

A Study on Impact of Microfinance on Women's Economic Empowerment"

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Abstract:- The process of women challenging existing patterns and culture to effectively promote their well-being is said to be women's empowerment. Women's engagement in microfinance has had a extensive effect on women's empowerment in both social and economic domains. Women's elements of credit play a part in enhancing the ability of households to make decisions, the workforce, the participation rate, the control over resources, and even political and legal awareness, which creates opportunities for women to be more empowered. The study provides an excellent explanation of the significance of theories of women's growth and empowerment. The research to comprehend the concept, meaning, and various actions undertaken about microfinance in empowering women, a questionnaire was designed in aim to collect data through the respondents which are fit the research's definition of "studying the impact of microfinance in empowering women." The study's descriptive research design was chosen. Convenience sampling is used to select a sample size of 85 out of a possible 90 respondents. The hypothesis is formulated to investigate whether respondents' income levels and the effect of microfinance have changed since joining SHGs. The data is analyzed using the chi-square test to test the hypothesis, and percentage analysis is also performed to inspect the data.

Keywords:- Microfinance, Self- Help Groups, Women Empowerment.

I. INTRODUCTION

Microfinance through self-help groups has gained international recognition as one of the most effective approaches for alleviating poverty and fostering rural development. To support sustainable development at a national level, empower women, reduce poverty, and raise public awareness, self-help groups and microfinance have proven highly successful. For themes like poverty eradication, providing support for small enterprises, and promoting gender equality, microfinance has become an extensively used term, however it lacks a formal legal definition. The organizational structure of microfinance is designed to enhance income levels in urban, semi-urban, and rural areas, thereby refining their standard of living. Microfinance can be described as 'the provision of savings, other financial services, and products to those with very limited resources.' In Karnataka, there are hundreds of microfinance institutions, with some being registered

financial entities in India. These institutions offer valuable financial services to disadvantaged individuals, particularly women. Since women are normally additional dependable borrowers, many microfinance institutions prefer to extend their services to them.

Women's empowerment leads to their enhanced decision-making ability, increased self-esteem, improved household status, and more significant roles in family life. Microfinance is essential for women to build economic self-reliance, overcome exploitation, and strengthen the social fabric. It fosters a sense of empowerment, enabling individuals to take control of their future. This control spans resources such as physical, human, intellectual, and financial, as well as ideologies like beliefs, values, and attitudes.

II. NEED FOR THE STUDY

The main determination of the study is to assess the level of awareness among women in Bangalore about self-help groups (SHGs) and microfinance in relative to their empowerment. The ultimate aim of the research is to gauge women's perceptions of SHGs and microfinance. Since women are significantly contributing across various spheres, this study is both appropriate and highly pertinent.

➤ Objectives:

- To study the Microfinance concept.
- To Identify the Role of SHG's in Providing Microfinance for Women Empowerment.
- To examine the Effect of Microfinance in Women Empowerment.

➤ Scope of the Study:

The research will concentrate on exploring how microfinance operates in empowering women and assessing their level of awareness. This investigation goal to boost their self-assurance, promotes equality, improve their quality of life, and boost their income.

➤ Research Methodology:

- **Research design:** Quantitative research method with descriptive analysis.
- **Sampling Size:** 85 Respondents
- **Sampling Frame:** Sample Frame is considered with in Bengaluru

- **Sampling Technique:** Non - Probability Sampling – Convenient

➤ *Data Collection:*

- **Primary data:** By using standardized questionnaires to collect information, Primary data have gathered directly from primary sources.
- **Secondary data:** The data is gathered from numerous research papers and founded on the report made. Secondary data have collected through Research papers, books, Magazines, Articles, Websites, and Internet sources.
- **Statistical Tool:** Chi-square test.

➤ *Hypothesis:*

- **H0:** There is no difference in income of respondents after joining SHG.
- **H1:** There is a difference in income of respondents after joining SHG.
- **H0:** There is no effect of microfinance on women Empowerment.
- **H1:** There is effect of microfinance on women Empowerment.

➤ *Limitations of the Study*

- Facts and findings about the study are limited to city (Bangalore).
- Data collection is completely targeted in female respondents.
- Data analysis is dependent on the responses collected.
- The results are related on the response given by the respondents

III. LITERATURE REVIEW

- **Bharath Sigh Tapha and S Chowdary (2022)-** The research examines the effects of microfinance initiatives on the outcomes of female entrepreneurs, particularly in terms of their social and economic empowerment. Utilizing primary data, numerical approaches are practical for analyzing the information. The findings indicate a positive enhancement in the social aspects of women entrepreneurs following their engagement in microfinance schemes. Therefore, it is encouraged that women upsurge their contribution in microfinance initiatives (MFI).

- **Suresh Chandra Akula and Pritpal Singh (2022)-** The research focuses on the outcomes of economic security for women and the result of modest prior job experience. primary data was collected from a study conducted in a Microfinance Institution located in Telangana. The findings suggest that encouraging female entrepreneurs is linked to mutual advantages between women's financial security and their entrepreneurial activities. Therefore, the aspect of women's decision-making is examined, highlighting the connection between microfinance and the empowerment of women.
- **Vinita Rai and Monica Shrivastava (2021)-** The research seeks to evaluate the result of microfinance activities on women's empowerment, as well as the role of Self-Help Groups (SHGs) and family size. Data from existing sources is utilized. The results indicate that social empowerment stems from microfinance initiatives, and women with smaller families (less than four members) experience greater social and economic empowerment compared to psychological empowerment.
- **Yasar Imam (2021)-** The objective of the research is to measure the efficiency of microloans in enhancing the expansion of female entrepreneurs in India. Secondary data have gathered from online communities. The results indicate that Empowering women has become one of the most impactful strategies for advancing education and uplifting the economy throughout society. Consequently, there is a want for increased support for women in both financial and non-financial areas.
- **Gaurav Joshi (2019)-** The research examines the participation of women in SHGs (Self-Help Groups) for their financial and societal empowerment, with primary data gathered and various methods used for data analysis. The study was carried out in the National district of Uttarakhand. Findings indicate that the women's empowerment index has substantially improved only after becoming members of SHGs.

➤ *Research Gap:*

Several authors have explored the challenges faced by women, but only a few have thoroughly analyzed how fine women are knowledgeable about the efficiency and impact of microfinance and self-help groups (SHGs) in empowering them. Therefore, a study focused on the role of self-help groups in empowering women through microfinance is essential.

➤ *Conceptual Model*

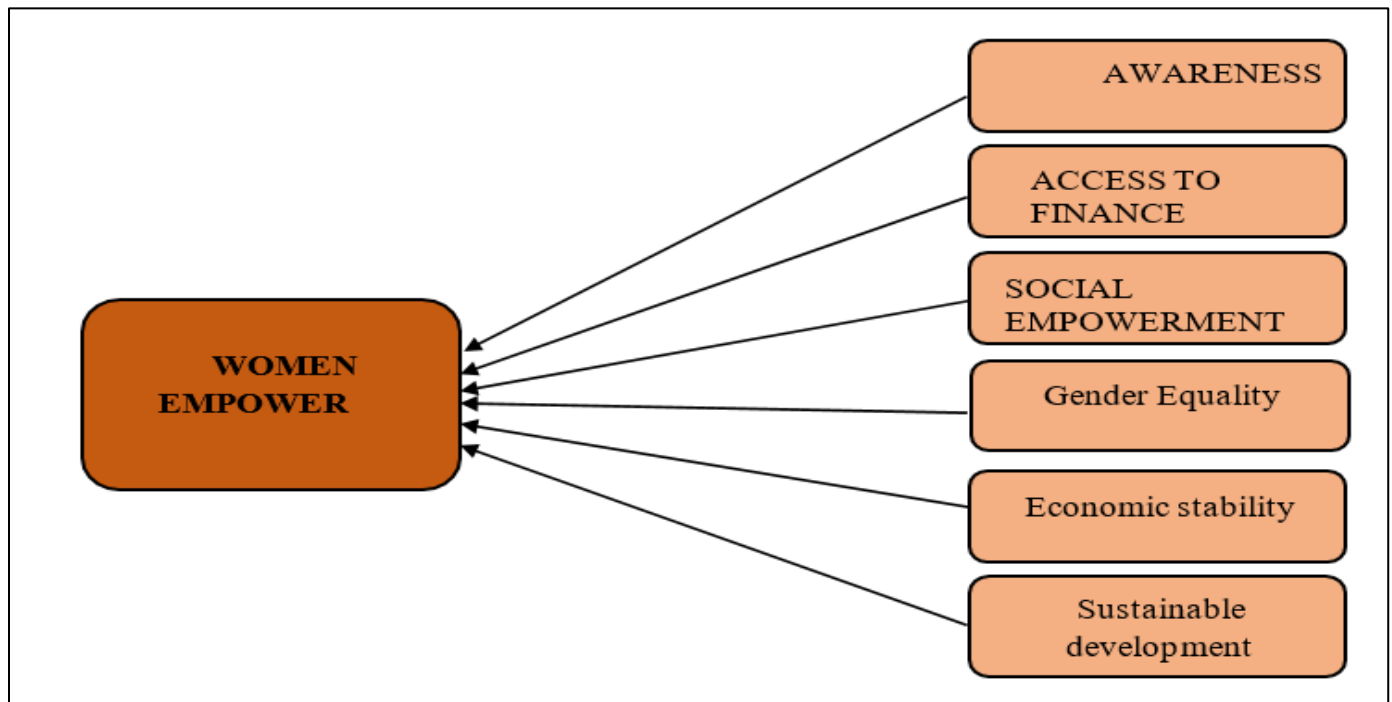


Fig : Conceptual Model

➤ *Data Analysis and Interpretation*

Table 1: Demographic of Respondents

DETAILS		RESPONSES	PERCENTAGE %
GENDER	Female	85	100 %
	Male	0	0 %
AGE	18-24	20	23.52 %
	25-34	16	18.82 %
	35-44	27	31.76 %
	45& above	22	25.88 %
EDUCATION	SSLC	22	25.8%
	PUC	18	21.17 %
	Undergraduate	23	27 %
	Postgraduate	21	24.7 2 %
	Other qualification	01	1.17 %

*Source: Primary Data

Table 2: Microfinance and its Impact in Empowering Women

Variables	Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Awareness	Awareness level of respondents about the SHG	28	40	11	6	0
	Micro finance is a better option for women Empowerment	28	48	16	1	0
Access to finance	The microfinance increased income level of women	20	42	18	4	1
	Microfinance is an easier mode of finance to women	16	42	19	6	2
Social Empowerment	Micro finance plays a crucial role in empowering women Socially	19	45	18	2	1
Gender equality	The microfinance Helps to decrease the gender inequality	20	32	22	7	1

	Women are getting an equal opportunity in loan accessing	19	30	23	7	6
Economic Stability	Microfinance helps women to increase their economic Stability	22	45	16	2	0
	Women are playing a major role in increase economic stability of family	27	29	22	6	1
Sustainable development	MFI & SHG helps for the sustainable development of women	19	38	21	6	1
	Microfinance helps to overall development of Women	25	38	16	5	0

*Source: Primary Data

➤ *Chi-Square Test -1*• *Is Microfinance Increased Income Level of Women?*✓ **H₀** : There is no transformation in income of respondents after joining SHG.✓ **H₁** : There is a transformation in income of respondents after joining SHG.

Table 3: Chi-Square Test on Respondents' Opinion about Microfinance Increased Income level of Women.

Particulars	O	E	(O-E)	(O-E) ²	(O-E) ² /E
1	20	17	3	9	1
2	42	17	25	625	37
3	18	17	1	1	0
4	4	17	-13	169	10
5	1	17	-16	256	15
TOTAL	85	85			62

Observed Frequency (O): 20+42+18+4+1=85
 Expected Frequency (E) : 17+17+17+17+17=85
 Degree of freedom (μ) : 5-1=4

Table value X₂ 0.05=9.49

$$\text{Calculated value, } \frac{(O-E)^2}{E} = 62$$

$$\frac{(O-E)^2}{E} = 62 > X_2 0.05 = 9.49$$

• *Interpretation:*

Since the calculated value exceeds the tabular value, the null hypothesis (H₀) is rejected, and the alternative hypothesis (H₁) is accepted. This indicates that the respondents' opinions suggest a important alteration in the income levels of women after joining SHGs.

➤ *Is Microfinance Helps to Overall Development of Women?*• **H₀**: There is no effect of microfinance on women Empowerment.• **H₁**: There is effect of microfinance on women Empowerment.

Table 4: Square Test on Respondents' Opinion "Is Microfinance Helps to overall Development of Women"

Parameters	O	E	(O-E)	(O-E) ²	(O-E) ² /E
1	25	17	8	64	4
2	38	17	21	441	26
3	16	17	-1	1	0
4	5	17	-12	144	8
5	0	17	-17	289	17
TOTAL	85	85			55

Observed Frequency (O): 25+38+16+5+0=85
 Expected Frequency. (E): 17+17+17+17+17=85

Degree of freedom (μ) : 5-1=4.

Table value X₂ 0.05=9.49

$$\text{Calculated value, } \frac{(O-E)^2}{E} = 55$$

$$\frac{(O-E)^2}{E} = 55 > X^2 0.05 = 9.49$$

• *Interpretation:*

Because of the greater calculated value than the tabular value The null hypothesis (H0) is rejected, leading to the acceptance of the alternative hypothesis (H1). Therefore, the respondents' opinions indicate that microfinance has a important effect on women's empowerment.

IV. FINDINGS

- **Demographic factor:** The learning found that 100% of respondents are female with the common of 31.76% have its place to the 35 to 44 age range and 27% of respondents are majority undergraduate.
- **Awareness:** 47.05% of respondents has finalized that they are having the awareness about microfinance and 56.47% responders agreed that microfinance is a well option for women empowerment.
- **Access to Finance:** 49.41 % of respondents have approved that microfinance is one of the easier modes to access the finance and it has also improved their income level accordingly.
- **Social Empowerment:** 52.94% of the female respondents have decided that microfinance had played an important (crucial) role in empowering women socially.
- **Gender Equality:** 37.65 % of respondents have agreed that microfinance had helped to decline the gender variation and 35.29% of women decided that they are getting an equivalent opportunity in acceding loan for their authorization.
- **Economic Stability:** 52.94 % have agreed that the economic stability has increased due to the microfinance and 34.11 % have agreed that microfinance also helps to increase their own family's stability economically.
- **Sustainable development:** 44.70 % of respondents have decided that microfinance increases their sustainable development and helps the women for their overall development.

V. SUGGESTIONS

Microfinance organizations should consider increasing the availability of loans to women, as microfinance is a key driver of women's empowerment. As these organizations expand and introduce new loan products, it is important to recognize that the process of empowering women varies across different cultures. This empowerment can manifest in several ways, including improved decision-making abilities, extra equitable action within the family and society, increased self-esteem, greater political rights, and enhanced authority.

In a countries similar to India, where male dominance is prevalent, it is crucial for women to overcome hesitation and access the financial services offered by microfinance for their empowerment. To support this, there should be significant advertising efforts on websites, local channels, and government initiatives aimed at educating more women about the benefits of microfinance.

Expanding employment chances for women in the financial sector, public sector, and other industries is crucial to enhancing their economic empowerment and mitigating the effects of current and future financial crises.

VI. CONCLUSION

Research indicates that microfinance plays a vital role in programs aimed at poverty reduction and addressing problems like derisory services and housing in urban areas. Women, in specific, can make significant contributions to the upcoming and the extension of the economy. Increasing women's income is vital for enhancing their economic independence and reducing social discrimination, which still persists. Microfinance institutions (MFIs) and self-help groups (SHGs) should develop more effective programs to achieve better welfare and economic growth. While microfinance is not a magic solution for deficiency reduction, it is an important tool for providing credit facilities to marginalized groups, especially the poorest. Therefore, microfinance should incorporate social defense agendas for women to serve larger segments of society more effectively.

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