has also brought positive changes in terms of marital status, income, family type, including economic factors. The microfinance has positively altered the living conditions of SHG members including women members.

Kato and Kratzer (2013) in their study concluded that traditionally the position of women in Tanzania has been low in comparison to men. The survey was conducted on 454 women in the area of study (305 members of MFIs and 149 non-members). The results of the study shows significant distinction between the women members of MFIs and non-

members in the dependant variables associated to women empowerment. Women members of MFIs have more control over savings and income generated from the business, greater role in decision-making, greater self-efficacy and self-esteem, and greater freedom of mobility and increased activities outside home.

Anal (2013) in his study concludes that microfinance SHGs are necessary to overcome exploitation, create confidence, for financial self dependence of the rural people, especially among women who are deprived section of the society.

Dobra (2011) said that it allows holistic development by increasing the income of the entire family, which has reflection throughout the economy and society as a whole at every level. However, to improve their effectiveness, microfinance programs should focus on enhancing their related adaptation and the political issues.

Muhammad, Shaheen, Naqvi, and Zehra (2011) highlighted the role and effectiveness of microfinance in women empowerment. The data used for this study were collected from Women empowerment index (WDI) and the book of Pakistani statistics. An empirical investigation was carried out by using Johansen co integration approach to evaluate the long-term correlation between poverty, growth, and microfinance and women empowerment. To analyze women empowerment, a study index was designed. The results of this study established that there is a positive and significant correlation between women empowerment and the selected variables with respect to Pakistan.

Noreen (2011) in her study made an attempt to explore the socio economic factors of women empowerment in which microfinance is crucial economic determinant. This study used regression analysis based on primary data of Bahawalpur City to check the relationship of different socio economic determinants on women empowerment. Women empowerment measured by constructing simple index using five indicators related to child health, education, selection of spouse of children, purchase of basic goods and decision about the use of loan. The results show that women empowerment is significantly influenced by age, education of husband, father inherited assets, marital status, number of sons alive and microfinance. Age, education of husband, no of live sons and father inherited assets are more statistically significant

variables in this study. It is also concluded that as microfinance is major explanatory variable in this study has some positive role in empowerment but not as much as was expected by the researcher. It is suggested that education facilities and family protection must be provided in proper way. Microfinance institutions should strengthen and expand their support to resource poor women.

Guerin, Kumar, and Agier (2010) in their case study focus on the need to go ahead of the basic opposition between domination versus agency, and to do detail examination on how these two dimensions of power relate. They also observed that discourses on women lay emphasis on a conception of power as agency. So far as women's status is dependent on their husband's position and on women's relative position in relation to other women, both due to cultural ideologies and material constraints, 'power to' necessarily implies a certain form of 'power over', this mainly over other women.

Espallier, Guerin, and Mersland (2009) analyses gender-differences with respect to microfinance repayment rates using a large global dataset covering 350 Microfinance Institutions (MFIs) in 70 countries. The results show that more women clients are connected with lower portfolio-at-risk, lower write-offs, and lower credit-loss provisions, ceteris paribus. These findings confirm common believes that women in general are a better credit-risk for MFIs. Interaction effects reveal that the effect is stronger for NGOs, individual-based lenders, 'finance plus'-providers and regulated MFIs. This indicates that two types of MFIs benefit more than others from focussing on women: First, those MFIs that develop hands-on, women-friendly procedures tailored to individual women's need, and second, those MFIs that apply coercive enforcement methods to which women are more responsive.

Reji (2009) in his study concluded that the microfinance through SHG model has shown visible economic impact on saving habits, household income, and acquisition of household assets. It also has positive impact on social factors like increased role in household decision making, improved status and self confidence, ability to deal with adversities, and community involvement.

Amin and Choudhary (2008) concluded that Microfinance is not a panacea to tackle all the causes of poverty and it may take a long time to bring about gender equity and women's

empowerment.

Sharma (2007) revealed that microfinance leads to empowerment of women's participating in it. This study is conducted in Nepal and studies the effects of women's participation in group-based micro-credit programs from large population providing qualitative responses. Microfinance has enlarged the role of women in household decision-making, giving greater access to financial resources, now they can convince their husband on various issues and having greater freedom of movement. Due to microfinance movement the level of communication between husband and wife in family has improved. Ecologically, the higher impact on women's empowerment was noticed in terai. The reason may be quite lower social-economic status of terai women at the time when the program was started as compared to that of hill areas. Due to this fact, even a little change in their status is reflected highly.

Dessy and Ewodou (2006) in their paper shows that access to microfinance services becomes only necessary, but not sufficient for female empowerment. Based upon a game-theoretic model of activity choices by ex ante homogenous women, they argued that conditioning well-trained women's access to credit to the adoption of high-productivity activities may enable MFIs to bring on the emergence of networks of female entrepreneurs large enough to mitigate patriarchal practices that raise the costs of operating such activities in the informal economy.

Reddy and Manak (2005) has outlined several areas of working with SHGs to further their impact on civil society. It should be noted though that the sustainability of SHGs to effect such change is directly linked to their financial sustainability. While this latter issue was not the intended focus on the report, any external intervention to SHGs should bear this issue in mind. Thus, it is important that both government and NGOs work to bear all the costs in mind of interventions to make them sustainable otherwise the SHGs will be overburdened and destined to failure.

Littlefield, Murdudh, and Hashemi (2003) said that the beauty of microfinance is that, as programs approach financial sustainability, they can reach far beyond the limits of scarce donor resources.

Research Methodology

A research design refers as the framework or plan for a study that guides as well as helps in data collection and analysis of the data. Researcher have used structured questionnaire and a five point balanced Likert scale for measuring the perception of women beneficiaries towards impact of microfinance on women empowerment.

Primary data was collected from respondents of Bilaspur city, Chhattisgarh through a questionnaire designed for a sample of 150 respondents. Snowball sampling method was adopted by the researcher and selected the sample from Bilaspur region. The data collected from the respondent are coded, tabulated and analyzed into logical statement using mean and percentage analysis. Secondary data was collected from the available literature, journals and web search wherever necessary. The questionnaire method was chosen for its versatility speed and cost benefits. Due to shortage of time the researcher has used only descriptive statistical tools- mean and percentage to arrive at findings and conclusion.

Data Analysis and Interpretation

Demographic profile:

Demographic profile of respondent with mean scores (N=150) (Table1)

Age	No. of respondents	Occupation
	Female	
20-30	48	Small Entrepreneurs and SHGs members.
31-50	74	
51 and above	28	

Table1. Depicts the demographic information about the respondents selected for the study. No. of beneficiaries selected for the purpose of the study as sample are 150. On the basis of age of the respondents three categories are prepared for classification. No. of respondents in the category one (between 20 to 30 years) are 48. No. of respondents between 31 to 50 years are 74 and respondents whose age is above 51 years are 28. This shows that majority of respondents belong to age group of 31 to 50 years. The respondents are

female beneficiaries from Microfinance Institutions and are mainly entrepreneurs and members of Self Help Groups.

Family Planning Decision (Table 2)

Microfinance has increased the women role in the decisions relating to family planning:

	Rating scale	% of respondents	Mean score
5	Strongly Agree	51	4.01 (> 4.0 =5)
4	Agree	27	
3	Neither Agree nor Disagree	2	
2	Disagree	12	
1	Strongly Disagree	8	
	Total	100	

Table2. The data from the table shows that 51% of the respondents are strongly agreed that Microfinance has increased the role of women in the decision relating to the family planning. 27% of them are agreeing for the same. However, 20% does not coincide with the increase in role of women in family planning decisions. It is clearly evident from the responses that microfinance has positively affected the role of women in decision making related to family planning. The results of the study are in line with the one performed by Noreen in 2011. Involvement in family planning decision is a strong factor of women empowerment in the society and can be considered as one of its primary indicator.

Immovable property decisions (Table 3)

Microfinance has increased the role of women in the decisions relating to acquiring and sale of immovable property:

Rating scale	% of respondents	Mean score
Strongly Agree	15	2.65 (>2.6 =5)
Agree	16	
Neither Agree nor Disagree	09	
Disagree	39	
Strongly Disagree	21	
Total	100	

Table3. The result of this table show that only 31% of the

respondents are agreeing to the statement that microfinance has increased the role of women's in decision making relating to immovable property. However the majority of the respondents, i.e. 60% disagree with the statement. And they feel that microfinance has not increased the role of women's in immovable assets decisions of their family and it is still dominated by the male members of the family. And the remaining 10% of them are indifferent towards the statement. Result of this question does not align with the study conducted by Kato and Kratzer, 2013 and is quite opposite of the same. It can be observed from the above data that microfinance does not have significant impact on women's role in decision making towards immovable property.

Girl child education decision (Table 4)

Microfinance has increased the role of women in the decisions relating to education of girl child in family:

Rating scale	% of respondents	Mean score
Strongly Agree	22	3.41 (>3.4 =5)
Agree	39	
Neither Agree nor Disagree	10	
Disagree	16	
Strongly Disagree	13	
Total	100	

Table4. The result of this table shows that around 60% of the respondents are agreeing to the statement that microfinance has increased the role of women's in decisions relating to girl child's education. However, around 30% of the respondents disagree with the statement. And they feel that microfinance has not increased the role of women's in girl child's education decisions of their family. It can be observed from the above data that microfinance does have a significant impact on women's decision making towards girl child's education. And the beneficiaries have felt increase in the level of their participation in the decisions of girl child education in the family. This can be treated as a strong indication of women empowerment in the society which is also supported by the microfinance movement in the area of study.

Children's marriage decision (Table 5)

Microfinance has increased the role of women in the decisions relating to their Children's marriage:

Rating scale	% of respondents	Mean score
Strongly Agree	15	2.97 (>2.9 =5)
Agree	28	
Neither Agree nor Disagree	17	
Disagree	19	
Strongly Disagree	21	
Total	100	

Table5. The result of this table shows that around 43% of the respondents are agreeing to the statement that microfinance has increased the role of women's in decisions relating to girl child's education. 17% of the respondents are indifferent towards the impact of microfinance on role of women's in children's marriage related decisions in the family. However, 40% of the respondents disagree with the statement. And they feel that microfinance has not increased the role of women's in decisions related their children marriage in their family. It can be observed from the above data that microfinance does not have very high impact on women's decision making towards their children marriages and a lot more is required be done in this segment for the empowerment of the women in the society. As girl child education is the most important factor leading to upliftment of women in society. And if it is backed up by the women involvement in such type of decisions the women empowerment will go higher and higher in the area. The result of this study coincides with the study conducted by Cheston and Kuhn.

Self Confidence (Table 6)

Microfinance has increased self confidence of women

Rating scale	% of respondents	Mean score
Strongly Agree	27	3.47 (>3.4 =5)
Agree	38	
Neither Agree nor Disagree	02	
Disagree	21	
Strongly Disagree	12	
Total	100	

Table6. The result of this table shows that 65% of the respondents are agreeing to the statement that microfinance has increased the self confidence of women in the area of the study. Whereas only 33% of the respondents disagree with



the statement and feel that microfinance doesn't have any impact on the self confidence of the women in the society. It can be concluded from the above data that microfinance does have a significant positive impact on self confidence among the women beneficiaries in the Bilaspur city. Which is a positive sign from the women empowerment perspective as self confidence is one of the most important factor for assessing the women empowerment. And the majority of the respondents agree with the statement and this can also be observed from the responses given by them. The result of this question coincides with the results of the study conducted by Sharma, 2007. Increase in the self confidence of women in the society will definitely support their journey of becoming more empowered as compared to past years. Also it is now the responsibility of beneficiaries to make the best possible use of the available funds with them in order to have better self confidence and satisfaction among them.

Conclusion

Microfinance has the prospective of women's empowerment in its various policies. Although microfinance is not the only factor which is leading to women empowerment yet it is playing a vital role in the same. Microfinance has a positive impact on most of its women beneficiaries in terms of their empowerment. Empowerment is a compound process of positive change that is felt by all individuals somewhat differently.

Based on the results of this study, it can be concluded that by providing small loans without collateral securities to the women their empowerment and upliftment can be highly supported and increased through microfinance program. The socioeconomic determinants which lead to women empowerment are also analyzed in this study. The conclusion of this study is that the level of savings of women has developed after taking microfinance, their involvement in decisions relating to family planning has also increased, their role in decision making of immovable property related decisions is not up to mark. The women role in decision making towards birth control has been remarkably increased however their influence on decisions relating to children marriage is quite low even after taking microfinance. From the above the overall conclusion of the study can be stated as the microfinance has positively supported and contributed towards the empowerment of its women beneficiaries which not only boosts their financial stability but also leads them

to social security as well.

Loans given to women according to the procedure of microfinance institutions are not according to the age of women or their role in the family. In this study few women respondents make economic decision by themselves and use their loan by themselves. Microfinance loans do have positive effects on women domestic decision making but only for those females who utilize their loans themselves. Microfinance has supported enough empowerment among women because many of them are now self dependent and their role in various family decisions has also increased.

While planning for their policies, products and services microfinance institutions primarily focus on women because of the fact that their access level of formal credit is quite low as compared to male and they also face social constraints due to their gender. Credits offered through microfinance should be based on women need, expenses, assets etc. They should create awareness among the targeted marginalised women so that they can make the best possible benefit of the microfinance schemes and also to diminish the negative aspects of it. Even after so much concentration towards inclusion of women and their empowerment the desired outcome has not been achieved and there is a lot more to be done. Even in today's scenario women in remote areas face several constraints as compared to men due to limited opportunities, lesser outreach, domestic responsibilities, restrictive social environment, less or no education and many more. This disadvantage is sometimes more backed up by groups where men are dominated while getting the major loan sharing and women getting very lesser amount.

To sum-up, in a developing state like Chhattisgarh, poverty alleviation has always been the primary objective of development planning since its separation from Madhya Pradesh, through various government schemes and policies. Both the central as well as State Governments have framed and introduced different types of poverty alleviation programmes both for self employment and wage employment. The appearance of Micro-finance provides a mode for achieving this by optimal utilisation of the available financial resources. The thrust is on employment generation, with keeping in mind the need of the society subjected several constraints in the path. Microfinance institution should be viewed as one of the contributor in the path of the socio-economic development

especially for the disadvantages weak and poor women in the state. Of course in comparison to Chhattisgarh it is more successful in states like Punjab, Tamil Nadu, Gujrat, Rajasthan and Andhra Pradesh. It is not an overstatement to say that the microfinance movement in various countries including India in general and Chhattisgarh in particular may be considered as a mile stone and a turning point towards women empowerment, upliftment and societal development.

Suggestions

In the light of above research conducted, following are the policy recommendation. Microfinance institutions should be supported and developed. They should develop their support to aid poor women in the society. Microfinance institutions should take periodic and systematic meeting of beneficiaries in order to make them aware of government policies on their status. They should also educate them towards the optimum utilisation of loan funds available to them, about the benefits of savings and also to guide them the possible ways to strengthen their socio economic status in the society. The microfinance institutions and government agencies should work in collaboration to address such issues of marginalised peoples. The policy makers should not only focus on immediate betterment of the women while drafting policies and schemes but should also frame that in such a manner that it can lead to long term, equitable, justifiable and sustainable growth of the women in the society.

Limitations of the Study

The present study is an attempt to develop an understanding of the impact of microfinance on women empowerment in the area of study and knowledge of literature of microfinance on the grounds of reality. Since the research is a part of learning process, the area included in the study is very small and based on limited sample size too. It is also due to the time and money constraint which forms major limitation of the study. Being descriptive in nature the area and samples drawn for the study can be treated as simple illustrative attempt in the vast literature of microfinance. So, further more comprehensive and empirical studies are essential for confirming and enhancing the results of this study. This study excludes some important aspects related to self help groups like their periodic savings, internal lending, repayment schedule; as sample consists of individuals belong to groups with different maturity periods

and also who get direct lending from MFI's. The study can be extended by following more appropriate sampling like stratified sampling and also by including more samples from SHGs and non SHGs beneficiaries to improve the effectiveness of the study. Best efforts have been done to throw the light on real picture of the objectives of the study with in the boundary of time and money constraints.

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