

## **MICROFINANCE AND WOMEN EMPOWERMENT- WITH SPEACIAL REFERENCE TO LUDHIANA DISTRICT OF PUNAB**

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### **ABSTRACT**

About 70% of the world's population consists of women. Women play a major role in the development of society. The objective of the present study is to investigate the self-perception of empowerment of the microfinance member beneficiaries. 109 members have been selected from the Ludhiana District of Punjab for study. Non-probability convenience sampling method was applied to collect data. Descriptive analysis and factor analysis tools are used to achieve objective. It founds three dimensions of empowerment social, economic and personal.

### **INTRODUCTION**

#### **WOMEN EMPOWERMENT**

The main feature of micro finance program is that it mainly focuses on women for development. The basic idea to empower women is to make them financially independent and allowing them to earn an independent income. It will bring self-respect, self-esteem and self-confidence in them.

Empowerment of women is one of the significant issues of the society as women are an integral part of our society. Empowering women means to uplift their status in the society. Women empowerment aims to increasing the economic, social, educational and political status of women, the traditionally underprivileged (Rajeshwari, 2015). The role of women has changed from time to time. Women constitute half of the population of the world and effect the growth of the remaining half. Women play an important role in all the areas of development. It is generally accepted that development of women is ultimately effects the development of nation. Economic status of women is not so very good as they are the worst hit by poverty. Government formulates various policies at National, State or Local levels in many sectors. However, there is a gap between policy formulation and actual practice. Women empowerment assists them to take their own decisions without any personal limitation. It also brings gender equality in the society between men and women.

Even, women constitute almost half of the world's population but in India, there is disproportionate sex ratio whereby female population is less as compared to males. In western countries, females got equal rights with males. But discrimination on the basis of gender is found in India even today (Rajeshwari, 2015).

#### **MICROFINANCE**

Global poverty is a big issue before the whole world. World Bank that is considered as famous income based measures define the term "Poverty" as a person less than \$1 is considered as "very poor" and earning between \$1 and \$2 per day is "poor" and person who earns more than \$2 a day is considered as non-poor (UNCDF,2004)(Imtiaz et.al ,2014). Microfinance is being considered as an important tool

for poverty alleviation and to reach the most vulnerable one. Microfinance provides financial and non-financial services to poor. Microfinance is generally related to small loans. The main aim of the microfinance institutions is to empower the underprivileged people of the society by providing them loans to increase income level and ultimately uplift their status in society. These people are usually poor, rural women, small farmers and small shop keepers.

The concept of Microfinance came from Bangladesh in 1970's when Dr. Muhammad Yunus started Grameen Bank. In India microfinance is started by NABARD in 1992 through Self Help Group linkage program.

According to International Labor Organization (ILO): "Microfinance is an economic development approach that involves providing financial services through institutions to low income clients. (Himanshu et.al, 2013)

SHG's creation is considered as an essential step towards poverty alleviation in the developing and under developed countries. This program proved to be very successful. The two main suppliers of Microfinance in India are the Microfinance Institutions (MFI's) and SHG's linkage program (Kavita and Vijay 2018). In India microfinance institutions are regulated by Reserve Bank of India. Rate of interest is fixed by RBI. In India many estimates shows that 350 million people live. But only about 5% of the rural poor have access to microfinance (NABARD, 2011). Many other initiatives also have been taken by government for poverty reduction. Some of them are MGNREGA, Pradhan Mantri Kaushal Vikas Yojna, IRDP, and Rural Housing-Indira Awas Yojna.

### **SELF HELP GROUP (SHG)**

SHG is a group of 10-20 rural people, particularly of women. Its main aim is to develop women by providing them micro credit to undertake the entrepreneurial activities (Manish et.al, 2010). These groups are aided by government agencies or NGO's. Out of approximately 1.5 lakh self-help groups, 50% groups have been promoted by the state government's department of women and child development, 20-25% has been under various developmental schemes and 25-30% have been promoted by Non-government organizations (Lakhawat and Shailendra, 2015).

### **REVIEW OF LITERATURE**

Rangappa et al. (2008) in their study revealed that the SHG-Bank linkage program has increased the flow of institutional credit to landless and marginal farm households and discouraged non-institutional borrowing through the thrift creation. Financial inclusion index, which measure the degree of financial inclusion, has been computed for each household by giving appropriate weight to the selected financial services. Based on the index value, households are classified into the households with low, medium and high degree of financial inclusion. Percentage of household which reached the medium and high degree of financial inclusion, increased with the size of the land holding and which reached the higher degree of financial inclusion, are relatively more among SHG member households compared to non-member household. The study signifies that the SHG-Bank linkage program increased the degree of financial inclusion among landless, marginal and small farm size category.

Piar Chand and Shashi (2010) found that according to 2001 census every 5th girl child is missing in Punjab because of her gender. From 9th decade of 20th century Punjab shares shameful history of female feticides with the help of modern technology of sex detection. Fatehgarh Sahib have both the most adverse sex ratio as well as an adverse child sex ratio i.e. 851 females per 1000 of males and child

sex ratio in the age group of 0-6 years has declined to 754 from 874 in 1991 to 2001 with the decline of 120.

Prasad (2010) revealed in this study that among a crore population around 8.51 lakh SHG have been mobilized in Andhra Pradesh. A corpus of Rs.4025.55 crore including thrift amounting to Rs.1962.50 crore at the end of 2009 have been built by these women groups. It is observed in this study that SHG growth credit rate and the credit flow in the state of A.P. as against India reveals that with respect to the number of SHG is 19.88% in A.P. against all India level. It is further revealed that self-help groups are taking the lead and playing an important and pivotal role in the social transformation, welfare activities and infrastructure, they served the cause of women empowerment social solidarity and socio-economic betterment of the poor.

Charles.A, James and Babatunde (2011) examined that there is a significant difference between those people who used microfinance institutions and those who do not use them. There is a significant effect of microfinance institutions in alleviating poverty by increasing income and changing economic status of those who patronize them. The study concludes that microfinance institutions are indeed a potent strategy of poverty reduction and a viable tool for purveying credit to the poor. However, Microfinance can be more viable tool for sustainable poverty alleviation if more is done on program outreach and depth than the present outreach.

Sara (2011) explored the socio-economic determinants of women empowerment by using regression analysis based on primary data of Bahawalpur City to check the relationship of different socio-economic determinants on women empowerment. It is found that women empowerment is considerably influenced by age, education of husband, no. of live sons and inherited assets of father. Further, this study decomposes data with male and female using loans which implies that females uses loans by themselves has some better results than where loans used by male members of family. It is found that microfinance has some positive role in empowerment but not as much as was expected.

Alex Addae (2012) revealed in his study that microfinance is an effective tool for poverty reduction in developing countries. After success of Grameen Bank in Bangladesh, microfinance revolution increased in developing countries. From related literature review of this study it was found that microfinance has a positive impact on poverty reduction. It is also found that if the microfinance services are designed well according to the needs of clients, it results positively on the clients as well as on their families and on the wider community. There is also need for the development of more effective information system to promote the consolidation of sustainable financial service delivery through well performing of SHG's.

Sangeeta and Sapna (2012) examined the perceived impact of microcredit on women empowerment in urban Punjab. Factor analysis technique was applied on 26 variables on a sample size of 334 females. These variables were summarized into six factors from which on socio-economic status, personality, financial liberation and family relations, micro credit impacts significantly.

Khannan and Pannneerselvam (2013) pointed in their study two main mechanism for the delivery of financial services to clients are –1.relationship based banking for individual entrepreneurs and small business 2.group based models ,where many entrepreneurs come together to apply for loans & other services as group. Microfinance is a broad category of services, which includes microcredit. Microcredit is a provision of credit service to poor clients. Microcredit is used as inter discriminately as either 'microcredit' or 'microfinance'.

Intiaz et al. (2014) in their studies revealed that micro finance program extends small loans to very poor people for self-employment projects. Micro finance enables an entrepreneur to build a business and create a better change in their lives. This study shows the effect of micro financing of small business and the implication for poverty reduction. It is found that poverty has been reduced by financing the people.

Gilbert et al. (2015) carried out a study on microfinance and poverty reduction in Ghana using economic and social variables. The study revealed that microfinance has produced certain success in poverty reduction. Questionnaires were administered to 60 customers and beneficiaries of microfinance products of two major microfinance institutions.

Aarti and Ayushi (2015) found in their study microfinance does not always empowering all women, most women do experience some degree of empowerment as result. Women's empowerment needs some ultimate change in the development scheme not only at the micro level but also at macro level to challenge gender subordination at micro level. It was also found that microfinance should also focus on the combination of both aims that is combination of women's empowerment with sustainability.

Rajeshwari (2015) analyzed in her study the status of women empowerment in India. From the secondary sources of data it is revealed that women of India are relatively disempowered and they enjoy somewhat lower status than that of men in spite of many initiatives taken by government. It is found that acceptance of unequal gender norms by women are still prevailing in the society. Further it is also observed that access to education, employment and change in social structure are only the enabling factors to women empowerment.

Sultaniya et al. (2019) in this study indicated the comprise working of microfinance. It investigated the budget report of two microfinance organizations. It was revealed that if India wants to move from developing to developed country, poverty alleviation is to be most priority. The microfinance industry was great potential and can bring economic development by focusing on rural class. This study focuses on analyzing the position of two financial institutions and their performance from financial year 2014-2018.

## **OBJECTIVE**

To study the Self-Perception of empowerment by microfinance beneficiaries.

## **RESEARCH METHODOLOGY**

The present study is based on primary data. For the collection of data a well-structured questionnaire is administered.

SAMPLE SIZE- 109 members

SAMPLING UNIT- Self-help group members

SAMPLING TECHNIQUE- Non-probability convenience sampling

STUDY AREA- Ludhiana

TOOLS USED- Frequency, Mean, Percentage, Standard Deviation and Factor Analysis.

## **DATA ANALYSIS AND INTERPRETATION**

TABLE-1. Demographic details of participant members

Caste	Frequency	Percentage
General	7	7
OBC	43	39
Minority	59	54
Total	109	100
Age Group	Frequency	Percentage
18-25	23	21
26-35	47	43
36-45	30	28
46-55	9	8
Total	109	100
Marital Status	Frequency	Percentage
Married	105	96
Widow	4	4
Total	109	100
Type of Family	Frequency	Percentage
Nuclear	83	76
Joint	26	24
Total	109	100
No. of Children	Frequency	Percentage
No children	2	2
1 child	14	13
2 children	57	52
3 children	26	24
4 children	8	7
5 children	2	2
6 children	109	100
Total		
Education Level	Frequency	Percentage
Illiterate	6	5
Illiterate but can sign	12	11
Primary	36	33
Secondary	40	37
Diploma/Technical	0	0
Graduation	13	12
Post-Graduation	2	2
Total	109	100

Above table shows the demographic profile of the participant members. Among the survey members 54% belongs to minority group followed by 39% of backward caste. Majority of members are of young age group with 18-25 years and 26-35 years. 96% of members are married. Majority of participants have two children (52%) whereas only 2% have more than two children. A major portion of survey members have completed their only elementary education.

## Factor Analysis

### Descriptive Statistics

In table 2, Mean, Standard Deviation and number of member respondents are shown. It shows that participation in microfinance increases the confidence to face the problems as well as improves the nutrients and health of household members. It has the highest mean of 4.531. It also concludes that it increases the power of decision making with mean of 4.4954 followed by increase income with mean value of 4.4312.

Table-2

	N	Mean	Std.deviation
Increases confidence to face problems	109	4.5321	0.55392
Improves nutrient health of household	109	4.5321	0.53695
Increases power of decision making	109	4.4954	0.618
Increases income of the members beneficiary	109	4.4312	0.58321
Increases value of productive assets	109	4.3945	0.59346
Microfinance provides employment opportunities	109	4.3303	0.65341
Microfinance increases savings	109	4.2569	0.69925
Microfinance creates better awareness	109	4.1651	0.7138
Improves level of education in children	109	4.082	0.82919
Increase value of household assets	109	4.000	0.6667
Creates knowledge about banking operations	109	4.000	0.68041
Improves social status	109	3.945	0.63588
Increases participation in community activity	109	3.633	0.60339
Improves employability skills	109	3.2569	0.47927

The KMO measuring test is applied to measure the sampling adequacy which should be greater than 0.5. Sampling adequacy of factor analysis is 0.872 which is perfectly acceptable (Table 3). Bartlett's test measures the strength of relationship among various variables.

### KMO and Bartlett's Test

Table-3

Kaiser-Meyer-Olkin measure of sampling adequacy	.872
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### Bartlett's test of Sphericity

Approx. Chi-Square	1.140E3
Df	91
Sign	.001

Table 4 depicts the loading of the variables on the three selected factors. As much higher the loading value, more the factor contributes to variable. 14 statements are formed to analyze the self-perception of women beneficiaries with principal component of factor analysis with rotation method of varimax with Kaiser Normalization.

Table-4 Results of factor analysis in identifying the latent factors of self-perception of empowerment of member beneficiaries

Self-Perception Variables	Factors
Personal Empowerment	Factor 1
Participation in Microfinance improves social status	0.84
Participation in Microfinance creates Knowledge about banking operations	0.836
Participation in Microfinance creates better awareness	0.811
Participation in Microfinance increases the power of decision making	0.763
Participation in Microfinance improves value of household assets	0.746
Participation in Microfinance improves level of children education	0.714
Participation in Microfinance increase confidence to face problems	0.667
Participation in Microfinance improves nutrient and health of household	0.612
Economic Empowerment	Factor2
Participation in Microfinance increases income	0.928
Participation in Microfinance increases value of productive assets	0.907
Participation in Microfinance provide employment opportunities	0.889
Participation in Microfinance increases savings	0.728
Social Empowerment	Factor 3
Participation in Microfinance improves employability skills	0.881
Participation in Microfinance increases participation in community activities	0.677

#### Personal Empowerment

This factor has further 8 sub variables. It reveals that participation in microfinance improves the social status of women members (0.84), followed by increased knowledge about banking operations (0.836), better awareness (0.811). It also increases the power to take decisions, value of household assets as well as enhances the power to face problems after participating in microfinance.

#### Economic Empowerment

It highlights that microfinance increases their income (0.928), contributes in saving (0.728) and enhances the employment opportunities (0.889). Thus it can be concluded that overall participation in microfinance improves the financial condition of member beneficiaries and make them economically empowered.

#### Social Empowerment

Microfinance help to make members socially empower with increasing participation in community activities (0.677) as well as also improves their employability skills.

### CONCLUSION

The present study attempts with the aim to analyze the factors that contribute to the self-perception of member beneficiaries of microfinance in Ludhiana district of Punjab. The result shows a positive effect of microfinance on members. Factors like economic, social and personal empowerment have been identified. Participation in microfinance increases their income and savings. It also helps to increase their ability to take decisions, improved social status and enjoys higher standard of living in the society. It concludes that microfinance overall plays a positive role in the welfare of member beneficiaries.

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