A Study On Micro Finance And Women Empowerment In Thanjavur District

Abstract

Micro finance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. The economic empowerment is expected to generate increased self-esteem, respect and other forms of empowerment for women beneficiaries. It is clearly visible that involvement in successful income generating activities should translate into greater control and empowerment. Considering the above, the present research deals with the role of microfinance by commercial banks and empowerment of women in select areas of Thanjavur District in Tamil Nadu.

1. Introduction

In India, the informal system of giving and receiving credit has been existing in some way or other. Before independence and until 1955, all Indian banks were in private hands. There was no regulatory framework to protect the depositors. After independence, it was realised that improving the living conditions of the poor was necessary for the overall development of the country. The tremendous success of small loan program in reaching the poor, especially women in rural areas attracted international donor countries to support micro finance initiatives so as to address the challenging task of poverty eradication. Micro finance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their
households and communities. The economic empowerment is expected to generate increased self-esteem, respect and other forms of empowerment for women beneficiaries.

1.1 Evolution Of Micro Finance

The term “micro” literally means “small”. Micro finance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector. Micro-credit is the provision of financial services to poor people. It is the extension of small amounts of collateral-free institutional loans to individuals or to jointly liable group members for their self-employment and income generation.

There are so many schemes for the upliftment of poor in India. One of them is Micro -credit programme. It is run primarily by NABARD in the field of agriculture and SIDBI in the field of Industry, Service and Business (ISB). Micro Finance Scheme of SIDBI is under operation since January, 1999 with a corpus of Rs.100 crores and a network of about 190 capacity assessed rated MFIs/NGOs.

1.2 Commercial Banks And Microfinance

Within the spectrum of lower-income population who lack access to financial services, a distinction can be drawn between the extremely poor and the economically active poor. The extremely poor are considered to be those individuals who have insufficient resources to meet defined basic consumption needs, including people who are not qualified to work or whose income is so low that they are not able to meet their household basic needs. Unlike the extremely poor, the economically active poor tend to be people who work on part-time jobs, own some private property or small business, and are capable of working and carrying out projects. Therefore, commercial microfinance is a complement to and not a substitute for, government and donor alleviation and employment generation programmes for the extremely poor.

1.3 Women Empowerment

Among total Indian population of 1027.10 million, women constitute 495.73 million. Therefore, “women constitute nearly 50 per cent of population, perform two-thirds of the work and produce 50 per cent of food commodities consumed by the country. They earn one third of remuneration and own 10 per cent of the property or wealth of the country.”

Women are regarded as the “better half” of the society and at par with the men. But in reality, our society is still male dominated and women are not treated as equal partners both inside and outside the four walls of the house. In fact they are treated as weak and dependent on men. As such Indian women enjoy an unfavorable status in society.

Rural women in India constitute 77.00 per cent of the female population. They share abundant responsibility and perform a wide spectrum of duties in running the family, maintaining the house hold activities like rearing, feeding, attending to farm labour, tending domestic animals and the like, even then they suffer in an abstract manner both economically and socially.

1.4 Micro Finance Empowers Women

Micro finance has been seen as contributing not only to poverty reduction and financial sustainability, but also to a series of ‘virtuous spirals’ of economic empowerment, increased well-being and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment. Empowerment through micro finance is identified and measured in various dimensions: impact on decision-making, on self-confidence of women, on their status at home, on family relationships and the incidence of domestic violence, on their involvement in the community, on their political empowerment and rights. Although it is difficult to measure the exact
impact of access to microcredit on different dimensions – such as impact on decision-making and on self-confidence – studies have shown that MFIs indeed have a positive effect on each of these different dimensions of women’s empowerment.

2. Statement Of The Problem

According to the World Bank’s gender statistics data base, women have a higher unemployment rate than men virtually in every country. These statistics are used to justify giving priority and increasing women’s access to financial services on the grounds that women are relatively more disadvantaged than men. In most poor countries, men’s domination of women is strongest within the household. Access to credit and participation in income-generating activities are assumed to strengthen women’s bargaining position within the household thereby allowing them to influence a greater number of strategic decisions. This study also looks into microfinance by commercial banks as contributing to women’s knowledge and self-confidence by widening their social networking.

The economic empowerment approach attributes women’s subordination in lack of economic power. It focuses on improving women’s control over material resources and strengthening women’s economic security. Women may work in a range of areas, including savings and credit training and skills development, new technologies and so on.

3. Objectives of the study

I. To assess the extent to which microfinance contributes to women empowerment in economic, socio-cultural at household level and political level.

II. To identify the role of microfinance in relation to women’s time, creating awareness and self-confidence.

III. To analyse the selected women’s empowerment levels before and after the intervention of microfinance is made.

IV. To assess the challenges of women clients in the microfinance institutions in the study area.

V. To give suitable suggestions on the basis of the study.

4. Hypotheses

The following hypotheses have been framed in the light of the above objectives:

H₀₁: “There is no significant association between socio economic variables and level of satisfaction of the respondents towards the effect of microfinance”

H₀₂: “There is no significant relationship between demographic variables and level of acceptance of the respondent towards microfinance aspects”

H₀₃: “There is no significant relationship between demographic variables and level of satisfaction of the respondent towards microfinance aspects”

H₀₄: “There is no significant association between obtaining microfinance and economic, socio and political empowerment of selected respondents.

5. Methodology

A. Sampling Design

This study is empirical in nature based on survey method. For the study purpose, convenes stratified sampling technique is adopted. Thanjavur District as the universe, the revenue divisions are the stratum, the selected urban and rural area as the primary unit of sampling and the women
microfinance borrowers as the ultimate unit. There are three revenue divisions in Thanjavur District namely Thanjavur, Kumbakonam and Pattukottai. In Thanjavur District 29 commercial banks other than branches are functioning of which the researcher has to select top two commercial banks namely State Bank of India and Indian Bank which are providing more amount of microfinance to women borrowers. Hundred respondents (50 respondents from each branch) from each revenue division were selected.

Table 5.1: Sample Design

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Revenue Division</th>
<th>Number of sample Branches</th>
<th>Number of Respondents from each Branch</th>
<th>Total Sample Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Thanjavur</td>
<td>2</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Kumbakonam</td>
<td>2</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>Pattukottai</td>
<td>2</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>300</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Bank Records

**B. Period of the Study**

The primary data were collected for a period of 9 months from April 2012 to December 2012.

**C. Collection of Data**

The study is based on both primary as well as secondary data. Primary data was collected with the help of a pre-tested and structured questionnaire that was finalised after a pilot study. Secondary data was obtained from published and unpublished reports, text books, periodicals, journals, seminar papers, web sites, government publications and commission reports. The annual reports, brochures, pamphlets and other documents of selected banks were also used.

**D. Statistical tools used**

The ultimate object of the study is to assess the extent to which microfinance contributes to women empowerment in Thanjavur District. In order to study the perception towards microfinance, chi-square test, analysis of one-way variance, student ‘t’ test, analysis of co-efficient of variation and percentage have been employed. To arrive at possible solutions simple percentages was used in the study.

**E. Chapterisation**

The thesis is arranged in six chapters.

The first chapter, “Introduction” presents an introduction to the study towards microfinance and women empowerment.

The second chapter, “Review of Literature” reviews the previous studies.

The third chapter consisted of the design and execution.

The fourth chapter deals with analysis of the women borrowers’ perception on microfinance and its impact.

The fifth chapter analyses women empowerment levels before and after the intervention of the microfinance.

The sixth chapter consists of findings, suggestions and conclusion.
6. Analytical Interpretation

6.1. Self Confidence In Facing Financial Crisis

The researcher made an attempt to analyse the social impact of microfinance on the respondents through self-confidence of facing financial crisis hence, respondents were asked about their level of self-confidence in facing financial crisis. The replies received from the respondents are presented and analysed in table 6.1 below.

Table – 6.1: Respondents’ Confidence In Facing Financial Crisis Before And After Obtaining Micro Finance

<table>
<thead>
<tr>
<th>Level of Confidence</th>
<th>Urban Before</th>
<th>Urban After</th>
<th>Changes</th>
<th>Rural Before</th>
<th>Rural After</th>
<th>Changes</th>
<th>F-test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td></td>
<td>Number</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not at all</td>
<td>64</td>
<td>42.67</td>
<td>-51</td>
<td>75</td>
<td>50.00</td>
<td>-34.00</td>
<td>2.627</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>8.67</td>
<td></td>
<td>18</td>
<td>12.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very little</td>
<td>41</td>
<td>27.33</td>
<td>-31</td>
<td>50</td>
<td>33.33</td>
<td>-20.67</td>
<td>4.611</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>6.67</td>
<td></td>
<td>13</td>
<td>8.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Somewhat</td>
<td>29</td>
<td>19.33</td>
<td>33</td>
<td>18</td>
<td>12.00</td>
<td>22.00</td>
<td>5.648</td>
</tr>
<tr>
<td></td>
<td>62</td>
<td>41.33</td>
<td></td>
<td>59</td>
<td>39.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Much more</td>
<td>10</td>
<td>6.67</td>
<td>31</td>
<td>4</td>
<td>2.67</td>
<td>23.33</td>
<td>11.225</td>
</tr>
<tr>
<td></td>
<td>41</td>
<td>27.33</td>
<td></td>
<td>35</td>
<td>16.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To a great extent</td>
<td>6</td>
<td>4.00</td>
<td>18</td>
<td>3</td>
<td>2.00</td>
<td>22</td>
<td>8.094</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>16.00</td>
<td></td>
<td>25</td>
<td>16.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
<td>0</td>
<td>150</td>
<td>100</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Computed from primary data * Significant @ 5 % level,** Significant @ 1 % level.

It is evident that micro finance have positive impact on women’s’ level of confidence to face financial crisis. The ‘F’ values are found and there is no significant difference between urban and rural borrowers towards the confidence in facing financial crisis.

6.2: Confidence In Meeting The Officials

The researcher made an attempt to analyse the social impact of microfinance on the respondents through confidence of meeting officials hence respondents were asked about their level of confidence in meeting the officials. The replies received from the respondents are presented and analysed in table 6.2 below.
The researchers made an attempt to analyse the social impact of microfinance on the respondents through financial skills of the respondents. Hence the respondents were asked about their level of financial. The replies received from the respondents are presented and analysed in table 6.3 below.

Table 6.3: Financial Skills

<table>
<thead>
<tr>
<th>Level of Financial Skills</th>
<th>Urban</th>
<th>Rural</th>
<th>F test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before</td>
<td>After</td>
<td>Changes</td>
</tr>
<tr>
<td>Extremely Poor</td>
<td>53</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>%</td>
<td>35.33</td>
<td>9.33</td>
<td>26.00</td>
</tr>
<tr>
<td>Poor</td>
<td>58</td>
<td>15</td>
<td>43</td>
</tr>
<tr>
<td>%</td>
<td>38.67</td>
<td>15.33</td>
<td>23.33</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>22</td>
<td>74</td>
<td>-52</td>
</tr>
<tr>
<td>%</td>
<td>14.67</td>
<td>49.33</td>
<td>-34.67</td>
</tr>
<tr>
<td>Good</td>
<td>11</td>
<td>34</td>
<td>-23</td>
</tr>
<tr>
<td>%</td>
<td>7.33</td>
<td>22.67</td>
<td>-15.33</td>
</tr>
<tr>
<td>Excellent</td>
<td>6</td>
<td>13</td>
<td>-7</td>
</tr>
<tr>
<td>%</td>
<td>4.00</td>
<td>8.67</td>
<td>-4.67</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>150</td>
<td>0</td>
</tr>
<tr>
<td>%</td>
<td>100</td>
<td>100</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Computed from primary data * Significant @ 5 % level,** Significant @ 1 % level.

It is preserved from table 5.7 that before obtaining micro finance 38.67 per cent urban and 54 per cent of the rural respondents not at all having confidence in meeting officials but after obtaining the loan it is reduced to 11.33 per cent and 19.33 per cent in urban and rural respectively. It indicates the positive impact of the micro finance on the women’s confidence in meeting officials.
It indicates positive impact of the micro finance on the women’s financial skills developments. The ‘F’ values are found and there is no significant difference between urban and rural borrowers towards women’s financial skills development.

7. Findings

- Out of the 300 respondents, 12%, 24.33%, 22.33%, 28.34%, and 13% of the respondents are strongly agree, agree, neither agree nor disagree, disagree and strongly disagree respectively towards various aspects relating to micro finance towards women empowerment in Thanjavur District.
- Consistency was found in the acceptance level, among the age group of 18 to 25 years, among the married respondents, the acceptance of the Christian respondents, among the SC/ST, those who are without occupation, respondents having Primary educational qualification, who have monthly income of `2,501 to `5,000 and who are living in Pucca (tiled) house.
- Out of the 300 respondents, 22.67%, 38%, 19.33%, 12.33% and 7.67% of the respondents are highly satisfied, satisfied, neither satisfied nor dissatisfied, dissatisfied, and highly dissatisfied respectively towards micro finance provided by commercial banks.
- The mean score reveals that the respondents have higher satisfaction (3.67) towards development of business by using micro loan followed by the Impact of micro finance on housing condition (3.57), and Impact of micro finance on sanitation awareness safety and security (3.54). However, with regard to Loan formalities and procedures, the respondents have lower satisfaction (2.35).
- It is inferred that there is no significant association among the satisfaction level of the respondents belongs to different age groups, Marital status, Religion, Community, Educational qualification, Occupation, Monthly income and Housing status.
- It is also revealed from the study that the respondents in the age group of 36-40, married, Hindus FC respondents, with SSLC qualification, respondents earning monthly income of `5,001 to `7,500 and the respondents living in Semi pucca (semi tiled) are more satisfied towards the impact of micro finance.

8. Suggestions

- Commercial banks may reduce the interest rate and provide proper financial marketing which will improve financial returns of the borrowers.
- Micro credit institutions should increase the amount of funds that the poor can access in order for the household to engage in businesses that will lead to increased productivity and eventually household income.
- There is need to appreciate the socio-economic conditions, knowledge, attitudes, perceptions and cultural beliefs and practices of credit borrowers.
- Commercial banks should be strengthened and should expand their support to resource poor women. Commercial banks should conduct proper meeting with borrowers in which they must tell them about the use of loan in proper business Government policy on the status of women plays an important role in empowering women in social as well as economic factors of empowerment.
Commercial banks to design better methods / procedure that will make the processing of credit fast and easy. In addition they should provide a variety of products that suite the borrowers their demand and needs.

Commercial banks should critically look at the type of business the borrowers are going to be involved before releasing the funds to them. Only borrowers with business who shows good returns should be considered for credit. Diversification of business should be encouraged by the Commercial banks with the aim of borrowers.’ engaging in a number of businesses that are likely to yield high income.

9. Conclusion
Micro finance plays a significant role in the economic empowerment of women. Through the provision of loans to women, particularly to the poor, uneducated and who are not able to fulfil the collateral requirements laid down by other lending institutions, microfinance enables them to be self-employed. Consequently, some of the women have managed to increase their incomes, although in small amounts, and improve savings. The above findings indicate that the delivery of microfinance had positive impacts in the economic empowerment of the clients, although the income increases were small.

References