

Impact of micro-finance with respect to socio-economic empowerment of rural women

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ABSTRACT

The present study was carried out in Jorhat and Golaghat districts of Assam to examine the impact of micro-finance with respect to socio-economic empowerment of rural women. 10 SHGs who had availed Rs. 25,000.00 and above credited from the bank and others, were selected randomly from Jorhat and Golaghat district. Five rural women were selected randomly from each SHGs. Altogether 100 rural women were selected for the present study. Data was collected personally by interview method. The findings revealed that rural women utilized their fund in different income generating activities after availing micro-finance. It indicated that respondents' income and saving amount was increased. The result of the study showed that micro-finance led to individual participation and power of decision making in household, community and village level and breaking socio-cultural and religious barriers to equal development and increased self confidence and self respect of women.

INTRODUCTION

Women are the most vulnerable group affected by poverty. In recent years, governmental and non-governmental organizations in developing countries have introduced micro-finance programmes offering financial services to low income households, specially targeting women. This was based on the promise that women in poor households are more likely to be credit constrained and hence less able to undertake income-earning activities. The micro-finance programmes have given women the confidence to undertake socio-economic activities for which they require. Many women value their savings as a means of accumulating capital to construct a house, educate their children and meet their children's marriage expenses, etc. Small loans can make good business sense among the rural women. It has been noticed that women in particular stand to gain a lot from micro-finance because it gives them an independent means of generating wealth and becoming self reliant in a society that does not offer them much scope for entrepreneurship. And since it is women who run the

household, a higher standard of living for women ensures better governance and a healthier and more prosperous future for the children and a better future for the nation. The success of micro finance initiatives has often been attributed to their particular focus on empowering women and encouraging their self reliance through developing their own means of income. Moreover, there is scarcity of resource literature regarding the impact of micro-finance on socio-economic empowerment of rural women. Against this background, present study has been carried out in Assam to assess the impact of micro finance with respect to socio-economic empowerment of rural women (Barbara and Mahanta, 2001; Daulagupu, 2008 and Devi, 2000).

METHODS

A purposive cum random sampling method was adopted for the present study. It was carried out in Jorhat and Golaghat districts of Assam. From each of the selected district, 10 SHGs who had availed Rs. 25,000.00 and above credited from the

bank, were selected randomly from the list prepared by the block officials. For selection of the respondents, 5 rural women were selected from each SHGs with the help of executive members of the SHG's and NGO workers. Altogether 100 rural women were selected for the present study. Pre-tested interview schedule was used for getting the complete and desired information. The frequency, percentage and standard deviation were calculated to analyse the data.

OBSERVATIONS AND ANALYSIS

The impact of micro-finance were studied in different sub areas of socio-economic empowerment viz., utilization of fund, management of micro-finance received, participation of training programmes, amount of saving, mobility of the respondents, decision making on expenditure pattern of the rural women, approval of social issues, change in values and status of income of the respondents.

Utilization of fund:

The data presented in the Table 1 showed that after availing micro-finance the rural women utilized their fund in handloom and handicrafts (rank I) followed by agriculture (rank II) and animal husbandry (rank III). This may be due to confidence of used women on those areas and where there is market for generating income. Moreover, they felt that no extra training and investment are required for carrying out these trade. From their existing skill they ran the activities immediately.

Sr. No.	Areas conducted for economic activities	Total score	Rank
1.	Animal husbandry	135	III
2	Agriculture	141	II
3.	Children's education	81	IV
4.	Maintenance of house	69	V
5.	Handloom and handicrafts	267	I

Management of micro-finance received :

Table 2 revealed that 40 percentages of rural women managed their micro-finance by both *i.e.* husband and wife followed by herself alone 20 percentages. It showed that respondents' management capacity was gradually increased

Sr. No.	Category	Percentage
1	Self	20.00
2	Husband	40.00
3	Both	40.00

due to release of credit in their name from financial institute and preliminary knowledge gained by participating various training programmes.

Participation in training programmes before and after availing micro-finance:

It is evident from the Table 3 that before availing micro-finance, participation in training programmes were high in awareness programme about SHG (45%) followed by capacity building (34%), marketing linkages (25%). But after availing micro-finance participation in training programmes were increased in management on micro-finance (86%) followed by skill development (75%), awareness programme about SHG (72%). This might be due to the fact that rural women got recognition in the society after availing micro-finance which motivated them to participate in the training programme more.

Sr. No.	Participation in training programmes	Before (%)	After (%)
1.	Awareness programme about SHG	45	72
2.	Capacity building of SHG	34	67
3.	Management of micro-finance	17	86
4.	Skill development	14	75
5.	Marketing linkages	25	70

Amount of saving before and after availing micro-finance:

The data presented in the Table 4 showed that before availing micro-finance 35 per cent rural women saved below Rs. 500.00 followed by Rs. 501.00-Rs.1000.00 (30%) and Rs. 1001-Rs. 1500.00 (20%), respectively. But after availing micro-finance respondents saving amount was increased (28%) saved Rs. 501.00 - Rs. 1000.00 followed by Rs.1001.00-Rs.1500.00 by (27%) and Rs. 1501.000 - Rs. 2000.00 (18%). From the above findings it is revealed that the amount of saving was increased. It might be due to the fact that the rural women engaged a given amount of loan in trades for where they increase their income increase.

Sr. No.	Amount of saving	Before (%)	After (%)
1.	Below Rs.500.00	35	5
2.	Rs. 501.00 – Rs.1000.00	30	15
3.	Rs. 1001.00 – Rs.1500.00	20	40
4.	Rs. 1501 – Rs.2000.00	10	30
5.	Rs. 2001 and above	5	10

Mobility of the respondents before and after availing micro-finance

Mobility of the respondents were measured in three point scale *i.e.* always, sometimes and rarely and scored as 3, 2 and 1, respectively.

It was revealed from the Table 5 that through the rank for each item order of mobility were seemed to be more or less same irrespective of before and after availing micro-finance yet there was difference in total score of each item. The scores of respondents of each item more increased after availing micro-finance. The result showed that credit programmes leads to women to have greater social networks. It might be due to the fact that the respondents become economically independent to be mobile.

Decision making on expenditure pattern of the rural women:

As showed in the Table 6 that all the respondents took decision jointly in construction/repairing of building, purchase of household items, children’s marriage, expenses for household consumption, expenditure on festivals, purchase of agricultural implements followed by children’s education and medical treatment (94%), membership in any organization (89%), transportation (83%). But after availing micro-finance percentage of taking decisions jointly were reduced in children’s marriage (92%), followed by purchase of agricultural implements (91%), construction/repairing of building (88%), purchase of household items (82%), medical treatment (82%), expenses for

household consumption (78%), expenditure on festivals (76%), children’s education (75%).

The above findings revealed that before availing micro-finance majority of the respondents did not take individual decision in construction/repairing of building, purchase of household, children’s marriage, expenses for household consumption, expenditure on festivals, purchase of agricultural implements whether in medical treatment (6%), membership in any organization (11%), transportation (17%), purchase of any decorative items/cloths (34%). But after availing micro-finance (100%) of the respondents take individual decision in marketing of products followed by use of income from enterprise (71%), purchase of any decorative items/cloths (63%), savings (61%).

The above result showed that micro-finance leads to individual participation in decision making in household, community and village level. Breaking the social, cultural and religious barriers for equal development of women and increased status of participation in the decision making pattern of women in democratic institution. It might be due to the fact that their increase in income as well as they were economically independent.

Approval of social issues:

Respondents approved social issues such as job reservation for women (rank I) and punishing wicked husband were (rank II), love marriage (rank III), compulsory family

Table 5 : Distribution of rural women according to their mobility before and after availing micro-finance (n = 100)

Sr. No.	Mobility	Before		After	
		Total scores	Rank	Total scores	Rank
1.	Participation in various meetings in outside the village	93	I	201	I
2.	Collection of raw materials	78	III	141	II
3.	Social visits	84	II	96	III
4.	Marketing	36	IV	81	IV
5.	Participation in exhibition	9	V	36	V

Table 6 : Decision making pattern of rural women on expenditure before and after availing micro-finance (n=100)

Sr. No.	Category	Joint (%)		Independent (%)	
		Before	After	Before	After
1.	Children’s education	94.00	75.00	-	25.00
2.	Medical treatment	94.00	82.00	6.00	18.00
3.	Transportation	83.00	67.00	17.00	43.00
4.	Membership in any organization	89.00	62.00	11.00	38.00
5.	Construction/repairing building	100.00	88.00	-	12.00
6.	Purchase of household items	100.00	82.00	-	18.00
7.	Children’s marriage	100.00	92.00	-	8.00
8.	Expenses for household consumption	100.00	78.00	-	32.00
9.	Expenditure on festivals	100.00	76.00	-	24.00
10.	Marketing of products	5.00	-	95.00	100.00
11.	Purchase of agricultural implements	100.00	91.00	-	9.00

planning were ranked III of the strongly approved social issues by all rural women. While the inter religion marriage was considered to be the non approval social issue (Table 7). The result showed that rural women were aware about laws and rights and they were liberal about some social issues like love marriage, inter caste marriage. It might be due to good exposure of mass media and participation in training programmes.

Table 7 : Distribution of respondent's approval on various social issues (n = 100)

Sr. No.	Category	Total scores	Rank
1.	Job reservation for women	400	I
2.	Widow marriage	36	VII
3.	Love marriage	296	III
4.	Inter caste marriage	230	V
5.	Compulsory family planning	272	IV
6.	Divorcee	220	VI
7.	Punishing wicked husband	390	II

Change in values after availing micro-finance:

As data presented in the Table 8 showed that majority (99%) of the respondents increased their confidence followed by increase self respect (98%), knowledge after training (90%), enable them to make contribution to household finances (89%).

Table 8 : Distribution of rural women according to change in values after availing micro finance (n = 100)

Sr. No.	Change in values	Increase (%)	No change (%)
1.	Self respect	98	2
2.	Confidence	99	1
3.	Knowledge after training	90	10
5.	Enable them to make contribution to household finances	89	11
6.	Awareness about legal rights	87	13

The result showed that rural women increased their self confidence, self esteem, decision making power, awareness about legal rights after availing micro-finance. It might be due to the fact that their finance improved after getting the micro-finance.

Status of income of the respondents before and after joining SHG:

Table 9 showed that before joining SHG, 13 per cent of the respondents had no income. But after joining SHG all respondent had income.

Before joining a SHG, majority of the respondents could hardly be able to contribute towards their family income as they do not have the skills or capabilities or opportunities for employment. After joining a SHG, they can generate income

Table 9 : Status of income of the respondents before and after joining SHG (n = 100)

Sr. No.	Status of income (Monthly)	Before joining SHG (%)	After joining SHG (%)
1.	No income	13	-
2.	Up to Rs.500.00	26	30
3.	Rs.501.00-Rs.1000.00	35	31
4.	Rs.1001.00-Rs.1500.00	21	30
5.	Rs.1501.00-Rs.2000.00	5	7
6.	Rs.2001.00 and above	-	2

and help to supplement the income of the family as a result of it, the level of poverty was reduced to a great extent in several families. However, the returns from income generating activities taken up under it remain irregular and in many cases unstable. It was found that after availing micro-finance most of the respondents uplifted their income.

Conclusion and Recommendation:

The findings presented in the study show that rural women were represented different socio-economic situations with different needs for financial contact and trainings. It also confirmed that they utilize their fund in different income generating activities after availing micro-finance. The findings indicated that respondents' income and saving amount were increased. The result of the study showed that micro-finance leads to individual participation and power of decision making in household, community and village level and breaking socio-cultural and religious barriers to equal development and increased self confidence and self respect of women.

More research should be carried out focusing on impact assessment on socio-economic empowerment of women, social change dynamics of groups, business, leadership, promotion of viable micro enterprises etc.

The focus should be on developing a diversified micro-finance sector of different type of organizations, NGOs, MFIs and formal sector banks. All should have gender policies adapted to the needs of their particular target groups or institutional roles and capacities and collaborate and work together to make a significant contribution to gender equality and poor development.

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