

# ROLE OF MICROFINANCE ON WOMEN EMPOWERMENT IN MADHYA PRADESH: WITH SPECIAL REFERENCE TO GWALIOR

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*In recent years, empowerment of women has become a subject of great concern for the nations all over the world especially in poor and developing regions. Madhya Pradesh state is one of the poorest and undeveloped state of India. This area ranks among the lowest areas of public health, gender and nutrition issues. In this state microfinance is a way of acquiring the ability and opportunity to participate in decision making and implementation of decisions with proper knowledge of self-dignity and self-confidence. Microfinance programme extend small loans to very poor people particularly women for self-employment projects that generate income and allow them to take care for themselves and their families. Empowerment means participation of women in harmonious co-existence with men in the society. Power provides social recognition, prosperity, dignity, property and security. Hence empowerment has acquired considerable importance. Participation in the microfinance programme in Madhya Pradesh has led to greater levels of women empowerment in terms of increase in economic, knowledge, self-confidence, social and political awareness, development of organizational skills and mobility, etc. The microfinance has function to its potential to empower. Right from the beginning, NGOs in the state of Madhya Pradesh are working for the cause of women and for their improvement more than 120- committed NGOs have been involved in facilitating the formation of self-help groups and efforts for their substance.*

**Keywords:** SHGs, Madhya Pradesh.

## INTRODUCTION

Microfinance is a small source of financial service for poor people and small entrepreneurs lacking access to banking and related services. This concept is universal whose object is 'a world in which poor have possible permanent access to a suitable amount of high superiority financial services, including not only credit service but also insurance and savings programmes also available. The state of Madhya Pradesh has been the point of attention on the world map primarily due to significant strides made by its SHGs. The state government is making efforts to assist microfinance by providing funds under various program. Due to massive self-help movement, there is a lot of improvement in the socio-economic status of the rural women. Due to constant efforts of the government, women have become active, assertive, and are concerned with their best standard of life. The major objective of microfinance for policy planners in Madhya Pradesh is to search products and strategies for delivering financial services to the poorer and small entrepreneurs mostly women mainly of backward areas in a sustainable manner that generally lack banking related services. In our society women face gender specific barriers like access education, health, employment etc. Micro credit is available solely and entirely to target group of women. The first organization to introduce the concept of microfinance to enhance the agriculture and rural development activities in India was NABARD. After that microfinance was steadily improved growing through SHGs.

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Presently Government of India with RBI have done wonderful job for easy accessibility of financial services to poor and small businesses. Microfinance sector has made substantial progress over the past few decades and brought number of people above poverty line in India. This sector plays a very important role in beginning and expanding the micro business by offering micro loans to lower income groups which generate income and employment to local communities.

Microfinance sector has grown rapidly over the last few decades. Mohammad Yonus from Bangladesh is credited with laying the foundation of Grameen Bank; Bangladesh in 1976. In India, there has been impressive growth in microfinance activities over past few decades or more. Microfinance is one of the few markets - based, scalable anti-poverty and women empowerment solutions that are in place in India today, and the value argument to scale it up to meet the overwhelming need is compelling. Microfinance has emerged as a strong tool for financial inclusion that links low comminutes with banks. It's crucial for achieving inclusive economic process and solely such growth is property. The basic idea of microfinance is to provide small credit to the poor people who otherwise would not have access to banking services. This programme is working in many developing countries. The number of studies explained that participation in the micro finance programme has led to greater levels of women empowerment in terms of increase in economic, knowledge, self-confidence, social and political awareness, development of organizational skills and mobility, etc. Some review also shows that the programme is not reaching the bottom poor people living below poverty line and the group loans are utilized for non-income generating activities such as consumption and other emergency needs. Microfinance studies also show that the women participants have limited control over the use of group loans. The microfinance review also provides mixed results about the impact of microfinance programme on the participants. The studies provide valuable insights into the benefits and drawbacks associated with microfinance programme.

## REVIEW OF LITERATURE

In this study the researcher focus is on how underprivileged women in Madhya Pradesh come forward for forming self-help group and demanding loan for small entrepreneurship from formal and informal microfinance institution and ultimately empower themselves. The researcher has made an attempt to go through the available literature in the sphere of Self Help Group and microfinance for women empowerment in Madhya Pradesh within the conceptual framework of the study. In this connection the researcher has tried to concretize and highlight the salient features of the trends and practices towards self-help group and microfinance for women empowerment. Besides, this organized effort has been made by the researcher to have a glimpse on few literatures related to self-help group and microfinance for women empowerment. The review collected has been categorized under the following heads:

Yunus (1998) in their work put their views deprivation that the exclusion of poor women from land rights had been contributory to their marginal position. Grameen Bank in Bangladesh took a bold step it's provided housing loans to members with 3 loan cycles and with title deeds to the land on which the house was built. mostly women are working in group, one of the outcome was that female had deeds transferred to them often from their relatives to obtain these loans.

Osmani (1998) analysed the impact of credit on the wellbeing of Grameen Bank women clients. The project had increased their autonomy in that they were able to spend family income more freely than non-clients. They had better switch over the family planning, but the scheme was not revealed

to have an influence on clients.

Cheston and Kuhn (2002) studied regarding women empowerment. They collect data from about 60 microfinance organizations. An in-depth research of Sinapi Aba Trust (SAT) located in Ghana was also undertaken. The study showed that MFIs contributed to women empowerment. One consistent finding was increased self-confidence and self-esteem. Another finding made by them was increased participation of women in decision-making. Women participants had also experienced improved status and gender relations in their houses. At SAT it was observed that financial contribution of women helped them to earn greater respect from their husbands and children.

Advani, Abhishek (2009) reported that among the three models of linkages introduced, the second model i.e., SHG formed by NGOs and formal agencies directly financed by bank is the best model. And he stated that the NGOs role is very important to form SHGs.

## OBJECTIVE

To study the changing trends in the status of women in Madhya Pradesh and judge the present role of women empowerment through microfinance.

## METHODOLOGY

The study was based on both primary and secondary data. The primary data collected through interview from participant and non-participant sample women SHG members. Primary data was collected from the women respondents on a specially structured pre-tested questionnaire through personal interview method. The study was conducted in Madhya Pradesh it was not possible to collect data in whole state, so Gwalior was selected for data collection. The impact of microfinance programme has been determined by comparing two groups: participant women of the programme (henceforth called as participants) and non-participants. Participants were the members of the SHGs which have been benefited from the scheme and have received the bank loans. Non-participants members were those in the same areas which were eligible for the microfinance programme and were formed the SHGs but did not access credit up to the time of the survey. As per the NABARD guidelines, Self Help Groups are provided bank loans only after the active existence of the groups for about six months after the time of their inception. So, the non-participants were belonged to the same group which was less than six months old at the time of survey; and have not availed any benefit of the programme. The Researcher has taken random sample of 100 each among participant and non-participant women members of the programme in which participant get benefited from the scheme and had received the bank loans and non-participants in the same area which were eligible for the microfinance scheme and were formed the SHGs but did not get access credit up to the time of the survey. So the total of 200 samples was used for the study area. As per survey 81 respondent comes from experienced of more than six months and 74 respond come from women respondents with experience of less than six months.

There was also used secondary source of data to understand the concepts, definitions, theories and empirical results. The researcher has used books, research literatures, articles, journals and reports, as secondary sources for study. Internet source was also been used for secondary sources.

## EMPLOYMENT, LITERACY RATE AND SEX RATIO IN MADHYA PRADESH

### Employment Status

The general belief about economic dependence of women is a major obstacle to their empowerment. Participation of Women in the labor force is therefore, regarded a major index of their empowerment. It is believed that liberalization of economic gives the personal freedom and power of decision making. Viewed from this angle, women of the lower strata also considered as empowered because most of them work as labor, not only as a maid, labor on daily wages and women employed in salaried jobs- both skilled and non-skilled. But there are also various number of women who are out of labor force. As per the details from census 2011, Madhya Pradesh has population of 7.27 crores, an increase from figure of 6.03 crore in census 2001. Total population of Madhya Pradesh as per census 2011 is 72,626,809 of which male population is 37,612,306 and female are 35,014,503 respectively. In which males were 31,443,652 while females were 28,904,371. The population growth in decade was 20.35 percent while 24.34 percent in previous year. The population of M.P forms 6.00 per cent of the India's total population in 2011. In 2001, the figure was 5.87 percent. The Madhya Pradesh according to female work participation rate is 32.6 is at 11<sup>th</sup> rank as per census 2011.

### Literacy Rate

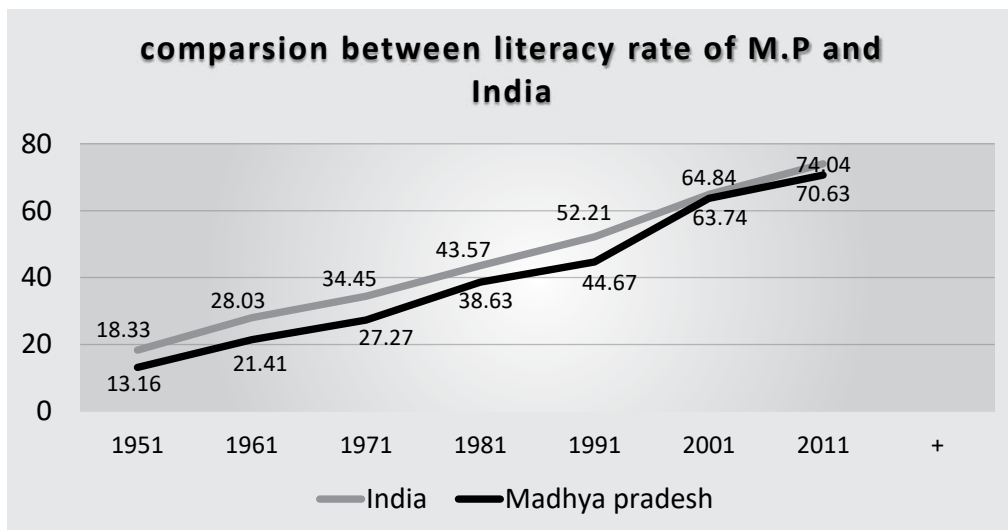
The main source of data about literacy rate in India is census. Data on literacy have been collected since the counting began over time. The population is classified into three group's literate, illiterate and under instruction. Despite the progress of literacy rate during the recent decades Madhya Pradesh lies at the bottom in terms of literacy rate in the country. In census 2011 the male literacy rate in Madhya Pradesh was near 80.50% and that of female literary it was 60%. The urban literacy rate was 84% and the rural literacy rate was recorded 65.3%.

In 1951, the literacy rate in Madhya Pradesh was 13.16%. Since then there was a considerable improvement in the literacy rate till 2001 afterwards it increased steadily in 2011. There was a considerable increase in the literacy rate from 1951. The increase in literacy rate was medium in Madhya Pradesh than in the country as a whole.

**Table 4 : Comparison Of Literacy Rate M.P. And India**

Census year	Madhya Pradesh	India
1951	13.16	18.33
1961	21.41	28.3
1971	27.27	34.45
1981	38.63	43.57
1991	44.67	52.21
2001	63.74	64.84
2011	70.63	74.04

Source: census of India 1951-2011

**Chart 1 : Comparison between Literacy Rate of M.P and India**

**Source:** census of India 1951-2011

## Sex Ratio

The sex ratio means ratio of males to the females ratio is most reproducing species, the ratio tends to be 1:1. The principle is explained by fisher's ideal index. The human sex ratio is of particular interest to demographers. In human environment national sex ratio at birth may be considerably impact by factors, such as the age of mother at birth, sex selective infanticide and abortion. As per global sex ratio report 2014 the birth rate world was estimated at 107 boys to 100 girls. Sex ratio is used to describe the number of females per 1000 males. The sex ratio 2011 shows as upward trend from the 2001 census data. Census 2011 revealed that there were 940 females per 1000 males. In Madhya Pradesh there has improved sex ratio 931 but the child sex ratio of Madhya Pradesh has decreased 918 from 932. In Madhya Pradesh Alirampur district shows highest sex ratio with 1011 and lowest sex ratio with only 837 female per 1000 male shows Bind district. The Gwalior district of this research area supports 864% female per thousand male. In the list of the state and union territories ranking about sex ratio of India for the census 2011 Madhya Pradesh at 21 rank with 931 sex ratio.

## SOCIO-ECONOMIC CONDITION OF SAMPLE SHG MEMBERS

Every sphere of women life is influenced by the social and economic background of society in which they live. Economic status provides the financial support to involve in new activities. Participation in various programmes and activities depends on the social background. Economic gain along with social upliftment changes the social outlook and attitude of women.

**Table 2 : Reliability Test**

S. NO	Variables	Cronbach's Alpha	No. of Items
1	Women respondent with experience of less than six months.	.783	8
2	Women respondents with experience of more than six months	.801	8

Source: survey data

The reliability test was taken on data among two groups of variables Women respondent with experience of less than six months and Women respondents with experience of more than six months. The obtain values of Cronbach's Alpha are Greater than to Standard Value of Cronbach's Alpha i.e. 0.7, it mean that the data is reliable and provides necessary information as we want from data side.

**Table 3 : Socio-Economic Empowerment of both Experienced and Unexperienced Women Respondents in Gwalior**

Part first Experience of less than six months					Part second Experience of more than six months			
Variables	Fully benefit	Partly benefit	Not benefit	Total	Fully benefit	Partly benefit	Not benefits	Total
Decision Making	5 (6.7%)	11 (14.8%)	58 (78.3%)	74 (100%)	5 6.1%	55 67.9%	21 25.8%	81 (100%)
Power over resources	2 (2.7%)	9 (12.1%)	63 (85.1%)	74 (100%)	22 27.1%	46 56.7%	13 16%	81 (100%)
freedom of movement	11 (14.8%)	27 (36.4%)	36 48.6%	74 (100%)	55 67.9%	22 27.1%	4 4.9%	81 (100%)
Increase in income	2 2.7%	7 9.4%	65 87.8%	74 (100%)	17 20.9%	49 60.4%	15 18.5%	81 (100%)
Employment Opportunity	13 17.5%	22 29.7%	39 52.7%	74 (100%)	51 62.9%	23 28.3%	7 8.6%	81 (100%)
Saving increase	3 4%	9 12.1%	62 83.7%	74 (100%)	19 23.4%	52 64.1%	10 12.3%	81 (100%)
Social Status	16 21.6%	27 36.4%	31 41.8%	74 (100%)	19 23.4%	48 59.2%	14 17.2%	81 (100%)
importance in community	15 20.2%	23 31%	36 48.6%	74 (100%)	24 29.6%	46 56.7%	11 13.58%	81 (100%)

Source: survey data

The Table 3 shows the socio-economic empowerment of women sample respondents with experience of less than and more than six months in Gwalior district of Madhya Pradesh. The table is divided into two parts, part first shows sample respondents with experience of less than six months and part second shows the sample respondents with experience of more than six months. So as per data it shows that there is lot more improvement in socio-economic status of women respondents with experience of more than six months through microfinance than respondents with experience of less than six month women respondents after joining self-help group. The data was analyzed through SPSS by using regression analysis between experience of less than six month and more than six

month women respondents.

**Table 4 : Regression Of Sample Respondents With Experience Of Less Than Six Months And More Than Six Months For Socio-Economic Empowerment In Gwalior District Of Madhya Pradesh**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.114 <sup>a</sup>	.020	.016	3.66648	2.049

a. Predictors: (Constant), Experienced Above Six Month

b. Dependent Variable: Experienced Less Six Month

The model shows Above Six Month women respondent independent variable and Below Six Month dependent variable. The model summary table indicates that Above Six Month women respondents has 2.0% effect on Below Six Month. Since the r square value of table is .020 which means Above Six Month has direct but very low relationship with Below Six Month women SHG members in Gwalior and the R Value 0.114 show positive correlation but very low The Durbin Watson value is between 1 – 3 it mean that there is no auto correlation of the errors – Data is free of auto correlation.

#### ANOVA<sup>a</sup>

**Table tests whether the overall regression model is a good fit for the data.**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.262	1	.262	2.012	.013 <sup>b</sup>
	Residual	1328.341	61	21.776		
	Total	1328.603	62			

a. Dependent Variable: Experienced Less Six Month

b. Predictors Constant: Experienced Above Six Month

This model has average fit as indicated by F-test value which is 2.012 insignificant at .013<sup>b</sup> level of significance.

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.001	3.389		7.082	.000
	Above Six Month	-.024	.221	.114	1.110	.013

a. Dependent Variable: Below Six Month

The result of regression from the coefficient table indicates that Above Six Month has direct but low relationship with Below Six month women SHG respondents in Gwalior. It shows the socio-economic condition of women respondent with experience of less than six month is different from women respondents with experience of more than six months in Gwalior district of Madhya Pradesh. Having beta value of 0.114 tested through t-test having t-value of 1.110 (t standard value is 1.96) which is insignificant at 0.013 level of significance.

## CONCLUSION

Empowering of females is pre-supposes a radical, drastic, dynamic and democratic change in the insight and anticipation from women in society. To support women for economic independence is the first importance for such kind of change. This always happen, when woman attains an economic and social independence, she automatically becomes the mistress of her own body and author of her own choices. Now-a-days economic development is one of the factors that have changed the entire scenario of social and cultural environment within the country, especially for the women. The rural women are engaged in small-scale entrepreneurship programme with the help of SHGs. Through that they were economically empowered and attaining status in the family and community. Women are the vital human infrastructure and their empowerment would accelerate the pace of development. Women comprise half of human resources of the country. They have been identified as key agents of sustainable development. Women equality is central to a more holistic approach towards stabilizing new patterns and process of development that are sustainable. The contribution of women and their role in the family as well as in the economic development and social transformation are pivotal.

Member should be very analytical and logical while taking loan. They also have to be cautious about the proper selection of income generating activities. Otherwise they might become loan defaulters which make women more vulnerable.

As many women do not have adequate knowledge about SHG, they should be provided literature with case studies in regional language so that they could have at least theoretical knowledge about the SHG and not become burden on the SHG or vice-versa.

As micro-credit gives women an opportunity to change their economic status through savings and credit policy but few commercial banks are reluctant to give loan to the mature SHGs. So that they could start their enterprise and can break the long chain of poverty and unemployment.

Attending meeting should be made compulsory so that people should get benefit out of SHGs.

The study also revealed that majority of general members are illiterate so non-formal education would be very much effective for understanding group activities specially group savings and credit policy which avoid unnecessary conflict among the group members. It also helps to retain members in the group.

At least one leader of SHGs should be incorporated with the rural development programme to avoid the failure of the programme.

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