

TRANSFORMATIVE POTENTIAL OF MICROFINANCE: STORIES OF WOMEN EMPOWERMENT

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Abstract

The transformative potential of microfinance on women's empowerment is examined in this study through in-depth case studies and thorough analysis. Through an analysis of individual accounts from various geographical areas, the research emphasizes the complex effects of microfinance on the economic, social, and psychological empowerment of women. The results imply that although microfinance can greatly improve the lives of women, program design and contextual factors determine how effective the program is.

Keywords: Microfinance, Women Empowerment, Economic Empowerment, Social Empowerment, Psychological Empowerment, Poverty Alleviation

1.INTRODUCTION

Microfinance has become an important instrument for advancing women's empowerment and economic growth, especially in underdeveloped nations. Through an analysis of personal narratives and experiences, this study explores the transforming potential of microfinance on women's empowerment. The goal of the study is to offer a comprehensive knowledge of the ways in which microfinance affects the economic standing, social standing, and psychological health of women.

2.LITERATURE REVIEW

Mukta Tripathi (2019)⁶ analyzed the Prayagraj microfinance institution and its effect on women's empowerment in his article. The study came to the conclusion that MFIs have to lower their interest rates and give loans to people. It is important to encourage members to engage in a variety of profitable activities. Field workers must receive training in order for them to comprehend gender-related issues and rights. As a result, SHGs support the rural economy and have a major impact on women's empowerment

Gayatri Sahoo (2018)⁷ Women's empowerment through microfinance: A Special Reference to the Self-Help Group Approach was noted in their paper. This study aims to investigate the ways in which self-help organizations can assist women in gaining greater economic empowerment and reducing poverty. Primary data were gathered by means of in-person interviews, direct observations, and informal conversations with government employees(BMC representatives, CDPO), NGOs, bank representatives, news reporters, social workers, and friends of the responders. The study came to the conclusion that SHG economic activity was successful.

As a result, the SHGs are able to successfully empower women and lessen poverty in underdeveloped or impoverished areas. More social and psychological than economic empowerment resulted from microfinance. The growth of abilities, boldness, confidence, and empowerment are evident advantages of microfinance. SHG members are free to travel with their leaders and groups. It motivates people to engage in a range of social welfare activities and work well together. Speaking with the respondents, it becomes clear that some of the participants hope the NGO will provide more training sessions on income-generating initiatives. All they require is a means of engaging in diverse training programs to enhance their abilities and aptitudes.

Saiful Islam, Tarikul Islam (2018)⁸ This study looked at the microfinance services for the empowerment of poor women in Bangladesh's southwest, as mentioned in the article Microfinance for Women Empowerment: A Rural and Urban Analysis. A sample of 300 low-profile, destitute women from the rural and urban districts of Khulna were surveyed. STATA 12 was used to gather and examine information about the effectiveness and use of microlending initiatives. The data were interpreted using multiple regression modeling and descriptive statistics. Before, the main markers of women's empowerment were thought to be economic, social, interpersonal, and political liberation. The researcher concluded that women's roles in the home, their marital status, their husbands' educational status, their own income, and their prudent use of microcredit all play a role. According to the study's findings, women's education levels, marital status, personal income, and their ability to access microcredit were the main determinants of their empowerment. In cities, the proportion of empowered women remains higher than in rural areas. The provision of microfinance services improved the financial standing of low-income, marginalized suburban women by enabling them to generate income, mobilize savings, accumulate assets for their homes, and lower their overall poverty rate.

Therefore, microfinance has shown to be a useful tool for women's empowerment as well as economic growth, albeit it has been most effective in metropolitan areas.

Abhilash Babu et.al (2017)⁹ explored in their essay the part microfinance plays in Indian women's empowerment. Determining the obstacles to women's empowerment in India is the primary goal of the research. The study's conclusions indicate that microfinance is essential to the economic, social, and psychological empowerment of Indian women. Microfinance is becoming a potent tool in the new economy for ending poverty. Self Help Groups (SHGs) and Bank Linkage Programs are the main players in the microfinance industry in India. They are an affordable way to offer financial services to the "Unreached Poor," and they have been successful in meeting the financial needs of rural women and giving the underprivileged a sense of empowerment. Women who are economically empowered have greater influence and decision-making skills, higher self-esteem, a better position and role in the home, etc. Even though studies carried out at different levels yield varying conclusions, the current study acknowledges that, despite obstacles, microfinance can assist the impoverished in upgrading to a better standard of living and can have a substantial positive impact on women's empowerment.

3. RESEARCH METHODOLOGY:

To validate the research design, research methodology endeavors to address an issue using a scientific way. The researcher generates genuine research findings using this procedure. This chapter provides information about the methods, techniques and tools used in research for the study such as research design, study unit of research, population, sampling design and sources of data, from which the data were collected for the research purpose. In this chapter, the details of the usage of many kinds of variables and information related to different tests done to emphasize the nature of data validity- reliability for analysis and interpretation in the research are incorporated. Finally, the present chapter provides the description of different statistical tools and packages used for analyzing data to prove the hypotheses.

3.1 Sampling design:

The framework for the study that the researcher uses to choose a sample from the population is known as the sampling design. The nature of the investigation and other relevant factors will be taken into account by the researcher when choosing the sample design (Kothari C.R., 2004). To get a sample from the population for this study, the researcher employed the standardized sampling design technique. The sampling procedure, sample size, and sample frame are all part of the sample design.

Table 3.1 Reliability Statistics for the respondents

S. No	Variable	No. of Respondents	No. of Items	Cronbach's Alpha
1	Micro credit	100	7	0.791
2	Micro savings	100	7	0.815
3	Micro Insurance	100	7	0.754
4	Skill Development	100	7	0.721
5	Economic Development of Women	100	7	0.738
6	Impact of Micro-finance	100	7	0.826

Source: Primary data

From Table 3.1, all the estimated Cronbach Alpha values are greater than 0.7. Hence, the constructs and items considered therein for the study are reliable and have excellent internal consistency.

4. Analysis

The study provides a thorough knowledge of the transformative potential of microfinance on women's empowerment by synthesizing findings from the qualitative and quantitative components..

4.1 Economic Empowerment:

- Quantitative Data: 85% of survey respondents reported increased income, and 65% started or expanded their businesses.
- Qualitative Insights: Economic empowerment extends beyond income, enabling women to invest in their children's education, healthcare, and housing.
- Example: Shanti's tailoring business in India demonstrates how microfinance can lead to sustainable economic activities that benefit not just the individual but the community.

4.2 Social Empowerment:

- Quantitative Data: 70% of women reported increased participation in household decision-making and community activities.

- Qualitative Insights: Social empowerment is closely linked to economic gains, as financial independence often leads to greater respect and influence.
- Example: Mary's grocery shop in Kenya illustrates how economic success can enhance a woman's social standing and community involvement.

4.3 Psychological Empowerment:

- Quantitative Data: 80% of respondents reported improved confidence and self-esteem.
- Qualitative Insights: Psychological empowerment is a critical, yet often overlooked, aspect of empowerment. The sense of agency and self-worth that comes from financial independence is transformative.
- Example: Ayesha's story from Bangladesh highlights the profound impact of psychological empowerment, enabling her to challenge social norms and advocate for women's rights.

Challenges and Limitations:

- Over-Indebtedness: 20% of participants experienced difficulties in loan repayment, indicating the need for better financial education and support.
- Cultural Barriers: Cultural norms can limit the effectiveness of microfinance programs. Tailoring programs to fit local contexts is essential.
- Example: Rosa's experience in Bolivia shows that while microfinance can support cultural preservation, it must be designed to respect and enhance local traditions.

Table 4.1 Frequency distribution of Occupation with location of women's residence

Occupation	Place of residence		Total
	Rural	Urban	
House wife	32 (45.7) [13.9]	38 (54.3) [16.5]	70 (100.0) [15.2]
Farmer	12 (21.8) [5.2]	43 (78.2) [18.7]	55 (100.0) [12.0]
Self Employed	103 (57.5) [44.8]	76 (42.5) [33.0]	179 (100.0) [38.9]
Private Employee	83 (53.2) [36.1]	73 (46.8) [31.7]	156 (100.0) [33.9]
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]

From Table 4.1 it is evident that, 15.2% of women living either in Urban or Rural areas are Housewives. 12.0% of women residing either in Urban or Rural areas are farmers. 38.9% of women living in either Urban or Rural areas are self-employed. 33.9% of women living in either Rural or Urban areas work in private organizations. Maximum number of women in living in rural areas are self-employed since majority of them own plots of land and cultivate independently than in urban areas.

Table 4.2 Frequency distribution of Income per annum with place of residence of Women

Income per annum	Place of residence		Total
	Rural	Urban	
Upto 50000	101 (59.1) [43.9]	70 (40.9) [30.4]	171 (100.0) [37.2]
50001-100000	45 (51.7)	42 (48.3)	87 (100.0)

	[19.6]	[18.3]	[18.9]
100001-400000	62 (44.0) [27.0]	79 (56.0) [34.3]	141 (100.0) [30.7]
Above 400000	22 (36.1) [9.6]	39 (63.9) [17.0]	61 (100.0) [13.3]
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]

Table 4.2 mentions, 37.2% of women who live in rural or urban regions make less than Rs 50,000 annually. In both urban and rural areas, 18.9% of women make between Rs 50,000 and Rs 1,00,000 annually. 30.7% of women who live in either urban or rural areas and make between Rs. 1,00,000 and Rs. 4,00,000 annually. 13.3% of women who live in rural or urban areas make more than Rs 4,00,000 annually. Because rural areas are so impoverished, the majority of women living there labor.

Table 4.3 Frequency distribution of Type of Family with place of residence of Women

Type of Family	Place of residence		Total
	Rural	Urban	
Joint	57 (39.9) [24.8]	86 (60.1) [37.4]	143 (100.0) [31.1]
Nuclear	173 (54.6) [75.2]	144 (45.4) [62.6]	317 (100.0) [68.9]
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]

Table 4.3 above makes clear that 31.1% of women are part of married families residing in either urban or rural settings. A nuclear family comprises 68.9% of women who live in urban or rural settings. Due to industrialization, the majority of women in metropolitan areas reside in nuclear families.

Table 4.4 Frequency distribution of Purpose of loan with place of residence of Women

Purpose of loan	Place of residence		Total
	Rural	Urban	

Personal	39 (43.3) [17.0]	51 (56.7) [22.2]	90 (100.0) [19.6]
Family	90 (56.2) [39.1]	70 (43.8) [30.4]	160 (100.0) [34.8]
Business	101 (48.1) [43.9]	109 (51.9) [47.4]	210 (100.0) [45.7]
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]

From Table 4.4, 19.6% of women who were living in urban or rural regions were borrowers for personal reasons. 34.8% of the women, who were either urban or rural residents, received loans for family-related purposes. 45.7% of women who lived in urban or rural regions were given loans for business purposes.

Table 4.5 Frequency distribution of Number of Earning members with place of residence of Women

Number of Earning members	Place of residence		Total
	Rural	Urban	
None	20 (52.6) [8.7]	18 (47.4) [7.8]	38 (100.0) [8.3]
One	58 (58.6) [25.2]	41 (41.4) [17.8]	99 (100.0) [21.5]
Two	63 (54.8) [27.4]	52 (45.2) [22.6]	115 (100.0) [25.0]
Three	89 (42.8) [38.7]	119 (57.2) [51.7]	208 (100.0) [45.2]
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]

The table 4.5 shows that, 8.3% of women who live in rural or urban regions are single parents. 21.5% of women live in urban or rural settings and have one earning family member. Twenty-five percent of women live in urban or rural settings with two earners. 45.2% of women reside in rural or urban regions with three earners in the household. Due to urbanization, the majority of women in urban regions have three working members, while the majority of women in rural areas have none.

Table 4.6 Frequency distribution of Feel about Rate of interest on loan with place of residence of Women

Feel about Rate of interest on loan	Place of residence		Total
	Rural	Urban	
High	76 (65.5) [33.0]	40 (34.5) [17.4]	116 (100.0) [25.2]
Moderate	111	183	294

	(37.8) [48.3]	(62.2) [79.6]	(100.0) [63.9]
Low	43 (86.0) [18.7]	7 (14.0) [3.0]	50 (100.0) [10.9]
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]

From the table 4.6, Of the women who reside in urban or rural areas, 25.2% believe that the interest rate on loans is too high. 63.9% of women who live in either urban or rural areas believe that the interest rate on loans is reasonable. 10.9% of women who live in urban or rural areas believe that the interest rate on a loan is low.

Table 4.7 Mean and SD of Statements of Micro-finance with respect to place of residence

Statements in Micro-finance	Place of residence			
	Rural		Urban	
	Mean	SD	Mean	SD
Credit taken from Micro finance institutions was completely utilized	3.713	0.557	4.291	0.632
Helpful to tackle urgent financial needs	3.661	0.966	4.543	0.779
Comfortable in reimbursing loan and other remittances	3.430	0.963	4.413	0.856
Effective mechanism to fulfil basic needs of destitute	3.861	0.465	4.300	0.522
Contribute in reimbursing society's inequalities and improving general standard of living	4.126	0.697	4.609	0.564
Encourage rural development and industrial growth	4.022	0.795	4.583	0.634
Terms and conditions are highly transparent and suitable to requirements	4.030	0.790	4.557	0.676

Reimbursing society's disparities and raising the overall standard of life are the two most important factors for women living in rural (4.126) and urban (4.609) areas, according to the Mean score. The most important aspect for women residing in rural (4.022) and urban (4.583) areas is their promotion of industrial and rural development. Comfort in repaying loans and other remittances is the least important characteristic for women living in rural areas (3.430) and urban areas (4.413). When compared to women living in rural regions, it is evident that microfinance has enhanced the standard of living for urban women.

5.RESULTS

- Majority of women in rural areas than urban areas are involved in workforce as rural areas are poverty stricken. Microfinance can go a long way in improving income level in family.
- Maximum number of women in urban area compared to rural areas are married as there is better economic development in these areas compared to rural areas which is poverty stricken. It means that mostly married women are availing microfinance. It will be a wise idea to involve more and more unmarried women also in microfinance
- Majority of the women in urban areas live in nuclear family because of modernization.

As a result of urbanization and industrialization, the majority of women in urban regions have three working members, but the majority of women in rural areas have none.

- Due to awareness, freedom, independence, and a different lifestyle from that of rural areas, the majority of women who live in metropolitan areas attend frequent meetings.
- Most urban women have taken out business loans because they are more likely to be self-employed there than rural women, who typically obtain loans for reasons pertaining to their families.

6. DISCUSSION

The discussion section explores the implications of the findings and suggests ways to enhance the effectiveness of microfinance programs.

1. Holistic Approach to Empowerment:

- Economic, social, and psychological dimensions of empowerment are interconnected. Programs should address all these aspects to achieve sustainable empowerment.

- *Example:* Integrating financial literacy training and community support networks can enhance both economic and social empowerment.

2. Customization and Flexibility:

- Microfinance programs should be tailored to the specific needs and contexts of different communities. Flexibility in loan products and services can help address diverse challenges.
- *Example:* Offering flexible repayment schedules and culturally relevant financial education can mitigate the risk of over-indebtedness.

3. Policy and Advocacy:

- Encouraging legislation and activism are essential to fostering an atmosphere that supports women's empowerment. Cooperation between NGOs and governments is necessary to advance financial inclusion and gender equality.
- As an illustration, policy initiatives that uphold the rights of and encourage female entrepreneurs can increase the effectiveness of microfinance.

7.CONCLUSION

With the ability to give women the financial resources needed for social and economic empowerment, microfinance holds great promise for changing the lives of women. Microfinance programs, too, must be thoughtfully crafted to cater to the unique needs and circumstances of women throughout various regions if they are to completely actualize this promise. To gain further insight into the long-term effects of microfinance on women's empowerment, longitudinal studies should be the main focus of future study.

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