

Impact of Microfinance on women empowerment through Self-Help-Groups in Alwar District, India

Rejoice Solomon^a, Dr. Ranu Sharma^b

^a Research Scholar, School of Management & Commerce, Poornima University Jaipur1

^b Associate Professor, School of Management & Commerce, Poornima University Jaipur

^arejoicesoloman.sony@gmail.com, ^branusharma@poornima.edu.in2

Article History: Received: 10 November 2020; Revised 12 January 2021 Accepted: 27 January 2021; Published online: 5 April 2021

Abstract: Empowerments of women become a main motive of the nation. As they are the foundation for the growth, peace and Equality of the nation. 70% of the worlds' population are of poor women. And they were not considered by any formal or non formal institution for the credit worthiness but it is microfinance institutions that came forward to avail the facility of loan to them with the help of Self-Help-group. The motive of this paper is to know the dimensions by which empowerment of women would be take place through microfinance self-help-group. For the collection of data a survey method was used on the 550 women of Alwar District but for the study only 496 questionnaires was used as the 54 questionnaire was not completely. The collected data was analysed in SPSS, Factor Analysis, Pearson r and Dependent and independent variables were considered did to know the impact of microfinance on empowering women by SHGs of Alwar, Rajasthan. The study shows a positive relationship of in the economical and social empowerment of women with microfinance.

Keywords: Women Empowerment, Self-help-Group, Microfinance, Dimensions

1. Introduction

To build a bridge of financial services to the needy and poorer people of the society Grameen bank was formed by Mohammed Yunus in the year 1974 when the people of Bangladesh fall into the trap of famine. But it was acceptable by the government in the year 1983. They used to make small group of 7 to 12 women who have a same socio-economic background granting them loan without any collateral security and that group is known as Self-Help-Group. In India reserve Bank of India (RBI) approved in the year 1992. It is also known as Bankers to the Poor. Now this concept is growing rapidly at present India has 70,000 microfinance institutions and these institutions are working for the betterment of people who not getting proper food and also for those who are unable to stand for themselves for the development of nation, microfinance work as a vaccine for women empowerment. Empowerment of women is mandatory and also the need of a nation but making them economically strong it is important to empower her psychology. The women of Rajasthan were not allowed to come outside and also they are not allowed to take their decisions independently, and the most important thing is they were not allowed to live the life as person. But now the women of Rajasthan need a change and they are also trying their best to empower themselves it all is happening because of the microfinance institutions. They need a change and coming forward to break the walls which are coming on their way. Women empowerment and nation development are linked together without women empowerment a nation can't be develop. Thus microfinance institutions are working for the betterment for nation by empowering the weaker, poorer women of the society. Millennium Development Goal 3 i.e., MDG3 is formed to empower the women of India which leads to the development of India by the United Nation and they formed to make it achieve by the year 2005 they failed to achieve their goal later they decided to make it possible by the year 2015 that also failed now by the year 2030 they want to achieve the MDG3. Government also formed many policies and programme for the betterment of women to make them empower by the microfinance self-help-groups programme.

2. Literature Review

Mehra, et al., 2010 presented an empirical study to analyse role of women empowerment through self help group. Discussed the income generated activities initiated by SHG's members and its problems. For the purpose of study an analytical research survey was conducted through questionnaire among 80 SHG's members of Indore district, Madhya Pradesh. The empowerment of women was analysed under 4 parameters they are; resources, welfare for the family and influence over local political activities. Majority of the respondents said that they were facing the problem of over burden with responsibilities, high interest rate by banks. Author concluded that SHG'S are contributing rapidly for the growth of women and also for the Economic. Venkatesh & Kala, 2010 presented an Descriptive study on women at economical level after joining SHG'S For the purpose of study an analytical research survey was conducted through questionnaire among 134 SHG'S members from south districts of Tamilnadu. The data was analysed on the basis of various perspectives like; age, reason for joining SHG'S, before & after monthly income, amount of loan, repayment of loan. The collected data was analyse by using percentage,

Author concluded that after joining SHG'S there is an improvement among the women, SHG'S's in south Tamilnadu worked very well it goes in such the SHG'S's of Tamilnadu will success. Jain,2012 presented a study to know the effect of small finace on empowering women of Udaipur district Rajasthan, framed three hypotheses to analyze the relationship of age, education, period of membership with respect to empowerment of women. An analytical research survey was conducted through questionnaire among 100 respondents to analyse the effect of microfinance upon women in 3 areas of empowerment i.e. Economic, Social and political. Authors concluded that respondents were not able unable to cope up with the financial problem which arises in their family and also women were politically more empower as compared to economical and social. Indhumathi &Palanivelu, 2013 presented a study on women empowerment through SHG'S by testing three hypotheses that analyses the relationship of education with training facility, with banker's attitude and with the income of the members after joining SHG'S. The study was carried out in 100 SHG'S members of Pollachi block in Coimbatore district, Tamilnadu, who were interviewed. Author concluded that majority of the respondents were satisfied with their income, expenditure and employment were increased ant they feel their status has been improved. Author also suggests that training facility should be provided banks procedure should be minimized, awareness programme should be conduct. Farooqui, 2013 presented an empirical study to analyse the role of microfinance institution in promoting and distributing micro insurance product. Framed two hypotheses to analyse the significance role of microfinance with awareness of micro insurance product and with micro finance institutions. For the purpose of study an analytical research survey was conducted through questionnaire among 140 respondents of Allahabad, Uttar Pradesh. It was found the respondents were not much aware regarding the micro insurance product; microfinance institutions were facing the problem in creating awareness and distributing products because of lack of illiteracy, modern technology, resources. Author concluded that the role of microfinance institutions in promoting and distributing micro insurance products were ineffective thus he suggests that microfinance institutions should laid the foundation of insurance among BPL and companies should launch new innovative and attractive product. Maurya, 2014 presented a study to know the impact of microfinance on poverty eradication through SHG'S. Discussed the Socio-Economic impact of microfinance on savings and borrowings pattern among SHG'S members. Most of the researcher discussed the projects launched by NABARD. For the study both first hand and second hand information were gathered. An analytical research survey was conducted upon 125 SHG'S members through interview among four regions i.e. Patti, Kunda, Sandwa and Lalgan of Pratapgard district in Uttar Pradesh, India. After being a part of the group the savings and income of the respondents were increased and they started towards non-farm activities, dependencies on moneylenders were reduced and the loan which they avail was for income generating activities. Author concluded that SHG'S's not only provided the financial services but also works better in terms of creating awareness & empowerment. SHG'S played an crucial role for the betterment of Uttar Pradesh as it improved the Economic conditions, developed Social conditions of people.

3. Research Methodology

First-hand and second-hand information have been used for this study. First hand data have been gathered by a survey method which was done on the 550 women beneficiaries microfinance SHGs in Alwar but here only 496 questionnaires was used as the 54 questionnaire was not completely. And the second hand information was collected from journals, books, research papers and reports of microfinance. Descriptive analysis, Reliability Test, KMO- Bartlett's Test of Sphericity, Factor analysis, Pearson r and Dependent and independent variables were considered to know the effect of microfinance on empowerment of women by the microfinance self-help-groups in Alwar District. Where microfinance is kept as independent variable and economic and social empowerment kept as a dependent variable.

Hypothesis

H01: There is no significant impact of the microfinance on the economical empowerment of women through Self Help Group.

H02: There is no significant impact of the microfinance on social empowerment of women through Self Help Group.

Data Analysis

Table 1: Rotated Component Matrix

Rotated Component Matrix^a		
	1	2
Did microfinance increases the income of your family	.660	
Did microfinance help you to alleviate the poverty?	.791	
Did microfinance help you in maintaining bank related work?	.717	
Did microfinance helps you to take decisions regarding the utilization of money/credit.	.750	
Did microfinance helps you to become economic self-dependence	.687	
Did microfinance made you capable to support your family at the time of financial crises.	.773	
Did microfinance enhance the saving of your family?	.741	
Did microfinance help you to reduce the dependency on money lenders?	.650	
Did microfinance helps you to open an independent bank account.	.710	
Did microfinance help you to have ownership on household assets?	.733	
Did you feel that microfinance helped you to participate in the decision making in your family?		.572
Did you raise your status in society?		.532
Did microfinance helps you to fight against social violence like; dowry, female feticides.		.584
Did microfinance help you to actively participate in social activities?		.539
Did microfinance helps you to express your opinion freely in SHG meetings		.521
Did microfinance made you to take your own decisions independently.		.733
Did microfinance made you capable to mobilize freely.		.720
Did microfinance help you to save money?		.566

Did microfinance increase your role in the family?		.746
Did microfinance plays a vital role in your upliftment.		.665
Do you think that microfinance developed a potential upon you to solve the problems of other group members.		.692

From the rotated component matrix it was seen that in economic empowerment factor 10 variables were loaded in one. And under social empowerment factor 11 variables were loaded.

Economic Empowerment

In economic empowerment of women it has 10 variables which show that microfinance improves the economic status of women. Alleviation of poverty is the variable which has a value of 0.791 followed by supporting family at the time of financial crises and ownership on household asset both have 0.773, decision regarding the utilization of money credit 0.621, followed by saving with 0.740, banking work with 0.717, as for the self dependency it has 0.687 followed with increase in income with 0.660 and dependency on money lender is 0.650. Thus it can be concluded that microfinance has empowered the women economically and it has also having a positive impact on empowerment of women.

Social Empowerment

In social empowerment there were 11 variables which shows the empowerment of women by microfinance As for the social empowerment it was found that the role of women in their family has increased the value come out is 0.746 followed by the decision making ability with 0.733 followed with mobilize freely with 0.720, solving the problems of other group members. With 0.692 for upliftment.0.665, 0.584 for fight against social violence followed by decision making in your family with 0.572, saving with 0.566, participation in social activity with 0.539 followed by status in society with 0.532, expressing their opinion in meeting with 0.521. Thus it was come to know that microfinance has a positive impact and women were socially empowered.

Table 2: Reliability Analysis

Reliability Statistics		
Variables	Cronbach's Alpha	N of Items
Economic Development	.900	10
Social Empowerment	.897	11

Sources: output of IBM-SPSS 22

Table 2 shows the reliability of data the Cronbach’s alpha value of both the variables are more than 0.7 which shows the data is reliable.

Testing of Hypothesis

H01: There is no significant impact of the microfinance on the economical empowerment of women through Self Help Group.

H0A: There is a significant impact of the microfinance on the economical empowerment of women through Self Help Group.

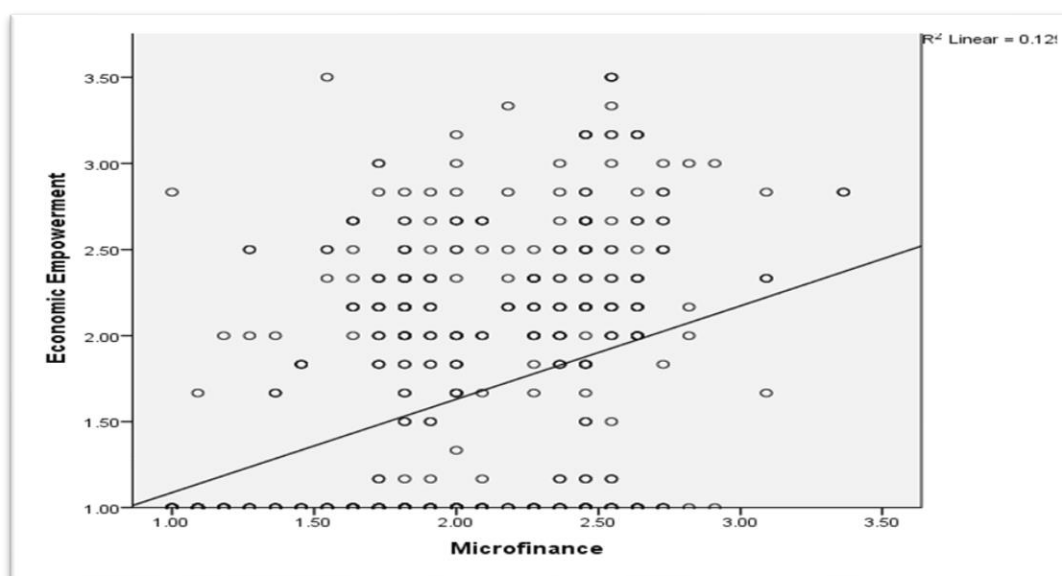
Correlation Analysis

Correlations

		Economic Empowerment
Microfinance	Pearson Correlation	.359
	Sig. (2-tailed)	.000
	N	496

Source: Output of IBM-SPSS 22

The above table presents the correlation among the microfinance and the economical empowerment of women through Self Help Group. Economic empowerment carries a positive relationship with the microfinance of women through SHG. The table shows that there is a significant relationship between microfinance on economic empowerment of women through Self Help Group. It has found that Pearson correlation value is 0.359 and the sig value (sig value) is 0.000 which shows a significant positive relationship between microfinance and economic empowerment of women through Self Help Group.



Scatter Plot

Source: Output of IBM-SPSS 22

Regression Analysis

Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.359 ^a	.129	.127	.44202	1.872
a. Predictors: (Constant), Microfinance					
b. Dependent Variable: Economic Empowerment					

Source: Output of IBM-SPSS 22

The above table shows the model summary; R Square is .129 which indicates microfinance shows 12.9% of the variability with significant effect on economic empowerment.

The above table indicates the simple linear regression model summary with the overall fit statistics. It indicates that R value of our model is .359, which indicates the positive correlation between the economic empowerment and the microfinance. The Durbin-Watson value is indicated with $d = 1.872$, the correlation is modelled between data points and can be relied upon.

ANOVA goodness of fit (GOF)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.263	1	14.263	73.001	.000 ^b
	Residual	96.519	494	.195		
	Total	110.782	495			
a. Dependent Variable: Economic Empowerment						
b. Predictors: (Constant), Microfinance						

Source: Output of IBM-SPSS 22

The test goodness of fit tells us whether the model is good enough which is to be getting by the sig. value. Here it is good as the value is below .000 which is below .05.

Thus we can say that the model explains the data in a goodness of fit. And there is also a significant proportion of variance in the economical empowerment of women.

Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.624	.050		32.780	.000
	Microfinance	.237	.028	.359	8.544	.000
a. Dependent Variable: economic empowerment						

Source: Output of IBM-SPSS 22

An unstandardized coefficient shows the dependency of Dependent variable on independent variable when keeping the independent variable as constant. And from the analysis we have rejected the Null hypothesis and accepting the alternate hypothesis.

H02: There is no significant impact of the microfinance on the social empowerment of women through SHGs.

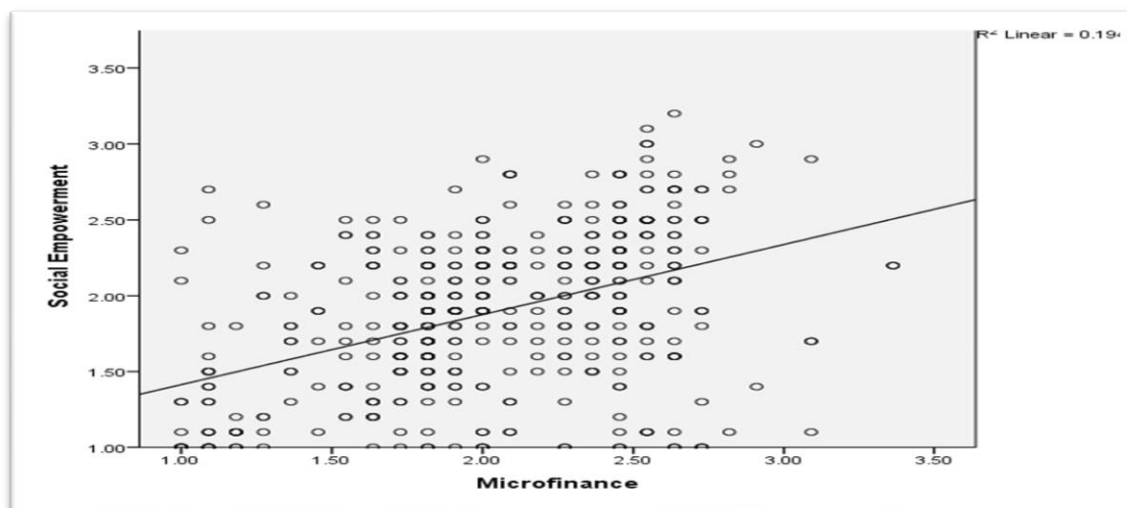
HA2: There is a significant impact of the microfinance on social empowerment of women through SHGs.

Correlation Analysis

Correlations		
		Social Empowerment
Microfinance	Pearson Correlation	.441
	Sig. (2-tailed)	.000
	N	496

Source: Output of IBM-SPSS 22

To know the relationship between microfinance and the empowerment of women at social level Pearson r used and from the analysis the value of r comes out is 0.441 and the sig. value is .000. it shows a positive relationship between both. And social empowerment carries a 'moderate' positive relationship with the microfinance.



Scatter Plot

Source: Output of IBM-SPSS 22

Regression Analysis

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.441 ^a	.194	.193	.42509	1.824
a. Predictors: (Constant), Microfinance					
b. Dependent Variable: Social Empowerment					

Source: Output of IBM-SPSS 22

Table shows the model summary; R Square is .194 which indicates microfinance shows 19.4% variable having an significant impact on social empowerment. Table also shows the Simple linear regression model which shows the value of R with .441 thus, a positive correlation between the social empowerment and the microfinance. The value of Durbin-Watson is 1.824; therefore there is no auto correlation with the data.

Table: 4.4.2.3 ANOVA goodness of fit (GOF)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.517	1	21.517	119.079	.000 ^b
	Residual	89.265	494	.181		
	Total	110.782	495			
a. Dependent Variable: Social Empowerment						
b. Predictors: (Constant), Microfinance						

Source: Output of IBM-SPSS 22

The test goodness of fit tells us whether the model is good enough which is to be getting by the sig. value. Here it is good as the value is below .000 which is below .05. Thus we can say that the model explains the data in a goodness of fit. And there is also a significant proportion of variance in the economical empowerment of women.

Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.222	.075		16.319	.000
	Microfinance	.420	.038	.441	10.912	.000
a. Dependent Variable: Microfinance						

Source: Output of IBM-SPSS 22

An Unstandardized coefficient shows the dependency of Dependent variable on independent variable when keeping the independent variable as constant. And from the analysis we have rejected the Null hypothesis and accepting the alternate hypothesis

4. Conclusion

Women empowerment is need of a need of a nation’s development. This study was done to know the effect of microfinance on women empowerment through SHGs. Where social and economical variable were kept as a dependent variable upon microfinance and the result shows a positive correlation between both the factors. Both the null hypotheses were rejected as the value is less than 0.05 therefore accepting the alternate hypothesis i.e., there is a significant impact of microfinance on economical and social empowerment of women through self-help-groups. In order to analysis the hypotheses correlation and regression analysis done which shows a positive correlation between economical and social empowerment of women with microfinance.

With the help of microfinance women become self independent, solving their problem independently, their income has also increased they used to go out without any fear..

References

- Jaya Mehra, Sandhya Choudhary, N. K. Punjabi & K. L. Dangi, "Role of SHG'S in empowerment of rural women in Indore block of Madhya Pradesh", *Raj J. Extn. Edu.* 17 & 18: 118-120, 2009 & 2010.
- Dr. J. Venkatesh, Ms.k.Kala, "Empowering rural women all the way through Self Help Group", *international journal of management*,ISSN 0976-6502,volume 1, no.2, oct- Nov 2010. Pp.156-163.
- Dr.Dhiraj Jain, "does microfinance empower rural women?-A empirical study in Udaipur district, Rajasthan", *International Refereed Research Journal*, Volume 3, Issue 2(1), April 2012.
- Mrs. C. Indhumathi, Dr. P. Palanivelu, "women empowerment through self – help group", *global research analysis*, Volume: 2, Issue:6, June 2013.
- Harikesh Maurya, "Impact of microfinance on poverty eradication through SHG'S's", *international journal of Social research*, Volume 3, issue 12, December, 2014.
- Mrs. Eli kumari Das, Ms.Dharitri Baishya, " Role of Self-Help Groups in Empowering Rural Women: A case study on selected SHG'Ss in Rani Block of Kamrup District of Assam", *Journal of Economics and Finance*, Volume 6, Issue 2, PP 27-31, Mar.-Apr. 2015.