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Micro Finance as a tool for Empowerment of Women in select Rural and Urban Regions of Telangana- An Exploratory Study

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Abstract

Status of women in the society is an indicator of its civilization. Inherently, women constitute a major segment in the economy and an overall development for harmonious progress of a country would be likely only when women are treated as equal partners in progress with men. It becomes an imperative for any nation to focus its efforts in empowerment of women as it is necessary to make women a part of the mainstream of economic development.

As per the Telangana State Statistical Abstract (January,2018), 4,39,886 SHGs have been formed to cater to a population of 47,57,468 poorest of poor rural women. The objective of the study is to examine the efficacy of microfinance on the women SHGs in their economic, social, political and entrepreneurial empowerment. A convenience sample of 200 SHG members is chosen out of which 100 respondents are chosen from 10 Self-help groups from Rusthapur village of Yadadri district under the rural component and 100 respondents from 10 SHGs from LB Nagar of Ranga Reddy district under the urban segment. The data is collected through a structured questionnaire and data inputs are taken through interview and focused group discussions with the SHG members. The data is analysed using excel.

1. Introduction

"*Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge, posing an untapped opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves*." - Kofi Annan, Ex UN Secretary General

To hasten the socio-economic progress of any society, inclusion of women in the development process is essential as it not only accelerates the progress but also improves their standard of living. The ninth five-year plan has laid the foundation for empowerment of women and it has been viewed as one of the primary goals of governance which reflected in the National Common Minimum Programme (NCMP). Government also initiated sector specific programmes with an objective to empower women socially, economically, politically and legally and thus making them self-reliant in many ways.

The International Labor Organization (ILO) defines Microfinance as "an economic development approach that involves providing financial services through institutions to low-income clients." The microfinance

customers represent that segment of the population which is not financially included and hence cannot reach out to financial institutions. Microfinance has emerged as an innovative financial service tool which lends small loans and different financial services to deprived and poverty ridden low-income households and as an economic tool aid in helping the poor to come out of the vicious circle of poverty and improve their overall quality of life (RBI). Micro finance in India has turned into reality, hitherto, the implementation of national policies targeted at poverty reduction, women empowerment by lending a helping hand to the vulnerable sections of the society, particularly the women. Indian microfinance sector has experienced a positive growth over past twenty years in terms of increase in the number of microfinance institutions as well as the amount of credit availability to the small borrowers. Microfinance is disbursed through various formal channels like commercial banks, Regional Rural Banks (RRBs), facilitating lending through business correspondents (BCs) and SHGs, cooperative banks, non-banking financial companies (NBFCs), and registered non-banking finance companies to undertake this form of lending.

Women Empowerment

Empowerment is the process of building assets and individual capabilities or skills to make conscious choices and to convert those choices into result-oriented actions (World Bank, 2002). Empowered people experience freedom of choice and action. This in turn facilitates them to influence the course of their lives and the decisions which affect them. Empowerment can also intend to give rise to a social environment in which one can take decisions and make choice either individually or collectively for social transformation.

Women are a part of almost 50% of the global population out of which 2/3rd of world's adult uneducated are women. According to Food and Agriculture Organisation of the United Nations, the most underprivileged section of society is the women; they are the 'silent majority' of the world's poor. Despite concerted efforts to reduce gender inequality, women population continue to be caught in myriad problems: like socio economic disparities and under representation. Studies have shown that rural women help in producing up to 80 per cent of food in developing countries, yet they are entitled to only a fraction of farm land, and access to just 10 per cent of credit and five per cent of extension advice (Agrawal, 2003). In almost all the communities, women showcase less power than men, less control over resources and receive lower wages for their work. They remain as an imperceptible work force even today. undeniably, all these factors affect women's ability to open up, progress, and excel. With regard to their multitude of responsibilities, it is required to empower women socially, economically, politically to enable them to create a mark of their own with confidence, besides entrepreneurial empowerment in particular can transform women and prepare them to bring situations under their ambit and improve their standard of living. Empowerment of women is critical not only for their own welfare but also for the development of the country.

(Mehmud et al, 2012) in their study on measurement of Women's empowerment in Bangladesh, made an observation which is very relevant in the present context. According to them "Issues to consider while measuring women empowerment: the empowerment process (social, economic, political, psychological) is multidimensional, context specific and not directly observable, which can only be approximated using

proxies/indicators". (Rooyen et al ,2012) in the context of women empowerment concluded that there is a mixed and inconclusive evidence suggesting the relationship between women empowerment and microfinance. Microfinance has come to be evolved as an instrument of women empowerment particularly for the rural women, like a light at the end of the tunnel, gave scope for poor women to empower not only themselves but also their families over the last two decades in India.

Review of Literature

(Nayak and Mahanta, 2012) have undertaken a study to analyse the status of women empowerment considering different indicators based on secondary data sources. The study revealed that in spite of many efforts by government, women of India are relatively disempowered and have lower status than that of men. Their study also revealed that there exists Gender gap regarding access to education and employment. The women's decision-making power and freedom of mobility vary considerably with their age, education and employment status. The study also concluded that unequal gender norms is still prevalent in the society. Women have no say and control over spending their earnings and they lack media exposure. It was evident from the study that there was a huge gender gap with respect to women and political participation. The study observed that access to education and employment are only factors to empower women and gender quality.

(Kaviarasu and Xavier, 2016). The study highlighted the changing status of women in different time periods from being equal with that of men in Stone Age to early 20th Century where they were treated as slaves. Though women in India are in the respectable positions in almost all the fields yet most of the women are discriminated, abused, tortured, harassed. The present study suggested the steps to promote the status of women and respect their dignity.

Women empowerment is a debatable subject. At earlier time of Stone Age period, women had equal status and power with that of men. But then they started facing some difficulties during post-Vedic and epic ages. History shows that many a time, women were treated as that of slaves. It was observed that right from the early 20th twenty (national movement), the statuses of women had been changing gradually and this credit goes to the British people. It is only after the Independence of India, under the able leadership of Dr.Ambedkhar, the constitutional makers and national leaders started strongly demanding and also reiterating the equal social position of women with men. Today, it is overwhelming to see that good proportionate of women in India are in the respectable positions in all walks of the fields. But the various events and incidents that has been happening in the country for two squares reveals clearly that women are discriminated, abused, tortured and harassed both in public and in families. In spite of the agony and suffering, it is good to learn that a few number of women have been able to establish their potentialities. Therefore, this article suggests that each and every human being should be careful in taking steps to promote the statuses of women and respect their dignity (Convention on the Elimination of All Forms of Discrimination Against Women 3 September 1981, in accordance with article 27 (1) Universal Declaration of Human Rights, Articles 1, 2, 7, and 23. Women empowerment is a debatable subject. At earlier time of Stone Age period, women had equal status and power with that of men. But then they started facing some difficulties during post-Vedic and epic ages. History shows that many a time, women were treated as that of slaves. It was observed that right from the early 20th twenty (national movement), the statuses of women

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(Mehla, 2017). The study focuses on the concept of empowerment and status of women in India vis-a-vis important constitutional, legal and other provisions. The author analyses the status of women in the context of different time periods. According to the author women were subject to several difficulties during post-Vedic and epic ages. Many a time they were treated as Goddesses and at other times merely as a slave. The status of women has changed slowly and gradually from twentieth century. As a result of the efforts of the constitutional makers and national leaders for equal status of women with men, women occupied the respectable positions in all walks of the fields. Yet, they have not absolutely freed themselves from discrimination and harassment. Absolute numbers of women have not been able to explore their potential.

(Kapila et al., 2016). Through their study, the authors present the reasons for the formation of Self-Help Groups (SHGs) as a tool for empowerment of women, especially rural women in Panjab State, India. The study was undertaken to evaluate the impact of microfinance through SHGs on economic empowerment. The result showed that microfinance through SHGs has significantly improved the income levels of women and which in turn increased women participation in decisions related to household matters. The study also reveals that there is positive relationship on impact of credit with state empowerment index. It also focuses on problems that are to be addressed in order to improve the effective working and sustainability of SHGs in Panjab state.

(Sharma and Varma, 2008). The paper reveals how women in India have been ignored in spite of contributing significantly to the economic development of the country. The authors opine that women have to be empowered by enhancing their awareness, knowledge, efficiency in use of technology etc., thus facilitating overall development of the society. The SHGs concept is proving to be an effective instrument in women empowerment. Women as part of SHGs use the microcredit and undertake some entrepreneurial activity. Entrepreneurship and income generating activities are a viable solution for empowering women.

(Kamala and Jyothi, 2018). The study focusses on the biggest challenge of poverty, especially the women and how SHGs have become instrumental in eradicating poverty and rural development. SHGs have been vital in creating self-employment opportunities and enhancing the income levels and standard of living of the women through microfinance. The study was carried in the regions of Telangana and Andhra Pradesh and they observed that more than 50% of the SHGs were strong in individual income generating activities but were weak in entrepreneurial and group income generating activities. Most of the SHG members belonged to farming/ agriculture background and though women were inclined to take up entrepreneurial activities, it was only confined to the unorganized agriculture and allied sectors.

(Garikipati et al., 2017). The paper examines the efficacy of microfinance in promoting gender equality. The study focuses on three areas which ensures success in a. empowering women through microfinance; b. effect of negative gender discrimination within sectors; c. power relations within and beyond household which shapes the outcomes of microcredit. The study also revealed the challenges ahead in the process of evolution of microfinance and its initiatives to further gender equality.

(Rajput and Singh 2016). According to their study SHGs have been critical in upliftment of women in Jammu, India. Study reveals the capabilities of women and how SHGs and microcredit helped overcome financial difficulties and become socially and economically empowered. The study also highlights the importance of SHGs for the sustainable growth of women in Jammu.

to 75 million people, almost 65% of the Indian population. Micro financing is the buzz word today. Microfinance Institutions (MFIs) in India exist under various legal structures such as NGOs, Section 25 companies and Non-Banking Financial Companies (NBFCs). The banking system of the country including commercial Banks and Regional Rural Banks (RRBs) and other sources such as cooperative societies and other large lenders have played an important 1
role in the development of the sector by providing refinance facility to MFIs. Self help groups (SHGs) have been utilized by banks to enable reach to the most marginalized of their target consumers. It helped in increasing the incomes of the poor and the marginalized, through collective performance. The success of SHG has gained wide prevalence and several banks have established SHG-Bank linkages as a medium of rural business expansion leading to rural entrepreneurship. In the recent years, SHG-approach has emerged to be one of the most aggressive and effective strategies for empowering rural women and alleviating rural poverty. In this paper, an attempt has been made to understand the concept of self help groups. The present study is placed in this context to examine the relationship between Self Help Groups and socio-economic development of rural community in general and women in particular. In the present study, based on the analysis and discussion on the performance evaluation of women SHGs , major findings of this study have been explained in detail

(Hundekar, 2018). The author examined how SHGs have been utilised by banks to reach the most marginalised target customers. SHG's success gained prevalence as banks established SHG-Bank linkages emerging as a medium of leading rural entrepreneurship. The study attempts to examine the relationship between SHGs and socio-economic development of rural women in particular.

(Lakhawat and Singh, 2015). The study has been conducted in Ajmer district, Rajasthan, India covering four villages and two districts. The aim of the study is to assess the role of microcredit through SHGs in the socio-economic empowerment of women. The authors concluded that women have been facing exploitation in many forms and they suggested that SHGs can play an instrumental role in setting up a system and mechanism to empower women.

(Sultana et al., 2016). The authors of this paper have stressed that economic development is the only means of achieving gender equality across nations. The study examines the role of SHGs in eliminating gender inequality and fostering economic development of women in India. The study also made a in depth analysis of several studies and concluded there exists a strong relationship between economic development and gender equality.

(Chitagubbi et al., 2011). The present study was undertaken with the objective of studying the socio-economic status of SHG members and evaluate the social impact of membership of SHGs on the empowerment of women members in 4 districts of Karnataka namely Bider, Dharwad, Gadag and Raichur. The sample of the study was about 400 SHG members from above four villages. The study concluded that microfinance through SHGs have contributed in the economic, social, political and development of leadership qualities, which had led to the empowerment of women.

(Lal, 2016). This paper establishes the linkage of women empowerment with their participation in economic activities, tribal women in particular. It also examines the occupation pattern of women, their socio-economic conditions, dressing pattern. The study was conducted using cross factor analysis and the major findings are that 77% of the women respondents participate in family affairs, breaking the barricades of merely to reproduce. Though women are participating in family activities, there is a need to provide more avenues to involve them in productive activities, decision-making, political representation, entrepreneurial activities and social leadership to empower them.

(Pawar, 2016). The study has been conducted to assess the socio-economic conditions of the tribal population, especially women population before and after joining the SHGs and availing microfinance. The study analyses the impacts of microfinance on factors such as household income, acquired assets and employment generation among the tribal population of Telangana state.

(Sibghatullah, 2013). The paper analyses the status of microfinance in India since its emergence. SHGs and microfinance have emerged as a cost-effective tool to serve the financial requirements of the rural poor. The paper focuses on the various issues or gaps faced by microfinance institutions pertaining to credit delivery such as lack of product diversification, less thrust on enterprise loans, collection of loans or savings, high interest rates etc. The paper suggests some measures to overcome the challenges in the microfinance sector of India.

(Gangadhar et al., 2017). The main objective of the study was to assess the impact of microfinance on empowerment of Scheduled Caste (SC) and Scheduled Tribe (ST) women in Karimnagar District of

Telangana State, India. The study has considered three factors of women empowerment - health awareness, legal awareness and political awareness. The results of the study reveals that through microfinance programs there has been improvement in health awareness and limited impact on legal and political awareness among women after joining SHGs. The SC and ST women participation in SHGs have resulted in their overall empowerment.

RESEARCH METHODOLOGY

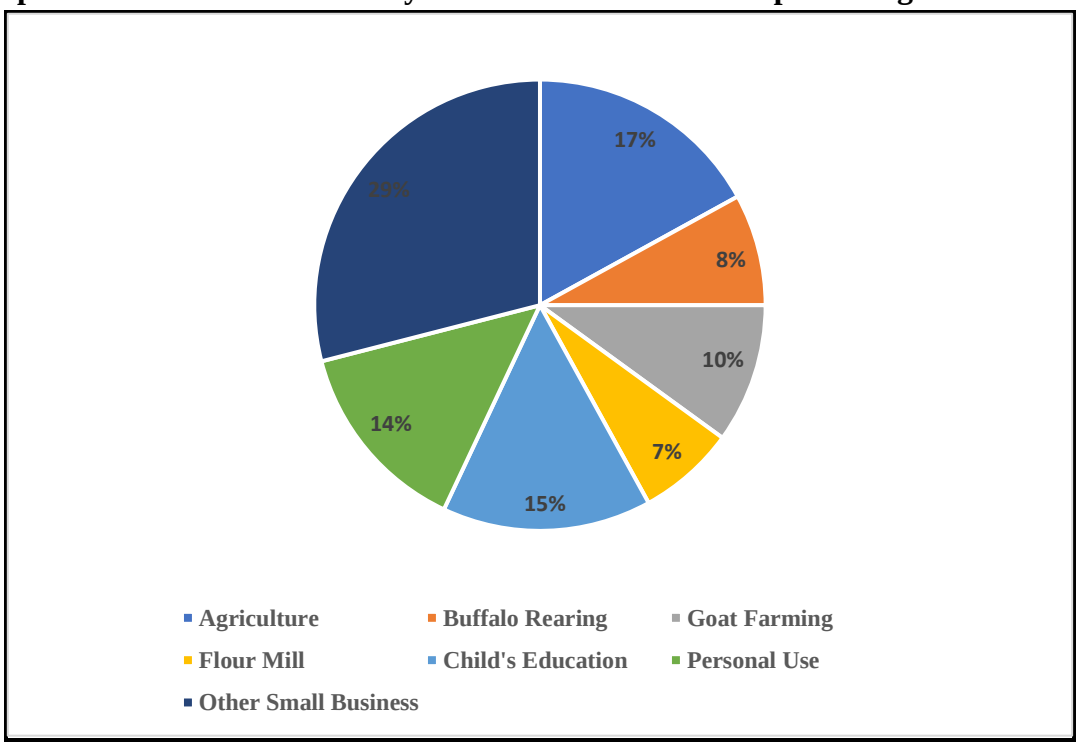
Major objectives of the research are:

1. To undertake a comparative analysis of the purpose of utilization of microfinance by SHGs of rural and urban areas
2. To examine the differences in the extent of entrepreneurial empowerment among rural and urban women SHG members
3. To examine the reasons underlying the entrepreneurial behavior among the women SHG members
4. To assess the impact of microfinance and SHG participation for overall empowerment

Sources of Data: The study is exploratory in nature and is based on both primary and secondary data. Secondary data was collected from various journals, articles, working papers, NGO reports etc. Primary data was collected by way of a structured questionnaire prepared regional language. Sample Size: Total respondents are 200 women out of whom, 100 members belonged to rural SHGs and the remaining 100 members are chosen from the Urban SHGs. Each SHG comprised of 10 members and hence 10 groups from rural and 10 groups from Urban region are selected for the study.

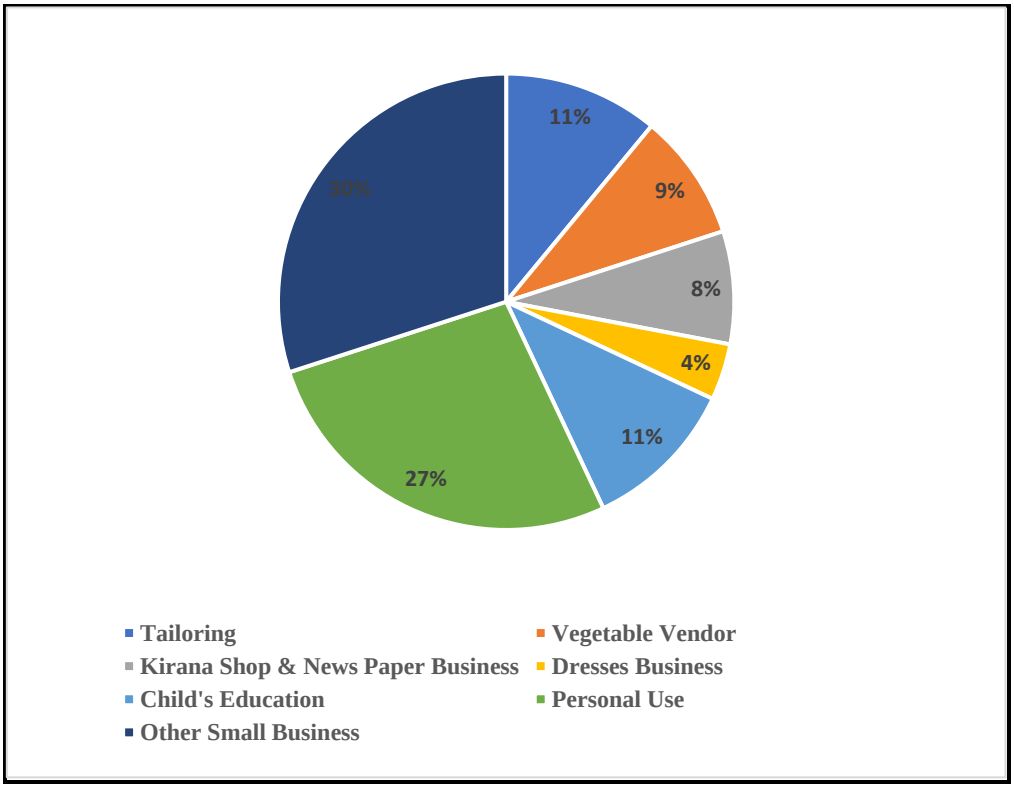
Method for data collection: A structured interview schedule was prepared and used for collecting data from the women SHG members. Both open ended and close ended questions were included in the schedule. Statistical tools: percentage analysis and rank correlation are used for the analysis of the data.

FIG-I: Purpose of Loan & Utilization by SHG Members in Rusthapur Village



From the Fig-I, it is observed that majority of women members (29%) have utilized the microfinance loans towards small and petty businesses, (17%) of the respondents have utilized for Agricultural production, (15%) towards children's education, (14%) made use for personal purposes, around (10%) used the loan amount for purchase of goats and goat farming, (7%) of women used the loan for setting up flour mills and (8%) of women have utilized the money for buffalo rearing.

Fig-II: Purpose of Loan & Utilization by SHG Members in LB Nagar (Urban)



From the Figure II, it is clear that the women SHG members belonging to Urban region, have utilized the microfinance for varied purposes, however, the common factor between the rural and urban SHG members is that the microfinance loans are not totally utilized for setting up businesses as intended but is utilized for various other personal uses. There is a difference between the rural and urban SHG members with respect to the types of small business started by them.

Table -I: Entrepreneurial Activity of SHG Members

Purpose of Loan from SHG	(Rural) Rustapur Village n(100)	%	Urban (LB Nagar) n(100)	%
Entrepreneurial Activity	71	71%	62	62%
Personal or Other Uses	29	29%	38	38%

The above table shows the number of women SHG members who have taken the microfinance loan for starting small businesses. It was observed that 71% of rural women SHG members were engaged in small

businesses and showcased their entrepreneurial empowerment. As against the rural women, 62% of urban SHG members were engaged in small entrepreneurial activities.

Table -II: Rational behind Entrepreneurial Activity of Respondents

S. No.	Rationale	Rural (Rusthapur Village)			Urban (LB Nagar)			Rank Order Correlation 'r'
		n (71)	%	Rank	n (62)	%	Rank	
I.	**Economic reasons**							
1	Availability of loan at a very less cost	63	89	II	62	100	I	
2	To prepare for emergencies	59	83	III	59	95	II	
3	To ensure flow of money	41	58	V	45	73	IV	
4	To possess adequate income	43	61	IV	43	69	V	0.9512*
5	To enable access of additional income of family	67	94	I	57	92	III	(df=6)
6	For gains from enterprise	28	39	VI	29	47	VI	
7	To support unemployed male member of family	19	27	VIII	15	24	VIII	
8	As a means of alternate source of	20	28	VII	19	31	VII	
II.	**Personal reasons**							
1	For financial security	58	82	II	51	82	III	
2	Want to be independent	44	62	VI	46	74	V	
3	Interest in business	36	51	VII	39	63	VII	0.9232*
4	For gaining experience	22	31	IX	27	44	VIII	(df=8)
5	To acquire new skill	48	68	IV	53	85	II	
6	For creating business opportunity for the children	45	63	V	50	81	IV	
7	To keep myself occupied	62	87	I	60	97	I	
8	To make use of free time at my disposal	51	72	III	40	65	VI	
9	To earn name and fame in the community	48	68	IV	50	81	IV	
10	Encouragement from members of the family	26	37	VIII	15	24	IX	
III.	**Social and cultural reasons**							
1	Motivation given by group members	71	100	I	60	97	I	

2	Motivation from friends and relatives to set up business	50	70	IV	40	65	V	
3	To build social relationships and contacts	49	69	V	52	84	II	0.866
4	Like to work in a team	55	77	III	48	77	III	(df=5)
5	Participation in group activities	30	42	VII	28	45	VII	
6	Less knowledge about suitable jobs	40	56	VII	36	58	VI	
7	Less job opportunities	58	82	II	44	71	IV	
IV.	**Being a part of the Supportive micro financing ecosystem**							
1	Easy access to loans	65	92	II	55	89	IV	
2	Eligibility for government schemes	68	96	I	58	94	II	
3	Simplified procedure of obtaining finance	65	92	II	60	97	I	
4	Sponsored Training opportunities	57	80	IV	43	69	VI	0.7238
5	Simplified marketing	44	62	V	56	90	III	(df=5)
6	There is adequate demand for the product	62	87	III	58	94	II	
7	Lack of competition in the market	57	80	IV	46	74	V	

**Significance at 5% level of Probability*

Table II shows the responses women which indicate the reasons for their entrepreneurial initiatives both in rural and urban regions and rank correlation is calculated. The research identified 32 factors which are categories into four segments such as 1) Economic reasons 2) Personal reasons 3) Social and cultural reasons and 4) supportive microfinance ecosystem. On the basis of rank correlation, it was observed that the major reasons expressed by the women SHG members was the economic rationale with r value of 0.9512 followed by personal reasons with r value equal to 0.9232, for social and cultural factors with r value equal to 0.866 and supportive microfinance ecosystem with an r value of 0.7238. The above data clearly indicates that majority of the women were motivated to start small businesses owing to economic reasons.

Table-III: Entrepreneurial Profile of SHG Members

S. No.	Entrepreneurial Factors	Rustapur Village		Urban		Total	
		n (71)	%	n (62)	%	n (183)	%
1	**Willingness to Change**						
	Low	26	37	24	39	50	38
	Moderate	15	21	12	19	27	20

	High	20	28	15	24	35	26
	Very High	10	14	11	18	21	16
2	**Preparedness for Risk**						
	Low	30	42	27	44	57	43
	Moderate	16	23	12	19	28	21
	High	20	28	14	23	34	26
	Very High	5	7	9	15	14	11
3	**Commitment**						
	Low	5	7	6	10	11	8
	Moderate	21	30	18	29	39	29
	High	25	35	18	29	43	32
	Very High	20	28	20	32	40	30
4	**Family Decision**						
	Self	10	14	25	40	35	26
	Husband	16	23	15	24	31	23
	Elderly Person	15	21	7	11	22	17
	Family Business	30	42	15	24	45	34
5	**Entrepreneurial Decision**						
	Self	24	34	30	48	54	41
	Husband	37	52	17	27	54	41
	Self along with SHG members	10	14	15	24	25	19

Table III: The above table reveals the psychological factors influencing the women SHG entrepreneurs in both rural and urban regions. The research identified five psychological factors such as willingness to change, preparedness for risk, commitment, family decisions and entrepreneurial decisions that influenced women to become entrepreneurs or support their husbands in entrepreneurial activity. The first three responses were rated on a scale of 4 with 1 being low and 4 being very high. The above date indicates that out of 71 rural women who took to businesses, between 14% to 28% of rural women and between 18% to 24% urban women exhibited the willingness to change which is one of the prerequisites for entrepreneurship. Preparedness for risk was observed to be low both for rural women at 42% and 57%. Both rural and urban women exhibited moderate to high levels of much needed commitment to run their businesses. It was observed from the study that women from both urban and rural areas were significantly influenced by family decisions and their spouses.

Table IV: Categories of Empowerment

S. No.	Categories of Empowerment	Rustapur Village		LB Nagar		Total		MWS	Rank
		n(100)	%	n(100)	%	n(200)	%		
1	**Economic Empowerment**								
	Low	16	16	10	10	26	13		
	Moderate	33	33	19	19	52	26	1.030	I
	High	26	26	39	39	65	33		
	Very High	25	25	32	32	57	29		
2	**Social Empowerment**								
	Low	18	18	27	27	45	23		
	Moderate	29	29	26	26	55	28	0.992	III
	High	29	29	28	28	57	29		
	Very High	24	24	19	19	43	22		
3	**Political Empowerment**								
	Low	52	52	45	45	97	49		
	Moderate	47	47	43	43	90	45	0.939	IV
	High	1	1	7	7	8	4		
	Very High	0	0	5	5	5	3		
4	**Entrepreneurial Empowerment**								
	Low	22	22	30	30	52	26		
	Moderate	11	11	10	10	21	11	1.024	II
	High	61	61	45	45	106	53		
	Very High	6	6	15	15	21	11		
5	**Overall Empowerment**								
	Low	27	27	28	28	55	28		
	Moderate	30	30	25	25	55	27		
	High	29	29	30	30	59	30		
	Very High	14	14	18	18	32	16		

Table IV reveals the achievement of overall empowerment of the rural and urban women members of SHGs. It was clearly indicated that almost all the respondents belonging to rural and urban regions achieved certain levels of economic, social, political and entrepreneurial empowerment owing to their active participation in the SHG and availing microfinance for their progress. It was observed that economic

empowerment was highest with Mean weighted score of 1.030 followed entrepreneurial empowerment with a mean weighted score of 1.024. social empowerment with a mean weighted score of 0.992 and Political empowerment with a mean score of 0.939. Study indicates that there has been an overall empowerment amongst all the women SHG members.

Findings from the Study:

The study aimed at examining the socio economic, political and entrepreneurial empowerment amongst the women members of SHGs from a rural and urban region. The researchers have observed few commonalities among both rural and urban women in terms of their entrepreneurial mindset, and empowerment. The responses received from the women members of SHG have reinstated the fact that the purpose for which SHGs were formed and giving them opportunities to explore small businesses by facilitating small loans through microfinancing mechanism, has transformed their lives through govt interventions and intended financial inclusion. Women are able to participate in financial decisions to a great extent and they have been pillars of support both to the spouses as well as their children. Urban SHG members are observed to be participating in diverse businesses though small such as vegetable vending, wet grinding units, clothing business and seen to have empowered themselves and the family.

Conclusions:

The study has revealed that microfinance has created a significant impact on the livelihoods of women both in rural and urban regions. Microfinance loans and its productive utilization is observed to be having a crucial role and impact on women empowerment. The research findings of the study suggest that microfinance has a profound influence on the economic profile, decision making ability, knowledge and self-worth of women members of SHGs in both the rural and urban regions.

Microfinance is accepted as an enabling tool for achieving and managing a sustained and long-term economic growth in all over the world. Reaching poor people on a large scale with customized financial products on a regular basis involves an engaging financial system where microfinance sector offers more robust solutions in transforming the informal sector while ensuring access, affordability and continuity. Review of literature on microfinance has exposed the bottlenecks and challenges, it is by far considered as a tool for multidimensional empowerment of women.

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