Independent University **Bangladesh (IUB)**

IUB Academic Repository

Independent Business Review Volume: 06, No: 1, January-2013

2013-01-01

Empowerment of Women through Microfinance – A Study in Nilgiri District, Tamilnadu

Jeyarathnam, M.

School of Business, Independent University,Bangladesh

http://ar.iub.edu.bd/handle/11348/334

Downloaded from IUB Academic Repository

Empowerment of Women through Microfinance - A Study in Nilgiri District, Tamilnadu

M. Jeyarathnam
Bharathiar University, India

S. Kamalaveni
Bharathiar University, India

ABSTRACT

Empowerment of women involves a holistic approach that covers social, political, psychological and economic aspects of women development. Of these, economic empowerment is of utmost significance in order to achieve a lasting and sustainable development. Microfinance is an innovative credit delivery mechanism and the scaling up of micro finance in India is mainly due to Self Help Group Movement (SHG). The group based programme meets the urgent credit needs of the poor who find it difficult to access credit from banks. The impact of microfinance on women development in Nilgiri, a backward district in Tamilnadu is presented in this paper. The level of empowerment of women SHGs and the level of empowerment along the four dimensions are measured in this paper. Various factors that contribute to empowerment also form part of the paper. A mathematical model indicating the statistical relationship for predicting empowerment from the given set of influencing variables is also examined.

Keywords: Poverty, Economic Empowerment of Women, Microfinance, Tamilnadu

INTRODUCTION

Empowerment of women is a multi dimensional approach which covers four interdependent dimensions such as cognitive, psychological, economic and political. Cognitive empowerment refers to knowledge about and understanding of the conditions and causes of subordination; psychological empowerment relates to the development of self esteem and self confidence; economic empowerment is the ability to earn and control economic resources; political empowerment involves the ability to analyze one's world and to organize and mobilize social change. Empowerment of women involves a holistic approach

that covers social, political, psychological and economic aspects of women development. Of these, economic empowerment is of utmost significance in order to achieve a lasting and sustainable development of society.

Poverty has degraded human lives for centuries. In India, about 350-400 million people live in absolute poverty with a per capita annual income equivalent to US$ 275; of them, a majority are women (Nandal, 2005).

Poverty is the main obstacle for the development of women who constitute about 50% of India's population. They are generally under employed due to their limited command over resources and regulatory institutions. Particularly women in rural areas face greater problem than their urban counterparts with no source of livelihood other than agriculture. The increase in the earning power of women is expected to improve the total wellbeing of the family and the society.

Since Independence, the Government of India has taken several policy initiatives and implemented various poverty reduction programmes. The economic independence of women is viewed primarily as a major component of empowerment process. However the recognition of the economic independence of women as an indispensable factor of their empowerment process has not been realized at the programme level as part of antipoverty efforts. The various poverty reduction programmes implemented by the Government of India, the various programmes introduced by the commercial banks and the setting up of the Regional Rural Banks failed to improve the economic condition of women. As a result, the self help groups of women have been evolved as an alternate institutional mechanism to address women's economic and social empowerment.

The Micro Credit Summit at Washington in 1997 suggested all the developed and the developing countries to use micro credit as a tool to empower poor sections of the society and to tackle the problem of poverty. The major microfinance programme in India was initiated by NABARD by introducing SHG-Bank Linkage Programme in 1986-87. The scaling up of micro finance in India was due to the efforts led by Self Help Groups (SHG) movement. Microfinance is an innovative credit delivery mechanism that ensures viable financial services to needy poor. It is a group based programme as it meets the immediate credit demands of the poor who find it difficult to access credit from formal and informal credit institutions. Micro finance implies providing the poor with savings, credit and insurance facilities to set up income generating activities relating to agriculture, allied activities and farm sectors and thereby increase household security.

A group of 15 members, formed by the government, banks and NGOs are eligible for microfinance services. The members periodically contribute savings, which are used to build savings that can be revolved among members. The fund is

built on savings and hence insufficient to finance income generating activities involving larger amount of start up capital. So microfinance groups are linked to formal banks to obtain bulk loans for lending to group members. NABARD, the nodal apex government, financial institution provides microfinance services to the poor through existing banking network and NGOs.

NEED FOR THE STUDY

To know the impact of microfinance on women empowerment a study has been undertaken in Nilgiri district of Tamilnadu. The major population in this district consists of tribals and adivasis such as Todas, Badagas, Kuruvas and Pannias. In 2011, the Nilgiris had population of 7,35,071 of which male and female were 3,60,170 and 3,74,901 respectively. The average literacy rate of the Nilgiris in 2011 was 85.65%.

25% of families living in Town Panchayats of Nilgiri District are BPL families. A study in a district like Nilgiris which is economically backward will throw more light on the impact of microfinance on women empowerment.

LITERATURE REVIEW

The concept of micro finance has been well brought out by the Secretary General Kofi Annan. According to him "sustainable access to micro finance helps alleviate poverty by generating income, creating jobs, allowing children to go to school enabling families to obtain healthcare and empowering people to make choices that best serve their needs'' (Batra, 2007)

Empowerment is a process of challenging existing power relations and of gaining control over the sources of power. The goals of empowerment is to challenge patriarchal ideology to transform the structures and institutions that reinforce and perpetuate gender discrimination and social inequality'' (Baltiwala, 1994)

Group empowerment starts with finding enough group members, finding a place to meet, guaranteeing adequate support, achieving legitimacy, maintaining involvement, securing sufficient resources etc. Empowerment is a planned process and its nature and equality of relationship over time can be assessed (Adams, 1996).

There are various dimensions of empowerment such as educational, economic, psychological, social and political and they are intertwined tightly. It is assumed

that, increasing women's access to microfinance and participation in self help group would initiate a service of "virtuous spirals' of economic empowerment, increased well being for women and their families and a wider social and political empowerment (Mayoux, 1999).

Education is the prime mover of women empowerment. According to Katarina (1993), the process of empowerment involves breaking away from the cycle of learned and taught discrimination, learned from one generation of women and passed on to the rest. Education empowerment indicators are gender sensitization, right to education, legal literacy, health education, breaking stereotypes etc.

According to Blumerg (1995) economic empowerment of women contribute to the wealth and well being of their families and the nation. They should have access to and control over income in order to be empowered. Improvement in women's economic position not only increases their happiness, but also enhances their status.

Psychological empowerment results in confidence building, acquisition of a sense of efficacy and the ability to overcome the feeling of helplessness (Sharma, 2000).

Social empowerment involves a process of redistribution of power within families and societies. Social empowerment results in dissemination of knowledge about health, nutrition, literacy, education and adoption of new agricultural practices. The indicators of social empowerment are female infanticide, dowry, marriage, poverty and social justice: According to Karl Marx, political process is central to the empowerment process and women need to be given adequate resources and information in order to make their own independent decisions.

Some of the empowerment strategies such as conscientization and psychological priming are considered to be effective strategy than economic intervention (Narasimhan, 1999). However female education and planned socialization too are potent strategies (Sharma, 2000). Such gender sensitization should include men also under its purview for empowerment of the human race.

SAMPLING DESIGN

The Nilgiri district consists of four blocks such as Ooty, Coonoor, Gudalur and Kothagiri. There are around 7477 women self help groups operating in Nilgiri district as on May 2010. They have been promoted by REPCO, the Mahalir Thittam Project Implementation unit and other N.G.Os. 10% of the population i.e 748 SHGs have been selected randomly out of 7477 SHGs. One member from each group has been selected randomly by generating random numbers and 748

SHG members were included ; for the final analysis 721 respondents were taken into consideration

RESULTS AND DISCUSSION

Empowerment scale

The level of empowerment has been examined by developing an empowerment scale. There are 24 items under social, economic, educational and psychological empowerment listed in the interview schedule. The respondents were asked to express their opinion on a five point scale. The scoring pattern for these 24 items in the interview schedule is as follows.

Strongly Agree	*Agree*	*No opinion*	*Disagree*	*Strongly Disagree*
5	4	3	2	1

The maximum score for each respondent in the Overall Empowerment Scale is 120 (24X5) and the minimum would be 24 (24X1).

Level of Empowerment

The scores obtained by each respondent and the total score obtained by all 721 SHG members have been computed in order to assess the level of empowerment On the basis of the scores obtained the SHG women are categorized into three distinct groups such as SHGs with high level of empowerment, medium level of empowerment and low level of empowerment. Mean and Standard deviation for 721 respondents have been calculated towards the end.

SHG women whose scores are more than the arithmetic mean plus standard deviation are categorized as women with high level of empowerment. SHG women whose scores are less than the arithmetic mean minus standard deviation are categorized as respondents with low level of empowerment. The women SHGs whose total scores fall between the two extremes are considered to be SHG women with medium level of empowerment. Women SHG members who have obtained scores equal to and more than 91 are grouped as having high level of empowerment. The respondents who have got scores equal to and less than 81 are classified as having low level of empowerment. Women SHGs who have obtained scores between 81 and 91 are considered as having medium level of empowerment. The level of empowerment of sample respondents is given in table I.

Table I: Level of Women Empowerment

Sl. No	*Score*	*Level of Empowerment*	*No of Respondents*	*Percentage*
1	*≤ 81*	Low	*198*	27.5
2		Medium	*308*	42.7
3	*81-91*	High	*215*	29.8
4	*≥ 91*	Total	*721*	100

It is observed from the table I that only 215(29.8%) respondents are in the high level empowerment category and the overall empowerment of women in Nilgiri district is not significant. The 70.8% of the sample respondents in the low and medium group highlights the need for concrete steps to get tangible results. In this study empowerment of women has been examined in terms of four dimensions such as social, economic, educational and psychological and various aspects associated with these dimensions have been identified from the field work.

Social Empowerment

The social empowerment scale employs indicators such as special social status, meeting officials without any fear, running SHG without N.G.O, management of Public Distribution shops, fighting against domestic violence and eradication of illicit liquor.

Economic Empowerment

In the present study economic empowerment has been studied in terms of access to savings, credit, freeing from the clutches of money lenders, economic independence, development of entrepreneurship, property rights and difficulty in marketing products made by SHG members.

Educational Empowerment

The educational empowerment indicators included in the study are sending children to school, legal awareness, reducing of infant mortality, environmental education and exposure to media.

Psychological Empowerment

Psychological empowerment embodies strong will power, achievement motivation, strong determination and assertive nature on the part of individuals. It involves the ability to overcome the feeling of helplessness and acquiring a sense of self respect. Psychological empowerment is all the more difficult in a patriarchic society where gender inequalities, absence of property rights, culture of silence as a social conditioning are nurtured systematically. However social changes are slowly taking place.

The distribution of scores appears to be normal on all the subscales and the empowerment Scale. There is not much variation except social empowerment scale.

Central Tendency Distribution

Scores on Empowerment Scale and Sub scales

Sl. No	*Statistics*	*Social Empowerment*	*Economic Empowerment*	*Educational Empowerment*	*Psychological Empowerment*	*Overall Empowerment*
1	Mean	18.9265	22.2399	22.5104	22.3469	86.0236
2	Standard Deviation	4.0468	2.5214	2.3869	2.3756	5.4511

Among the subscales, lower scores of the social empowerment draws one's attention to the social reality, wherein the women are not able to assert themselves in the social sphere. Inspite of their lack of much formal education they have gained educational empowerment. The women SHG s are classified on the basis of their "subscales scores" and classified into three categories further.

Table II: Classification based on Subscales

Sl. No	*Subscale*	*Low*	*Moderate*	*High*
1	Social Empowerment	258 (35.8%)	227 (31.5%)	236 (32.7%)
2	Economic Empowerment	182 (25.2%)	291 (40.4%)	248 (34.4%)
3	Educational Empowerment	150 (20.8%)	299 (41.5%)	272 (37.7%)
4	Psychological Empowerment	150 (20.8%)	338 (46.9%)	233 (32.3%)
5	Overall Empowerment	198 (27.5%)	308 (42.7%)	215 (29.8%)

It is observed from the table II that 35.8% of respondents are found to be in low empowered group in social empowerment scale. With regard to psychological empowerment, 338 respondents (46.9%) are in medium empowered category. In education empowerment 37.7% are found in high empowerment group. With regard to overall empowerment score, 42.7% of respondents seem to be in moderately empowered group.

Factors Influencing Empowerment

Various aspects that influence women SHG s empowerment such as age, marital status, education, occupation, type of family, number of years in SHG, weekly contribution to SHG, problem faced while joining, amount of loan received, repayment schedule, adequacy of capital, getting loan in time, years of running business and monthly income from business have been analyzed with F test and t test.

Table III: Overall Empowerment and Personal and Microfinance Factor

Sl. No	Personal variables/Microfinance variables and Empowerment	'F' test / 't' test	Significant
1	Age and Empowerment	.259	NS
2	Marital Status and Empowerment	.281	NS
3	Education and Empowerment	.956	NS
4.	Occupation and Empowerment	2.146	NS
5.	Type of Family and Empowerment	.015	NS
6.	Span of SHG membership and Empowerment	.435	NS
7	Weekly Contribution and Empowerment	11.846	**
8	Loan availed and Empowerment	9.831	**
9	Amount of Repayment and Empowerment	2.895	*
10	Running a Business and Empowerment	0.725	NS
11	Getting Loan in Time and Empowerment	0.796	NS
12	No of years in business and Empowerment	7.212	**
13	Income and Empowerment	4.928	**

**Significant at 1% level; *Significant at 5% level

The results of 'F' test and't' test show that personal variables such as age, marital status, type of family do not influence women empowerment. However microfinance related variables such as income from business, repayment

schedule, weekly savings, number of years in business and loan amount received have influenced the empowerment of respondents.

Regression Analysis

The empowerment attained by the SHG members involved in business is determined by several personal and microfinance and SHG related variables and their statistical relationship is studied using regression analysis. The regression method deals with formulation of mathematical model depicting relationship among variables which can be used for the purpose of prediction of the values of dependent variables, with the given values of independent variables. Regression values based on empowerment score is presented below.

Regression Analysis for members involved in Business
Dependent Variable: Overall Empowerment Score

	Regression Coefficients (B)	Std. Error	t	Sig.
(Constant)	84.610	4.051		
Age	-.337	.269	-1.252	Ns
Educational qualification	-0.095	.228	-.418	Ns
Size of family	-.317	.404	-.784	Ns
How many years in SHG	.120	.351	.343	Ns
Weekly contribution to SHG	-1.241	.354	-3.501	**
No. of loans received so far	-.783	.301	-2.600	**
Amount of loan received so far	.340	.187	1.814	Ns
Amount repayment	-.373	.330	-1.132	Ns
Repayment amount convenient to you	2.414	1.131	2.133	*
Did you get the required capital	.501	.612	.818	Ns
Did you get the loan in time	-.897	.688	-1.303	Ns
How long you have been running the business	-.407	.271	-1.504	Ns
Is the loan helpful to start new business	-.216	.613	-.352	Ns
Faced any diffficulties in starting new business	.637	.941	.677	Ns
Did you get training	.651	.556	1.171	Ns
Frequency of changes in the office bearers	.662	.187	3.544	**
Do you feel leadership pattern affect SHG	-.936	.608	-1.540	Ns
Do you think periodical change necessary	-.282	.642	-.439	Ns
Leaders allow members to participate in the meeting	.522	1.245	.419	Ns
Your SHG conducts meeting regularly	-.343	1.202	-.285	Ns
do you present you idea during meeting	1.526	.639	2.387	*
You attend meeting conducted by NGO regularly	.605	.314	1.930	Ns
Participate in meeting held at collectorate	-.546	.260	-2.101	*

R	R Square	F	Sig.
.364	.132	3.004	**

The regression coefficients of 'increase in weekly contribution' and 'number of times loans received' have shown that these variables actually have inversely affected empowerment of women. It shows that those who contribute more to SHG weekly and those who have received loans many times are found to have less empowerment on an average. The regression results further show that the variables 'convenient repayment schedule' and 'presenting the idea during the meeting' have positive effect on empowerment. It repeats that 'participation during the meeting' have positive effect on empowerment and those who responded positively to the factor that the 'repayment amount was convenient' are empowered more compared to the members for whom the repayment amount was not convenient. Similarly, the respondents who presented their idea during the meeting are more empowered than others. Participation in meetings held at Collectorate, has significant effect on empowerment. It has negative effect on those who attended rather than those who did not participate. The empowerment scores tend to be lower for those who participated in the meeting held at Collectorate.

The multiple correlation coefficients (R) with a correlation value of 0.364 shows that there is a moderate level of correlation between the given set of predictor variables and the empowerment score. The F-test value (F=3.004) shows that the correlation coefficient was found to be significant at five percent level. However, the R2 value (0.132) shows that only 13.2 percent variation in the dependent variable (empowerment score) was explained by a set of independent variables used in the regression analysis.

OBSERVATIONS AND SUGGESTIONS

1. All the respondents have availed bank loan but 477 respondents have invested in new business and existing business. 244 respondents have not invested in any business but used the bank loan for personal consumption which defeats the purpose of the programme. Hence bank loan may be sanctioned for SHG s with sound business proposal for income generating activities.

2. Among the 477 respondents who have started income generating activities, 162 have undergone training which indicates the inadequacy of EDP training programmes. The skill oriented training and EDP training should be made mandatory for all loances before bank linkage is established.

3. In the study the bankers have pointed out the problems of repayment among many SHGs due to lack of financial discipline. Many beneficiaries of bank loan tend to believe that the loan would be waived off and the need for repayment does not arise even before availing bank loan Hence the bankers have observed that the SHG s need to be educated about the need to invest in income generating activities, financial discipline and prompt repayment. The attitudinal change will go a long way in recycling the loan to several groups of beneficiaries.

4. Social empowerment should be given more importance and the SHG s fight against wife beating, domestic violence, atrocities and illicit liquor may be encouraged as a people's movement.

References

Adams, R. (1996). *Social Work and Empowerment.* London: Macmillan Press.

Amarjeet, K. (2008). Self Help Group (SHG) and Rural Development. *Kurukshetra*, 25-29.

Ambiga, D.P. & Shoba. K. (2008). Study on Empowerment of Women Beneficiaries of Prime Minister's Rozgar Yojana. *Social Welfare*, 20-26.

Ananya, M. (2012). From food Security to Food Justice. *The Hindu*, February 1, Madurai (eds), 14.

Arulraj, D.J, Selvaraj, V.M. & Raja, J.E. (2011). Financial Status of Women SHGs: An Analysis. *Southern Economist*, 13-16.

Ashford, L.S. (1995). Gender Equality and Empowerment of Women. *Population Bulletin (New Perspectives on Population: Lessons from Cairo) 50* (1), 17-22.

Baltiwala, S. (1994). The meaning of Women's Empowerment:New Concepts from Action. In Gita Sen, Adrianne Germain and Lincoln c. Chen (eds). *Populatio Policies Reconsidered: health, Empowerment and Rights.* Boston: Harvard School of Public Health.

Blumberg, R.L. & Cathy, A.R. (1995). Irene Tinker and Michael Monteon (eds), *Engendering Wealth and Well-Being: Empowerment for Global Change.* Boulder. West view Press, Inc.

Karmakar, A. (2008). Indian Microfinance - An Avenue towards Human Capital Development. *The Management Accountant*, 827-832.

Katarina,T. (1993). *Women and Human Rights*, 24.

Mayous, L. (1995). From Vicious to Virtuous Circles? *Gender and Micro Enterprise Development, Geneva.* United Nation Research institute for Social development (UNRISD).

Narasimham, S. (1999). *Empowering Women- An Alternative Strategy from rural India.* New Delhi: Sage Publications.

Sen, A. (2001). Many faces of Gender Inequality. *Frontline*, Nov 2001.

Sharma, S.L. (2000). Empowerment without Antagonism: A case for Reformulation of Women's Empowerment Approach. *Sociological Bulletin, March, 49* (1), 19-39.

Singh, A.K. (2000). *Empowerment of Women in India*, New Delhi: Manak Publication Pvt Ltd.

www.nabard.org

www.nilgiris.com.