

Micro finance intervention and its influence on decision making pattern on beneficiaries- A study on NGOs MF programme

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■ **ABSTRACT :** Decision making is a capacity of individual which influence their lives and it enables to realize their identity and power in all spheres of life. Access to credit without physical collateral through various entities as alternative micro finance institutions plays a great role in the lives of millions of poor people particularly women in terms of creating self employment across the world. Financial capabilities and participation in income-generating activities of women relatively strengthen their bargaining position within the household thereby enhance decision making capacity of women in many cases. This research article depicts purposively selected two NGOs micro finance (mf) impact in decision making capacity of women after micro finance intervention at household and community level. Study was conducted in Sonitpur and Lakhimpur districts of Assam covering 945 numbers. of beneficiaries. Survey method was applied to gather the information. NGOs microfinance programme has helped to raised employment status of women in study area, unrelated to the matter of individual employment or in association with other family members. The change of raising employment is more pronounced about 97 per cent among women, which in turn found positive impact on capacity of decision making. Regression co-efficient of employment status of women after Mf intervention (ESWAMf) appear significantly positive in all selected categories of decision making, this may be due to fact that employment leads to possession over income, knowledge, awareness, self confidence and exposure to outside world.

■ **KEY WORDS:** Micro finance, Non-government organization (NGO), Self employment, Women empowerment, Decision making

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Microfinance plays a great role in the lives of millions of poor people particularly women across the world. Providing financial services through institutions, to low-income clients, where the

market fails to provide appropriate services is primarily focus of this programme. Microfinance makes women economically independent by putting capital and financial resources in their hands. Financial capabilities

and participation in income-generating activities of women relatively strengthen their bargaining position within the household thereby enhance decision making capacity of women in many cases. There are various studies which concluded that micro finance programme has a significant positive impact on people's life in terms of increasing self employment, income, increasing bargaining power in both households and society, combating many social issues like household violence, child education, health etc. However, some other studies show that microfinance is not an effective tool to eliminate poverty and generating employment as well as improving other status of women. In a comprehensive study, Pitt *et al.* (2003) have concluded that women's participation in credit programmes helps to increase women empowerment. It supports women to take a greater role in household decision-making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power and having greater freedom of mobility. Ashe and Parrott (2001), conducted a study on the women empowerment programme in Nepal and showed that 68 per cent of women in the programme experienced an increase in their decision-making roles in the areas of family planning, marriage of children, buying and selling property and sending their daughters to school. These all areas of decision-making were traditionally dominated by men. However, Shrestha (1998) of the centre for self-help development (CSD), Nepal reported that women were able to make small purchases of necessary items like groceries independently. But larger purchases and personal purchases always required the consent of the husband, representing incomplete progress toward empowerment in this area. In this way, the impact of microfinance programme is still a debatable based on its services, situation in which it grows, location peoples need etc. Therefore, this study is an attempt to understand the impact of NGOs micro finance programme on employment creation and decision making pattern (in particular) of women in study area with following objectives :

- To analyse the impact of micro finance services on empowering women in terms employment creation and involvement in decision making process.
- Explore the factors influence in various level of decision making.

■ RESEARCH METHODS

Sonitpur and Lakhimpur districts of Assam was selected purposively for the study. As study is confined with micro finance services of non-government organization (NGO) and its impact, sample NGO and micro finance beneficiaries were selected differently. Regarding selection of non-government organization as sample for the study two NGOs namely Institute of Integrated Resource Management (IIRM) and Gramin were selected purposively, as only these two NGOs are working in both the sample districts. Another set of sample is beneficiaries of micro finance programme of selected NGOs. Beneficiaries have been selected from all the blocks where selected NGOs were working. All total 12 blocks from Sonitpur and Lakhimpur district have been selected purposively for the study, 10 per cent women beneficiaries of each micro finance lending mode from all the blocks (if available) have been selected randomly through lottery method for the study. Thus total 945 numbers of women micro finance clients have been selected for the present study.

A structured schedule was prepared and interview method was applied to gather information. Correlation co-efficient was used to find out various factors and their relation on decision making pattern.

■ RESEARCH FINDINGS AND DISCUSSION

Findings of the study presented in considering various aspects of respondents in terms of their profile, involvement and impact of micro finance intervention

Socio-demographic profile of respondents:

Evidence from some studies shows that, social norms and intra household environment sometime lessen women's bargaining power and prevent their economic autonomy. Therefore it is important to analyse the socio-economic conditions of beneficiaries (Clients) in study area because sometime these socio-economic forces made women unable to utilise credit properly which leads to create a negative impact in terms of their empowerment. It is found that among the respondents highest percentage of surveyed respondents were belonging to age group of 31 – 35 years. Regarding education qualification majority of respondents are from middle school level to HSLC level. 72 per cent respondents are found married followed by 14 per cent widow and 11 per cent unmarried. Others category in

the table indicates respondents divorced or separated *i.e.* 4 per cent. Sixty four per cent respondents reported that their size of the family is medium size with 5-7 members. Size of family comprising 2-4 members are 30 per cent. Respondents of Hindu Religion are found highest in study area *i.e.* 58 per cent. Respondents availing micro finance services in study area belong to a wide range of castes. Among the total respondents highest percentage *i.e.* 83 per cent are nuclear type. Only 10 per cent respondents' households are found joint family. Most of the respondents live in semi- *pucca* houses, *i.e.*, 54 per cent. Respondents were also

catagorised as per their locality. Sixty five per cent respondents are from rural areas (Table 1).

Frequency of credit received :

Table 2 shows that out of total respondents , 30 per cent respondents availing loan for one time, 63 per cent of respondents availing loan for two times and only 6 per cent of respondents availing loan for 3rd or 4th times. This is mainly because of NGOs micro finance operation in selected districts are not very old.

Table 1 : Socio-economic profile of respondents			
Particulars	% of total	Particulars	% of total
Age of respondents		Marital status	
18-25	14	Married	72
26-30	13	Un married	11
31-35	45	Widow	14
36-40	24	Other	4
41-45	5	Total	100
Total	100		
Education qualification of respondents		Caste of family	
Illiterate	1	General	42
Primary level	10	ST	17
M school level	23	SC	13
H S Level	34	OBC	19
HSLC	22	Tea Tribe	4
HS level	9	Others	5
Graduate	2	Total	100
Total	100		
Religion of family		Size of family	
Hindu	58	2-4 nos.	30
Muslim	18	5-7 nos.	64
Buddhist	3	8-10 nos.	6
Christian	20	> 10 nos.	0
Others	1	Total	100
Total	100		
Type of family		Type of household	
Joint	10	Kutchha	29
Nuclear	83	Semi- pucca	54
Extended	7	Pucca	16
Total	100	Total	100
Rural urban distribution of households			
Rural	65		
Semi- Urban	25		
Urban	10		
Total	100		

Table 2 : Distribution of respondents as per frequency of credit received		
Frequency of credit	N	%
One time	286	30
Two times	600	63
3 rd or 4 th times	59	6

Source- Field survey 2010-11

Utilization pattern of loan:

Some studies shows that though loans are in the name of women but their involvement in utilization of loan in productive purpose found very less. As a result no changes found before and after micro finance intervention on their bargaining as well as decision making capacity, therefore, it was found important to analyse utilization pattern of loan in study area. Fig. 1 reveals utilization pattern of loan against frequency of credit received by the respondents. It appears in the Fig. 1 that clients, who are availing loan for the one time, among them 34 per cent of clients utilise loan by themselves in income generating activity, 37 per cent of loan in the name of women were utilise by other family members like husband, brother, brother in law. Loan utilization without clients' involvement is going down in case of increase frequency of loan (*i.e.* loan from 1st time to 3rd or 4th time). This mainly because of NGOs policy of not disbursing second or third time loan to the respondents if respondents herself were not involved in income generating activity. In case of loan availing 3rd or 4th times, among them highest percentage of respondents use by themselves for income generating activity followed by using loan with other family member and with husband. NGOs loan utilization by husband and other family members are nil among the respondents who are availing loan for 3 or 4 times. Utilization of loan by both husband and wife were found in a sizable number of households in all level of frequency.

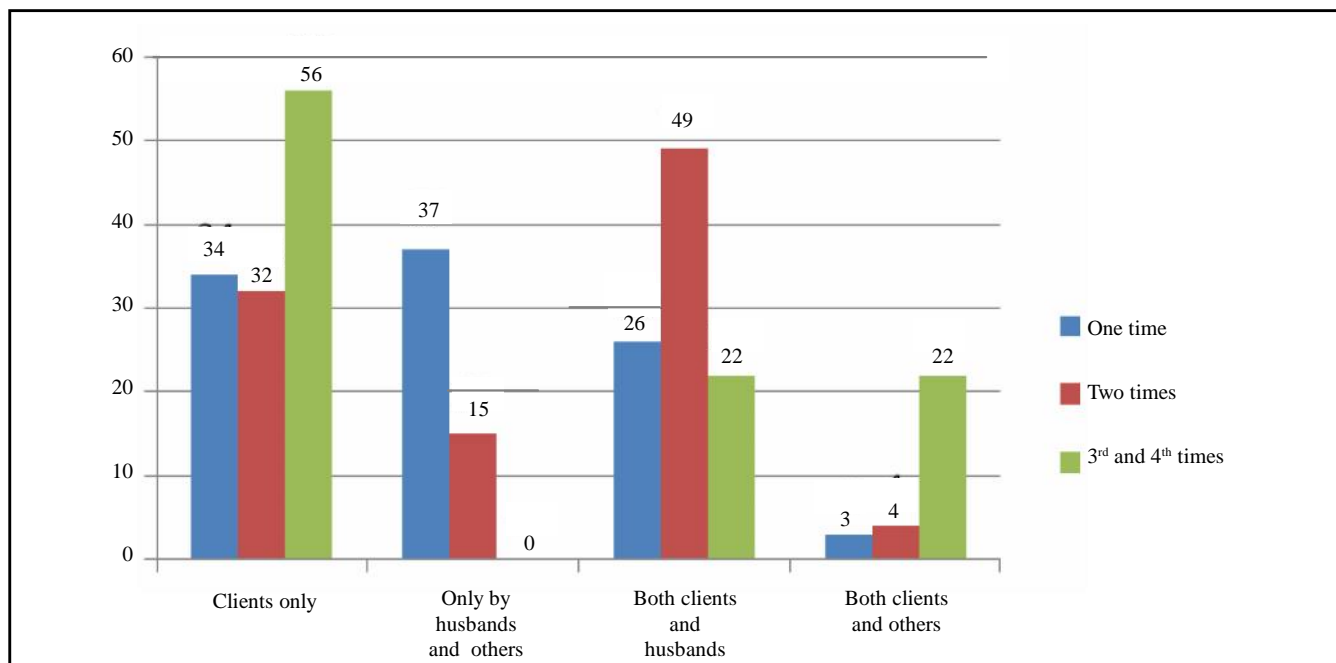


Fig. 1 : Graphic representation of loan utilization pattern as per their frequency of credit received

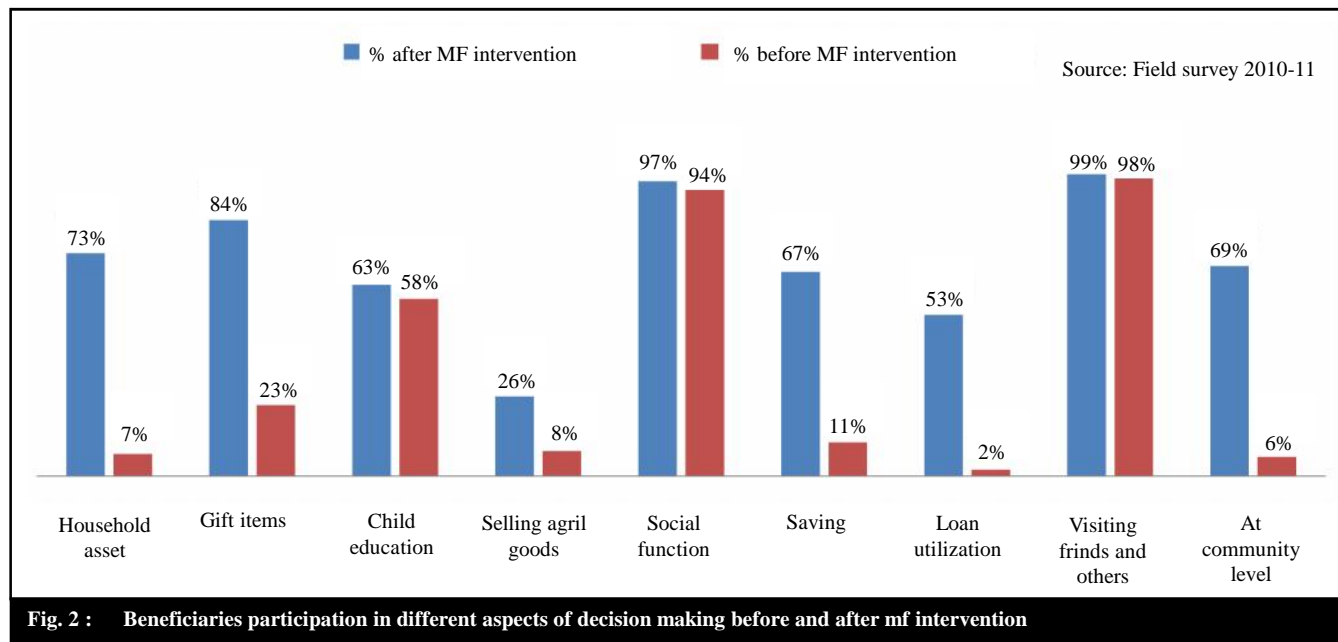
Impact on capacity of decision making:

Decision making status before and after micro finance programme:

To investigate whether women's access to credit has any impact on their decision making capacity in study area; beneficiaries were asked their involvement in decision making before and after micro finance intervention. Impact on decision making capacity of women indicates their participation and positive consideration of their decisions. Few important aspects like involvement in purchasing household assets, gift items, selling agricultural goods, utilization of loan, household saving, child education (includes school selection, education for girl child, children's higher education) and their involvement in decisions at community level *i.e.* decisions at group meeting, community hall, Mahila Samitee etc. have been considered to assess the impact. The decision making aspects which have been taken into consideration are shown in Fig. 2. It presents a comparative picture of beneficiaries participation in different aspects of decision making before and after micro finance intervention. The result shows that women's access to credit contributes significantly in their exercise of purchasing and selling power, household saving, loan utilization, as well as involvement in community

decision making.

Comparative Fig. 2 indicates that in case of visiting friends and neighbours and attending social functions in nearby areas beneficiaries involvement in decision making levels are almost same before and after joining mf programme. Contributing financial resources to the family confers value to women's views and gives them more entitlements than they would otherwise have. In the study area also involvement of beneficiaries in economic activities with support of micro finance could bring positive changes in terms of participation in decision making issues like purchasing gifts, household assets, savings, and loan utilization. Beneficiaries involvement after Mf intervention in decisions related to financial matter like purchase household asset, gift items, selling agricultural goods, savings and utilization of loan, positive significant impact. Before joining NGOs micro finance programme only 7 per cent beneficiaries were involve in decision related to purchase household assets which is increasing to 73 per cent after joining micro finance programme. Likewise in purchasing gift items involvement of beneficiaries increased from 23 per cent to 84 per cent. Again involvement of beneficiaries in decision related to savings and loan utilization is highly influenced by micro finance intervention in study area. Beneficiaries involvement in



decision related to household savings increases from 11 per cent to 67 per cent and in case of decision related to utilization of loan increases from 2 per cent to 53 per cent. In case of participation in decision making of children education, very less percentage of beneficiaries were influenced by economic empowerment. This mainly because of education related decision is not only associated with economic independence of person but also other factors like education qualification, age, environment *i.e.* rural-urban distribution etc.

Microfinance intervention in study area found positive impact in terms of women empowerment in decision making capacity. In a study Rehman and Khan (2007) have concluded that Microfinance services lead to women empowerment by influencing their decision making power at household level and their overall socio-economic status.

Impact of variables on various level of decision making of beneficiaries:

The results of various determinants on different aspects of decision making both financial and non financial of beneficiaries after micro finance interventions are shown in Table 3

Result of the regression in Table 3 shows that the Age of the beneficiaries found positively related with involvement in decision making of child education and selling agricultural goods but in case of decision related

to buying gift items and decision at community level respondents age influence negatively *i.e.* involvement goes down with increase age. Regression co-efficient of employment status of women after Mf intervention appear significantly positive in all selected categories of decision making, this may be due to fact that employment leads to possession over income, knowledge, awareness, self confidence and exposure to outside world. Regression co-efficient of ESWAMF being positive shows that keeping other variables constant, if women are employed after mf intervention, their chances of involvement increases 7 times more in decision related to purchasing household asset. The odds ratio of regression co-efficient EMWAMF shows that holding other variables constant, employed women after mf intervention have 3 times more chance to involve in decision of buying gifts, 27 times more in selling agricultural goods, 14 times more in loan utilization, 13 times more in household saving, 3 times more in child education and 4 times more involvement in decision at community level. Exponential of co-efficient of MS shows that the chances of married beneficiaries involvement in decision related to purchasing household asset 3 times more than others. The odds ratio of regression co-efficient MS shows that holding other variables constant, 2 times more involved in decision related to buying gifts, 6 time more in loan utilization, 4 times more in household saving, and 2 times more

involved in decision at community level. Regression result also shows married beneficiaries have 93 per cent more chance in case of involvement in decision related to selling agricultural goods. Co-efficient of family type found negative in selling agricultural goods, *i.e.* involvement of women in decision related to selling agricultural goods decreases by 56 per cent in case women from nuclear family than otherwise. However, both these variables are not statistically significant in other selected categories of decision making. Keeping other variables constant regression co-efficient of

RuUrD indicates rural women have 51 per cent less chance in involvement of decision making of household asset, 63 per cent less chance in involvement in decision of buying gifts, 75 per cent less chance in selling agricultural goods, 45 per cent less in household saving and 43 per cent less chance in involvement in decision on child education. Husband occupation is also positively related to womens involvement in decision making of buying assets, selling agricultural goods and loan utilization. Status of in-laws in the family found negatively significant in women's involvement in

Table 3 : The results of various determinants on different aspects of decision making both financial and non financial

Determinants	Purchasing household asset			Purchasing gift items			Selling agricultural goods			Utilization of loan		
	Co-efficient ()	Wald	Exp	Co-efficient ()	Wald	Exp	Co-efficient ()	Wald	Exp	Co-efficient ()	Wald	Exp
AGER	-.038	4.161	.962	-.086	13.715**	.918	.071	16.778**	1.073	-.029	3.114	.972
RS	-.317	3.266	.729	-.512	5.795	.600	-.454	6.285	.635	-.001	.000	.999
MS	1.307	27.506**	3.695	.942	11.370**	2.566	.658	7.780**	1.931	1.861	62.567**	6.429
EDUR	.148	.440	1.160	-.248	.650	.780	.745	12.787**	2.106	-.239	1.674	.787
FT	-.396	2.952	.673	-.133	.227	.876	-.819	10.006**	.441	-.471	4.811	.624
RuUrD	-.711	12.545**	.491	-.979	16.576**	.376	-1.365	34.348**	.255	-.269	2.185	.764
Hoccu	.661	9.748**	1.938	.195	.551	1.215	1.154	21.510**	3.170	.493	7.106*	1.637
IL	-.427	5.295	.653	-.944	15.671**	.389	-.273	2.338	.761	-.347	4.558	.707
NIGAAMF	.960	21.559**	2.612	.458	3.286	1.581	-.422	4.809	.656	.588	10.920**	1.800
EDUH	-1.688	50.811**	.185	-2.382	46.749**	.092	-.963	16.184**	.382	-.514	6.565	.598
ESWAMF	1.969	50.123**	7.160	1.213	18.132**	3.364	3.332	10.573**	27.984	2.708	47.811**	14.997
NLOAN	.565	11.346**	1.759	.589	8.146**	1.801	.369	4.981	1.447	.336	5.319	1.400
Constant	.011	.000	1.011	5.174	28.429	176.551	-7.212	32.814	.001	-2.286	9.007	.102

Table 3 contd...

Table 3 contd..

Determinants	Household saving			Child education			At group level		
	Co-efficient ()	Wald	Exp	Co-efficient ()	Wald	Exp	Co-efficient ()	Wald	Exp
AGER	-.030	2.973	.970	.131	64.812**	1.140	-.053	10.457**	.948
RS	-.216	1.578	.806	-.147	.815	.863	-.033	.042	.968
MS	1.394	33.242**	4.033	.435	3.983	1.545	1.095	24.841**	2.989
EDUR	-.099	.217	.906	-.452	4.985	.637	-.399	4.076	.671
FT	.247	1.113	1.281	-.117	.312	.890	.040	.034	1.041
RuUrD	-.587	8.954**	.556	-.560	8.970**	.571	-.111	.373	.895
Hoccu	-.006	.001	.994	-.196	.855	.822	-.514	6.851*	.598
IL	-1.192	36.841**	.303	-.774	19.434**	.461	-.561	11.260**	.571
NIGAAMF	.246	1.599	1.279	.171	.812	1.186	.393	4.601	1.481
EDUH	-1.309	34.194**	.270	-1.983	73.980**	.138	-.622	9.588**	.537
ESWAMF	2.619	63.290**	13.719	1.308	24.482**	3.700	1.415	30.204**	4.116
NLOAN	.870	27.152**	2.387	.493	10.058**	1.636	.295	3.863	1.343
Constant	-.609	.655	.544	-3.340	23.633	.035	1.739	6.543	5.690

* and ** indicate significance of values at P=0.05 and 0.01, respectively

NB:AGER-Age of respondent, RS-Religion status, MS-Marital status, EDUR- Education of respondents, FT- Family type, RuUrD-Rural urban distribution, Hoccu- Husband occupation, IL-Status of in-laws, NIGAAMF-Nature of income generating activity of women after joining Mf, EDUH- Education of husband, ESWAMF- Employment status of women after Mf operation, NLOAN- Numbers of loan availed

decision related buying gifts, child education, savings and decision at group level. *i.e.* presence of in-laws in household leads to limited involvement of women. Odds ratio of the regression co-efficient of NIGAAMF shows that women who are involve in agri based IGA having 2 times more involvement in decision related to purchasing household assets then other. Keeping other variables constant regression co-efficient of NIGAAMF indicates that women who are involved in agriculture based IGA have 80 per cent more chance in involving decisions related to utilization of loan. Increase number of loan found significantly positive determinants in case of decision making capacity of women in purchasing asset, purchasing gifts, household saving and child education.

Regression equation shows co-efficient of husband education significantly negative in beneficiaries involvement in decision on purchasing household asset, buying gifts, selling agricultural goods, household saving, child education and decision at community level.

Conclusion :

Findings of the study shows that microfinance programme that provides opportunities of self employment in target area is likely to raise womens involvement in majority of household decision (Kabeer, 1999). Also found in a study that access to more credit has enabled some women to negotiate for an increased role in household decision making, presumably increasing empowerment. The regression analysis shows that the variables like employment status of women after micro finance interventions and numbers of loan raise by women are positively significant almost in all selected category of decision making of women which influence the economic empowerment of programme participants. In this way, microfinance programme has contributed a lot in the empowerment of women.

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