



## Research Article

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## Women Empowerment through Microfinance-A Study of Warangal District of Telangana State

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**Abstract:** Microfinance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, the Microfinance scene is dominated by Self Help Group (SHG), Bank Linkage Programme as an effective mechanism for providing financial services to the “Un-reached Poor”. This has been successful not only in meeting the financial needs of the urban poor women but also strengthen the collective self-help capacities of the poor women, leading to their empowerment. Economic empowerment results in women’s ability to influence or make a decision, increased self-confidence, better status and role in the household etc. This paper attempts to place forward how microfinance has received extensive recognition as a strategy for the economic empowerment of women. This paper examined the role of Microfinance Institutions (MFIs) concerning economic empowerment and poverty alleviation of urban women. An effort is also made to suggest ways to increase women empowerment.

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

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## INTRODUCTION

The term microfinance is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro-entrepreneurs, gender development etc. There is, however, no statutory definition of microfinance. The task force on supportive policy and Regulatory Framework for Microfinance has defined microfinance as “Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards”.

Micro Finance Institutions (MFIs) are financial institutions that offer financial and non-financial products and services to the poor active that would otherwise not have access to the services from the formal financial institutions. There are so many registered financial institutions in micro-financial institutions in Telangana. Women Entrepreneur Programme is one of the micro-finance institutions operating in the place. It provides financial products and services to the needy especially women.

The concept of MFIs and their operations emanates from the model of the Grameen Bank in Bangladesh founded by the prestigious Nobel peace prize winner Professor Mohammed Yunus (1976) who was celebrated as the founder of the most successful microfinance institution in the world with the highest number of registered members and borrowers and the highest effective repayments rate. His exemplary work has been adopted and duplicated by nearly all the developing countries and has spread its wings to even the

developed world as the best tools to alleviate poverty through the provision of small and affordable loans to the poor active through solidarity and on-lending procedures.

### MICROCREDIT

In the literature, the terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between them because both terms are often confused. Sinha (1998, p.2) states “microcredit refers to small loans, whereas microfinance is appropriate where NGOs and MFIs supplement the loans with other financial services. A microfinance institution (MFI) according to Microfinance Information Exchange (MIX) is an organization that offers financial services to the very poor (2005). The UNCDF (2004) states that there are approximately 10,000 MFIs in the world but they only reach 4% of potential clients, about 30 million people. The Microcredit Summit Campaign Report (Microcredit Summit, 2004) however states that the 2,931 microcredit institutions that they have data on have reported reaching over 80 million clients. Despite the lack of clear data on the sector, it is accepted that a wide variety of implementation methods are employed by different MFIs, with the Grameen Bank (2000) having identified fourteen different microfinance models.

### Aim of Microfinance

The main aim of microfinance is to empower women. Women make up a large proportion of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been

unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision-making, thus encouraging gender equality. According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of microfinance.

## REVIEW OF LITERATURE

### Concept of Empowerment

What do we mean by empowerment? When does the well-being of a person improve? Amartya Sen. (1993) explains that the freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on a variety of factors, including personal characteristics and social arrangements.

The World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes.

According to Krishna (2003) empowerment means increasing the capacity of individuals or groups to make effective development and life choices and to transform these choices into desired actions and outcomes. It is by nature a process and/or outcome.

### Women Empowerment and Microfinance

A majority of microfinance programs target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. Whereas, others believe that investing in women's capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development. A more feminist point of view stresses that increased access to financial services represents an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for women's rights and independence.

### Statement of the Problem

In today's scenario, more women are engaged in income-generating activities. In the olden days, women were restricted to take part in any social activities and were not given roles in decision making in her family. The situation was even more worsening in urban, rural and remote areas. Now the situation has been changed. She is given the freedom to do what she wishes. This is because NGOs and other financial institutions came forward to provide microfinance to poor women. They believe that a woman is a small credit risk and often benefits the whole family. The main aim of microfinance

is to empower women. This induced the researcher to focus more on the empowerment of urban women who participates in microfinance.

### Objectives of the Study:

- To study the performance of SHGs in a rural area in the Warangal Urban district of Telangana State.
- To study the problems women members, face in SHG.
- To analyse the freedom women members, get in SHG.
- To analyse the empowerment of women psychologically, economically and sociologically.
- To offer suggestions for the betterment of women's empowerment in SHG.

## RESEARCH METHODOLOGY

Sources of Data: The study is undertaken in urban areas of the Warangal Urban district. Both primary and secondary data are used. Primary data is enumerated from a field survey in the study region. Secondary data is collected from official reports and other documents. About 18 SHGs in urban areas of Warangal Urban district are taken for study.

### Areas Covered Under the Study Are

- **Sampling Method:** Cluster sampling and area sampling is followed. Since the members are large in number they are divided into groups and randomly selected for data collection.
- **Sample Size:** 181 samples have been collected for the research from the urban areas of the Warangal Urban district.
- **Statistical tools used:** Percentage analysis have been used to analyse and interpret the data.
- **Method of Data Collection:** A structured interview schedule was prepared and used for collecting data from the urban SHG women members who are engaged in Microenterprises through microfinance.

### Limitations of the Study

- The study is confined to the urban areas of the Warangal Urban district. Hence the results may not apply to rural area SHG members.
- The data was collected only from those who engaged in income-generating activities.
- Data Analysis and Interpretation
- The data analysis used the percentage method and cross-tabulation for analysis purposes.

**Table 1:** Age-wise Distribution of the Respondents

Sl. No	Age	Frequency	Percentage
1	20 to 30	86	47.51
2	31 to 40	39	21.54
3	41 to 50	31	17.12
4	51 to 60	25	13.81
	Total	181	100.00

Source: Field Study

It is evidenced from the table, out of the total SHG members, the majority of the women ranged to the age group 20-30 (47.71%) followed by 31-40 (21.54%) respectively.

Table 2: Educational Status of the Respondents

Sl. No	Educational Level	Frequency	Percentage
1	Elementary	2	1.10
2	Primary	31	17.12
3	Secondary	63	34.80
4	Intermediate	14	7.73
5	Under Graduation	5	2.76
6	Illiterate	66	36.46
	Total	181	100.00

Source: Field Study

It is observed that among the SHG members, 36.46% of the members are illiterate and the next majority of the women have done up to secondary education i.e., 34.80%.

Table 3: Expressing Opinions Freely

Sl. No	Response	Frequency	Percentage
1	Yes	179	98.89
2	No	2	1.10
	Total	181	100.00

Table 5: Purpose of Getting Microfinance by sample women members

Sl. No	Response	Frequency		Percentage	
		Yes	No	Yes	No
1	Household Purpose	34		18.78	
2	To Start Business	91		50.27	
3	To promote Existing Business	35		19.33	
4	Education Purpose	8		4.41	
5	Low Rate of Interest	13		7.18	
	Total	181		100.00	

Source: Field Study

Nearly 50.27% of women members got microfinance to start new income-generating businesses followed by to promote their existing business.

Table 6: Psychological Well-being (Multiple Responses)

Sl. No	Response	Frequency		Percentage	
		Yes	No	Yes	No
1	Self Confidence	136	45	75.13	24.86
2	Improvement in Courage	136	45	75.13	24.86
3	Improvement in Skill	136	45	75.13	24.86
4	Improvement in Literacy Level	150	31	82.87	17.12
5	Awareness in Children Education	144	37	79.55	20.44
6	Awareness about the environment	137	44	75.69	24.30
7	Happiness and peace in the family	138	43	76.24	23.75
	Average	139.5	41.4	77.07	22.87
	Total	181		100.00	

Source: Field Study

It is evidenced from the table microfinance brought psychological well-being among sample women. Microfinance has made a very good impact on

Source: Field Study

Out of the total women members, 98.89% of respondents agreed they can able to express their opinions freely both in group and in the family.

Table 4: Moving Independently

Sl. No	Response	Frequency	Percentage
1	Yes	164	90.60
2	No	17	9.39
	Total	181	100.00

Source: Field Study

About 90.60% of women members are moving independently without the help of family members to banks, government offices and other places which indicate social mobility.

Table 5: Role of Decision Making in Family

Sl. No	Response	Frequency	Percentage
1	Yes	176	97.23
2	No	5	2.76
	Total	181	100.00

Source: Field Study

Most of the women members (97.23%) agreed they play a vital role in decision making in their family.

literacy level, awareness in children education, happiness and peace in the family, awareness about the environment, self-confidence, improvement in courage,

improvement in skill, and improvement in literacy level respectively.

### Findings of the Study

- As far as the SHG is concerned, they don't face any type of problems or compulsions from leaders or other members of the group. Sample women members are given full freedom to express their opinions.
- It is also noticed that most of the sample women members are not aware of the training organized by the NGO. The NGO shall actively take part in various training sessions provided to all women members wherein they can gain more knowledge about the various income-generating activities.
- It is found that microfinance improved the literacy level of sample women members improved awareness on children education to a high level of sample women members.
- It is noticed that all the sample women members agreed that microfinance brought courage and self-confidence and improved their skill and self-worthiness.
- The majority of the sample women members expressed that their awareness about the environment improved after taking part in microfinance programs actively. The maximum number of sample women members accepted that microfinance has brought economic development, directly and indirectly, happiness and peace in the family
- There is a definite improvement in psychological well-being and social empowerment among sample women members as a result of participating in microfinance through the SHG program.
- There is appreciable development in coordination between groups and within-group leaders and decision making among sample women members. There is a significant improvement in the income of the sample women members after joining SHG.
- Sample women members are economically and socially empowered after joining SHG and getting microfinance as 92% reported that poverty level reduced by participating in microfinance program.

## CONCLUSION AND RECOMANDATIONS

The SHGs are performing well. The study concludes that microfinance brought psychological and social empowerment than economic empowerment. The impact of microfinance is appreciable in bringing confidence, courage, skill development and empowerment. The SHG members feel free to move with their groups and leaders. It leads them to participate in various social welfare activities with good cooperation. While interacting with the respondents, it is noticed that some members are expecting the NGO to come up with more training sessions in income-generating activities. All they need is a way to develop their skills and talents by participating in various training programs.

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