

EMPOWERMENT OF WOMEN AND MICROFINANCE- A STUDY OF DISTRICT OF BHOPAL

Ms Shumayela Mohsin Hasan,

Research Scholar, Mewar University, Chittorgarh

Dr Sonia Singla

Associate Professor, Department of Economics, Mewar University, Rajasthan

Prof S.D. Sharma

Principal, JNPG college, Lucknow

Abstract

Women within the Indian perspective represent a more orthodox and conservative section of society and this has been mirrored throughout the olden times. Therefore, their participation and authorisation in any walk of life is viewed as a signal of progress, significantly within the case of economic field. The conception of SHGs has been a revolutionary breakthrough within the method of women empowerment and has resulted in their upliftment through elevating their standing. Micro finance institution started in india in 1980s through self help groups (SHGs) and bank Linkage model. Since then women empowerment through SHG (Self help Group) primarily based small finance has been central to development agenda in India. Self help group projects were launched by Government of india, with the monetary help from IFAD & empower rural poor women through small finance. This paper is an endeavor to grasp, what is the impact SHGs as an instrument of socio-economic transformation through women empowerment and impoverishment eradication within the rural areas of Bhopal, in which microfinance plays a crucial role. The methodology followed is a conclusive and casual research type. The sample is collected from the two blocks of the Bhopal district namely Phanda and Berasia. The discussion shows that the microfinance tools if used sensibly can revolutionaries the earning platter and capacities of the rural women along with elevating their Socio Economic Status.

Keywords: Empowerment of Women, Self Help Group (SHG), Micro finance, Development, IFAD (International Fund for Agricultural Development)

1. INTRODUCTION

Self help group could be a consistent cluster of poor, women, users etc that voluntarily are shaped for the common interest of the event of their members. SHG stands on the pillars of "for the people and of the people". It could be a little economically consistent and affinity cluster of primarily rural folks that voluntarily conform to pool in their savings and finance one of the members of the SHG in times of want. The objective of an SHG is to push a platform for sharing concepts and customary views concerning drawback finding of the

members. The SHGs aim at promoting their economic standing by utilizing the ability and data acquired through coaching. The members are able to drill saving and credit habits.

Another vital aim of an SHG is to facilitate relationship building between the SHGs of the poor and therefore the bank. a number of them are government funded however some aren't. These SHGs additionally aim at breakdown of socio-economic problems, problems associated with cultural and legal dynamics then on.



Entrepreneurs of small enterprises are sometimes the male dominated ones and less chance is given to the feminine counterparts. The SHG model is an initiative to push the event of the ladies entrepreneurs and provides them sense of independence in terms of socio-economic matters. Recently development of SHGs through coaching and ability development has been central to the event agenda of the central government, state government and NGOs.

Self help groups are currently being viewed as dependable vehicles for rural credit delivery. SHGs have range of benefits over the standard banking industry. In the banking industry, there has been a robust focus on problems like economical practicability and loan size, collateral and guarantees, productivity of a loan, structured loans, unit costs, scheduled assets, strict schedule for recovery, recovery rates etc. The transaction costs are high because of

- (a) Inflexible handing terms not in gear to the customer's wants.
- (b) poor observance because of absence of selling data
- (c) high default rate because of political interventions
- (d) high documentation costs for borrowers

- (e) Lack of market orientation treatment (Karmakar 1999). This method doesn't cater to specific dynamics of the credit wants by the poor.

The self help group supply a novel chance for dispensing low-cost credit at the threshold of the poor with nearly assured repayments at the terms and necessities of the poor. The SHGs follow collective deciding on issue like conferences, thrift and credit call. The participative nature of the group makes it a accountable receiver. However, the foremost crucial issue, that stands out, is the proven fact that disposition through SHGs focuses solely on the poor, who are circumvented by the formal system. They initiate an empowerment method amongst the poor, particularly the ladies.

2. STATEMENT OF THE RESEARCH PROBLEM

The present paper is an endeavor to explain the impact of SHGs as an instrument of socio-economic amendment through women empowerment and economic condition eradication within the rural areas of Bhopal, in which microfinance plays a very important role. This paper is written with an objective of bringing out the contribution of the SHGs within the rural areas of Bhopal region. Since microfinance is predicted to strengthen the SHGs through finance at the micro level, the impact is thus studied for the targets already achieved. The study additionally explains the ways that within which the ladies is created

responsive to this schemes and benefit from it. The findings of the paper will be of helpful for the policy building by comparing the targets achieved and also the future targets, influencing the socio-economic welfare of the society at large.

3. OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To examine the role of development of the SHGs in the development of women enterprises in the rural areas of Bhopal.
2. To study the impact of the micro finance on the women entrepreneurship development of these areas.

4. FORMULATION OF HYPOTHESIS

The following hypothesis will be tested during the course of the study:

Hypothesis no 1: Microfinance schemes have not contributed significantly to empowerment of women.

Hypothesis no 2: Microfinance schemes have not contributed significantly to women entrepreneurship development

5. AREA AND SCOPE OF STUDY

The population is comprised of nine villages of two blocks of Bhopal that is Phanda and Berasia.

Table 1: village wise distribution of Phanda and Berasia Blocks

Sno	Block	village	Actual no of members	% of sample to be included	No taken for research
1	Berasia	Amarpur	30	9.9	9
2	Berasia	Khajuri Kalan	14	4.62	5
3	Berasia	Nazirabad	42	13.86	14
4	Berasia	Maholi	241	79.53	80
5	Phanda	Bhanpur	247	81.51	81
6	Phanda	Barkhedasalam	10	3.3	3
7	Phanda	BarkhediBazyaft	70	23.1	23
8	Phanda	Bangrasia	10	3.3	3
9	Phanda	Chopdakalan	96	31.68	32
			760	250	250

6. RESEARCH METHODOLOGY

. Microfinance program plays a significant role in poverty alleviation, women empowerment

and employment generation in developing countries. There is a range of possibilities that open up with the help of microfinance services, to increase the annual income and expenditure of the target social groups. Bhopal Being the capital city of Madhya Pradesh, has got a good exposure to microfinance services especially through SHGs. About 1000 SHGs are successfully working in the PHANDA and BERASIA blocks of Bhopal. The research falls under the category of conclusive research. Conclusive research is meant to provide the information that is useful in reaching conclusions and aid to decision making. Conclusive research can be i) descriptive research ii) Casual Research. This research work falls under the descriptive research. The listing of the accessible population from which the researcher would draw his/her sample is called sampling frame. The sample is a group of people who the researcher selects his or her area of study. Sampling is a process of selecting units (eg people organization) from a population of interest so that by studying the sample we may fairly generalize our results about the population from which they were selected.

Respondents for interview were selected by using proportionate stratified sampling. Proportionate stratified sampling; respondents were selected from strata were selected in the same proportion corresponding to the proportion strata in the population. In the current study population included (SHG beneficiaries of microfinance) nine villages of two blocks of Bhopal namely Phanda and Berasia were taken.

Data collection is the primary need of a researcher while collecting the data the researcher has to adopt different methods of data collection. Primary Data: primary data was collected with the help of questionnaire consisting of open ended questions closed ended questions and multiple choice questions.

Data related to personal profiles of respondents, family structure, job profile and employment data, education level and responses related to the satisfaction factor of the microfinance policies were collected with the help of questionnaires. Personal and formal interviews were conducted to understand and avail the information regarding the procedures of financing SHGs through SBI's SHG bank linkage program NRLM. Officer level personnel were also interviewed for the same. To develop a scale for measurement of satisfaction level according to the description of a good microfinance scheme, there were certain parameters that categorize the microfinance lending of a bank to a SHG as successful or unsuccessful.

Then a 3 to 5 item scale was developed with utmost care to ensure that the scale items of each parameter adequately captures the essence of the same. A Five point Likert scale was developed for each item. For the purpose of data analysis, summated rating method was used for each parameter and multiple item scale was converted into a single item scale. Source of secondary data can be categorized into two broad categories: published and unpublished statistics. It has already been collected by someone else. Data on microfinance was collected through various sources like websites and search engines. Data related to SBI was collected through annual reports. Major data related to number of SHGs financed through banks under NRLM and Bank linkage programs was collected through annual report of NABARD and NRLM data issued by MINISTRY OF RURAL DEVELOPMENT OF GOVERNMENT OF INDIA. Data was also obtained from reference books and news articles, case studies, bank correspondents, national journals, international journals, online scholarly articles, online journals etc.

7. LITERATURE REVIEW

Micro finance, SHG and women direction could be a subject that has received growing research attention in recent years. Many organizations have promoted SHGs taking on the philosophy and approach of roaring experiments of extending credit to poor women. Since the early 1980s, a large variety of studies are undertaken up to now by social scientists, financial institutions and agencies, that highlight the strengths and weaknesses of SHGs, positive trends and impact of self-facilitate teams on direction, credit accessibility and social amendment examined the varied dimensions of small finance programs and girls direction. Many international organizations like Action – Aid uk, CGAP (Consultative cluster to help the poorest), and overseas development Authority have conducted case studies and organized workshops in numerous countries. The workshops had looked chiefly into the experiences of various countries and also the impact of the micro finance programmes in an exceedingly cross-cultural perspective. Alternative sources of data embrace printed and unpublished materials as well as materials from the Micro-credit Summit held in Feb 1997 and 2001.

Over the years, “the informal sector debate” (Hart, March 1973)(ILO, 1972) has increased in scope and complexity. Terms such as informality were used interchangeably with informal activity, sector or economy, self employment and micro enterprise. The popularity of the informal sector concept among policy advisors and governments arose from a convergence of interest in poverty issues and the need for a policy instrument(Tokman, 1978). Governments, international financial institutions and private foundations found in the concept a common language to co-ordinate their activities and, in the case of governments, to improve their access to international welfare funds earmarked for income-generating activities. In

part, the popularity of the informal sector concept comes from its ability to bridge diverse analytical and policy approaches, while its drawback is the inability to integrate approaches or improve analytical usefulness (Peattie, 1987).

A large number of studies have been undertaken so far by CGAP, NGOs and donors of micro-finance programmes highlighting the strengths and weaknesses of the programme in various countries. Few studies conducted on SHGs and women Empowerment in India which have a direct relevance to the present study are presented below.

It is very difficult to review all the relevant studies since proper documentation of such studies is still to be ensured. Therefore, few studies conducted on SHGs & women Empowerment in India which have a direct relevance to the present study as presented belong.

Some evaluations paint a positive picture of the impact of credit programs on women’s lives(Kabeer, 2000)Access to savings and credit can initiate or strengthen series of interlinked & mutually reinforcing „virtuous spirals” of empowerment(Mayoux, 1998). The first set of assessments point out that women can use savings and credit for economic activity, thus increasing incomes and assets and control over their incomes and assets (Mayoux, 1998)

Rushidan, 1986, established that “active” women loaners had higher consumption standards and a role in household decision – making, either on their own or jointly with their husbands, than “passive” female loanees. Both in turn had significantly higher consumption standards and were more likely to take part in household decision-making than women from male loaner households or from households who had not received credit.

Similarly, Self help groups through micro credit have an important role in lessening the vulnerability of poor by creating assets, income and consumption smoothing, providing emergency assistance, and empowering and making women confident by giving them control over assets and increased self-esteem and knowledge.

During the South East Asian economic crisis, self help groups proved to be important cushions and safety nets; a high proportion of the funds made available for self help micro credit schemes were utilized by women, facilitating them to meet the subsistence requirements of their families during those hard economic times(ESCAP, 2002).

Another group of evaluations have tried to establish that economic contribution may increase their role in economic decision making in the household, leading to greater well-being for women and children as well as men(Mayoux, 1998).

A study byPitt Mark, 1995, in exploring the impact of female membership of credit programs found that women's preferences carried greater weight in decision making out comes including the value of women's no land assets, the total hours worked per month for cash income by men and women with in the household; fertility levels, the education of children as well as total consumption expenditure. It has also been studied that women's increased economic role may lead to change in gender roles and increased status

within households & communities (Mayoux, 1998).

The IFAD gender mainstreaming review has reported gains in self confidence and self-esteem amongst the women, enhanced capacity to articulate their needs and an increased respect in the household (IFAD, 2002).

As Mayoux, 1998, puts it, these virtuous spirals are potentially mutually reinforcing in that both improved well being and change in women's position may further increase their ability to increase incomes and so on. This process if empowerment may be further reinforced by group formation focusing in savings and credit delivery as women can access wider information and support networks for economic activity; groups can support women in disputes within the household and community and groups can link to wider movements for change in women's position may further increase their ability to increase incomes and so on.

In a study by Bhatia and Bhatia through few case studies highlighted that recovery of SHG's is higher than other credit extended to borrowers. Moreover, involvement of SHG's had helped the bank branches in recovery of old dues. They observed that there have been perceptible changes in the living standards of the SHG members, in terms of ownership of assets, increase in savings and borrowing capacity, income generating activities and income levels as well.(Bhatia, 2002).

8. SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS

Table 2: Age

Age is one of the determining factors in the emergence of leadership, particularly that of a village

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 25	67	26.8	28.5	28.5
	25 years to 35 years	80	32.0	34.0	62.6
	35 years to 45 years	43	17.2	18.3	80.9
	45 and above	45	18.0	19.1	100.0
	Total	235	94.0	100.0	
Missing	System	15	6.0		
Total		250	100.0		

leadership. Age not only relates to the physical and mental makeup of an individual but also serves as an index of the individual's experience and wisdom in general. Traditionally age is considered as an important factor with respect of one's status and prestige, particularly in rural and traditional set ups. An analysis of age will help us to understand the participatory attitude of the society especially in areas like that of the sample population.

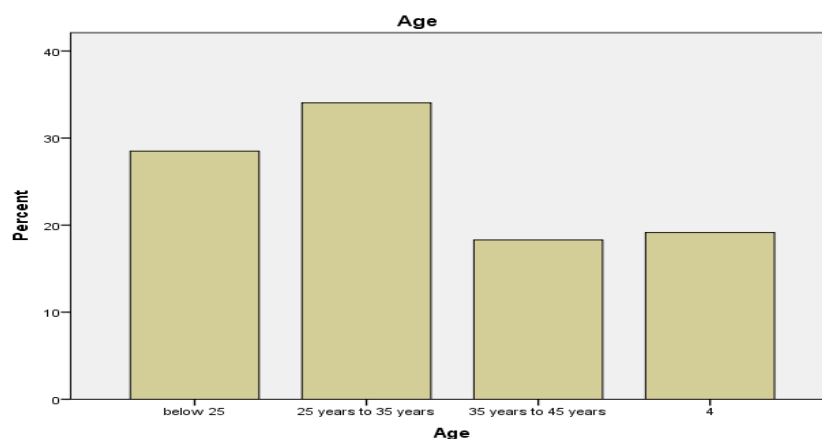


Figure 1: Age of the respondents

The table shows the age composition of the 250 respondents. 32% of the respondents belong to the age group of 25 yrs to 35 yrs. 27 % of the respondents belong to the age group of below 25%. 35 to 40 yrs age group has 17% of the respondents and rest 18% of the respondents belong to the above 45 yrs age

group. It is observed that highest percentage of respondents lie in the age group of 25 yrs to 35 yrs age group, and are active in savings with the SHGs. It is also observed that less number of respondents belong to the older age groups and are less involved with microfinance activities of the self help groups.

• MARITAL STATUS OF THE RESPONDENTS

Table 3: Marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	187	74.8	79.6	79.6
	unmarried	3	1.2	1.3	80.9
	divorced	7	2.8	3.0	83.8
	widowed	38	15.2	16.2	100.0
	Total	235	94.0	100.0	
Missing	System	15	6.0		
Total		250	100.0		

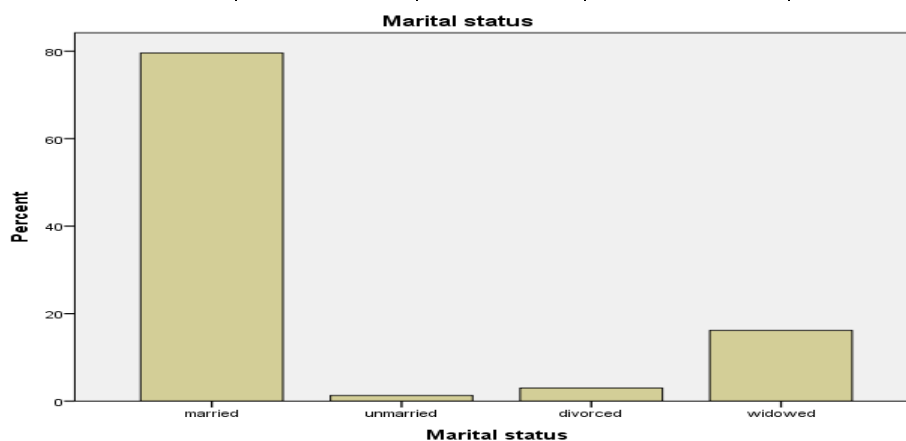


Figure 2: Marital status of the respondents

It was observed from the above table that about 79.6% of the respondents are married and are living with their husbands while

15.2% are widowed. The least percentage is of the unmarried women that is 1.2% and 2.8% of the respondent women are divorced. It was

also observed that majority of women are living with their husbands and are continuing with their families with the help of Self Help Groups.

• EDUCATION

Table 4: Education level of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	illiterate	145	58.0	61.7	61.7
	below 5th	70	28.0	29.8	91.5
	5th to 8th	12	4.8	5.1	96.6
	above 8th	8	3.2	3.4	100.0
	Total	235	94.0	100.0	
Missing	System	15	6.0		
Total		250	100.0		

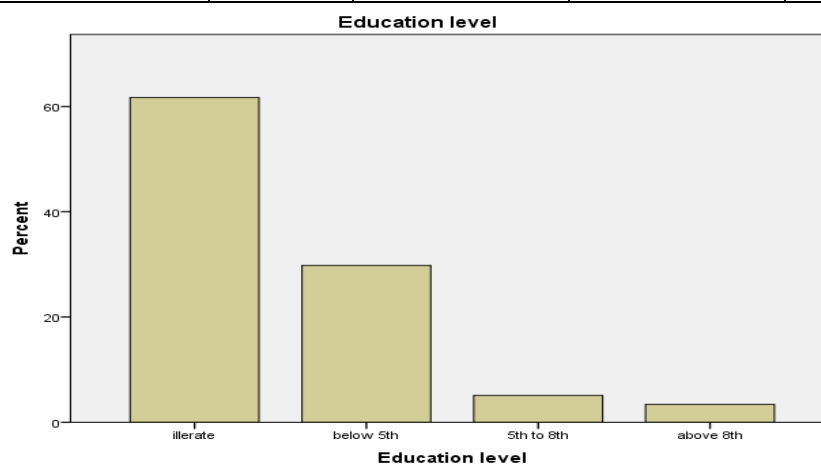


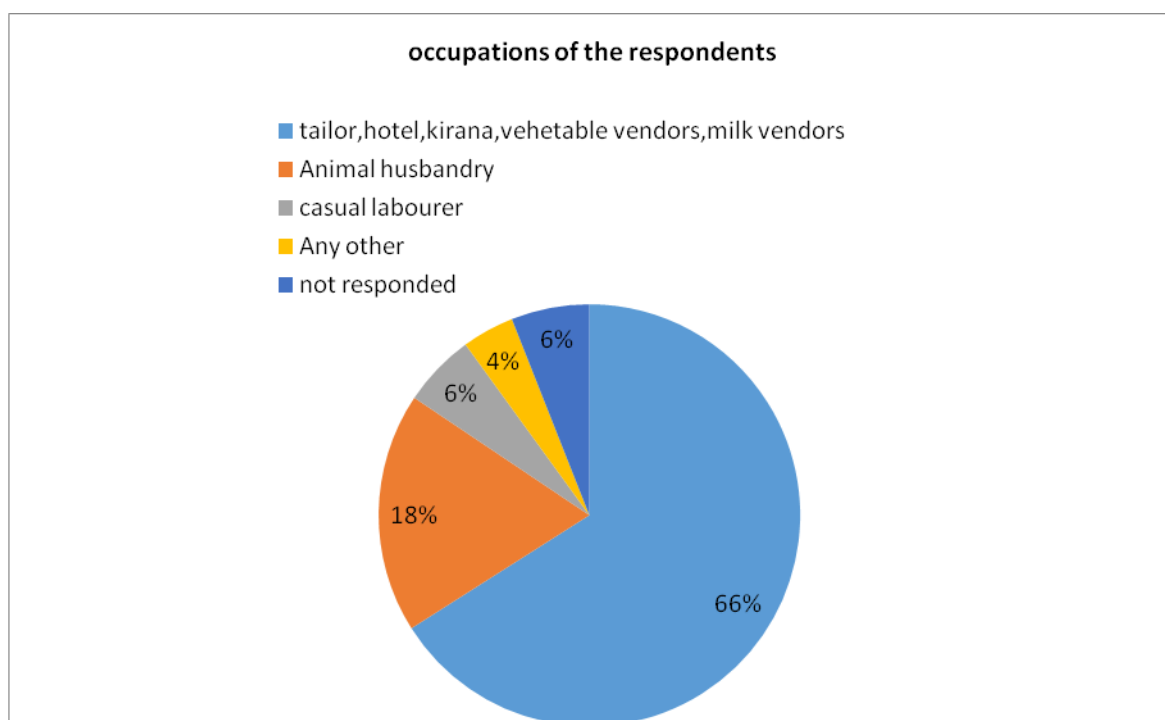
Figure 3: Education Level of the respondents

The above table shows that 58% of the respondents are reported to be illiterates who have not got the opportunity to attend the school ever. 28% of the respondents have received education till grade 5 ie pre primary

education. A very small percentage of respondents that is 3.8% and 3.2% have been able to manage to get education of primary and secondary level.

• Nature of respondent's occupation:

Employment	No of respondents	Percentage
Tailor,hotel,kirana,vegetable vendors, milk vendors	165	66%
Animal husbandry	46	18%
casual laborer	14	6%
Any others	10	4%
not responded	15	6%
Total	250	100%



It was observed that 66% of the respondents were involved in occupations like tailoring,

small hotels like tea stalls and food items, vegetable vendors and milk vendors. 18% of

the respondents are engaged in occupations like animal husbandry. 6% of the respondents are engaged as casual laborers and only 4% of the respondents are engaged in other occupations.

9. RESULTS AND DATA ANALYSIS

Null Hypothesis: Microfinance schemes have not contributed significantly to empowerment of women.

Alternative Hypothesis: Microfinance schemes have contributed significantly to empowerment of women.

Table 5: Descriptive statistics for one sample t test for women empowerment

	N	Mean	Std. Deviation	Std. Error Mean
Make women economically independent	250	3.20	1.557	.098
Protect women from male harassment	250	3.41	1.535	.097
Making women more secure by generating more savings	250	3.14	1.719	.109
Educating the women about their rights	250	3.25	1.596	.101
Improving the status of women in the family.	250	3.23	1.534	.097

From the above table it is evident that the mean value of the independent variables that is making the women economically independent (3.20), protect women from male harassment (3.41), making women more secure by increasing their savings (3.14), educating the

women for their rights (3.25) and improving the status of the women in the family(3.23) are all above the mean value of 2.5 and indicate that the schemes have helped to improve the status of the women in the society.

Table : One-Sample Test for empowerment

	Test Value = 2.5					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Make women economically independent	7.069	249	.000	.696	.50	.89
Protect women from male harassment	9.395	249	.000	.912	.72	1.10
Making women more secure by generating more savings	5.885	249	.000	.640	.43	.85
Educating the women about their rights	7.408	249	.000	.748	.55	.95
Improving the status of women in the family.	7.503	249	.000	.728	.54	.92

It is evident from the above table that the t statistics for all the parameters that determine whether the schemes have helped to improve

the status of the women in the society, are all above the test value of 2.5 and have a considerable value to conclude that there is

a high impact of the independent variables on the dependent variable that is women empowerment.

Alternative hypothesis: Micro finance loan schemes have helped in the entrepreneurship development of the borrower.

Hypothesis No 2:

Null hypothesis: Micro finance loan schemes have not helped in the entrepreneurship development of the borrower.

Table 6: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Loans have helped to increase the income of the members	250	3.39	1.523	.096
Has helped in increasing the savings.	250	2.89	1.673	.106
Has helped in entrepreneurship development of the members	250	3.36	1.580	.100
Has helped in making more financially independent than before	250	2.76	1.535	.097

From the above table if we look at the mean of responses for entrepreneurship development we can see that the mean is 3.36 which is greater than the average of responses that is 2.5 ,therefore it can be concluded that according to the responses of the benefactors of loan the schemes have not only lead to an increase in the income of these beneficiaries but have also helped them to start up their businesses and become entrepreneurs and earn a living for themselves .

10. SUGGESTIONS

Considering the findings of the study, the following suggestions are prescribed.

- Women empowerment should be reflected through a direct budgetary commitment rather than a core component of all development agenda. The micro credit as a component should reflect in the policies and plans oriented towards women's empowerment to enhance women's agency on social political & economic levels. Women's agency must be given

primacy. Women's rights over property rights need to be enhanced and decision making needs to be ensured in all programme components.

- About 20 percent of groups had no place to conduct meetings. They conducted meeting either on the village roads or under the village trees etc. These calls for strengthening village infrastructure in terms of providing at least one room community halls were these groups can meet & transact their business.
- Only 35 percent of the sample SHGs reported following the practice of rotation or election of leaders. Low leadership rotation may lead to major difficulties & causation of moral hazards. Therefore, it has to be ensured that leadership rotation or election of leaders is strictly to be practiced for future sustainability of the group. Change of leader is must for sharing the responsibilities by all members.

- The office bearers managing the group should be given financial benefits which will enable them to be more involved in the activities of the group.
- The rate of illiteracy can be further reduced through the existing programmes. Formal education will focus on critical issues needed for functional literacy should be imparted to the women groups so that they can manage their group affairs independently.
- In several cases, banker shows less attitude in promoting SHGs. Occasionally, they point reasons like shortage of staff; time etc. just to avoid dealing with SHG promotion. Training for capacity building and to change their attitude should be thrust upon bankers for strengthening SHGs promoted by bankers.

11. CONCLUSION

The present study concludes that the micro finance has acted as an effective tool in promoting SHGs in rural areas like that of Bhopal. The SHGs have been instrumental in mobilizing the savings of the group members in the form of credit lending and loan disbursement. In order to promote the desired level of transformation in the society, it is important to promote the relevant schemes and in relevant groups. Social, Economic and entrepreneurial development of women will depend upon the success of the micro finance policies that will facilitate their capacity building and skill development. It is thus evident that SHGs are progressively engaged in the upliftment of women by providing them with effective finance that would not be available to them otherwise.

REFERENCES

- [1]. Bhatia, N. &. (2002). Lending To Groups. *Yojana*.
- [2]. ESCAP. (2002). *Social safety nets for women*. United Nations publication.
- [3]. Hart, K. (March 1973). Informal Income Opportunities and Urban Employment in Ghana. *The Journal of Modern African Studies*.
- [4]. ILO. (1972). *Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya*. Geneva.
- [5]. Kabeer, N. (2000). Conflicts Over Credit: Re-Evaluating the Empowerment Potential of Loans to Women in Rural Bangladesh. *World Development*, 63-84.
- [6]. Mayoux, L. (1998). Research Round-Up Women's empowerment and micro-finance. *Development in Practice*.
- [7]. Peattie, L. (1987). An idea in good currency and how it grew: The informal sector. *World Development*, 851-860.
- [8]. Pitt Mark, K. S. (1995). Household and intrahousehold impacts of the Grameen Bank and similar targeted credit programs in Bangladesh. *Household and intrahousehold impacts and program sustainability, by the Education and Social Policy Department*. Dhaka : Bangladesh Institute of Development Studies.
- [9]. Rushidan, R. (1986). Impact of the Grameen Bank on the Situation of Poor Rural Women. *Grameen Bank Evaluation Project Working Paper No. 1*. Dhaka: Bangladesh Institute of Development Studies.
- [10]. Tokman, V. (1978). An Exploration into the Nature of the Informal-Formal Sector. *World Development*, 1065-75.