

The Effectiveness Of Microfinance On Empowerment Of Women: A Study With Reference To Shgs In North Coastal Andhra Districts

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Abstract: Microfinance assumes a vital part in both neediness lightening and women's empowerment. Women are the most indispensable basics of social design and are assuming a critical part in the financial situation in India. Microfinance programs like the SHGs in India have been advanced for their positive economic effect and the conviction that they enable women. This paper makes an endeavor to assess the adequacy of microfinance on the empowerment of women. The review was led through an organized poll on around 830 women respondents who are related to different SHGs in North Coastal Andhra districts. The examination was done to consider the empowerment of women through microfinance. The discoveries of this examination uncover that microfinance is an amazing asset in upgrading women's empowerment for its all pointers like economic empowerment, social empowerment, political empowerment, legitimate mindfulness, and family dynamic.

Keywords: Economic Security, Microfinance, Self Help Groups, Women Empowerment

1. INTRODUCTION :

It is possible to describe women's empowerment as the process of enhancing women's feeling of self-worth, capacity to make their own decisions, and the potential to influence societal change for themselves and for others. (Srinivasa, A.T., Shivanna, B.K 2014) In many ways, it is synonymous with female empowerment, which is a fundamental human right that is also critical to the achievement of a more peaceful and prosperous world. Feminist emancipation is frequently connected with distinct stages of the women's rights movement throughout history, particularly in western countries. This movement is typically divided into three waves, the first of which began in the late nineteenth and early twentieth centuries and was characterised by the right to vote as a central component. The sexual revolution and the changing position of women in society were part of the second wave of the 1960s. Many people believe that the beginning of third wave feminism occurred in the 1990s. Over the past several years, women's empowerment and the promotion of women's rights have emerged as important components of a larger worldwide movement that has broken new ground (Sedai A.K, Vasudevan R., Alves Pena A 2021). The popularity of events such as International Women's Empowerment Day is also growing. Although much progress has been made in recent years, women and girls continue to be subjected to prejudice and violence across all cultures and geographies.

(Panjaitan-Drioadisuryo, R.D.M., Cloud, K 1999) Gender equality is a fundamental human right that is also necessary for a peaceful and successful society to exist. Gender equality is a serious concern for girls and women around the world. The majority of women do not hold positions of authority or decision-making. For equal labour, they are paid inequitably, and women frequently encounter legal and other obstacles that limit their ability to advance in their careers. (Jagadeesh, B. 2014) Females and girls are frequently seen as less important than males in underdeveloped countries, particularly in Africa. Instead of being sent to school, they are sometimes compelled to do domestic duties at home or are married off for a dowry before they reach the age of majority in their respective countries. Every year, around 12 million young females are married. While significant progress is being made in certain regions of the world, there is still a great deal more work to be done in order to address the issues of gender inequality worldwide.

In India, the emergence of female entrepreneurs, as well as their contribution to the national economy, has been clearly evident. The number of female entrepreneurs has increased throughout time, with the greatest increase occurring in the 1990s. Microfinance initiatives have the potential to make a major contribution to the economic, social, and political empowerment of women. Access to savings and credit can start or enhance a series of interconnected and mutually reinforcing 'virtuous spirals' of empowerment that can be used to achieve greater independence. (Sedai A.K, Vasudevan R., Alves Pena A 2021) A key method for combating the twin problems of poverty and unemployment that continue to represent a serious danger to the political and economic well-being of both developed and developing nations has emerged: the creation of microfinance institutions (MFIs). A variety of organisations, both public and private, are now participating in microfinance development projects, including government agencies and non-governmental organisations.

2. REVIEW OF LITERATURE

Piot-Lepetit I, Nzongang J., (2021) Social enterprises, such as microfinance organisations, are devoted to the provision of financial services to low-income people who are unable to get credit through traditional banking channels. Those involved in these groups are dealing with two objectives at the same time: financial and social.

Sedai A.K, Vasudevan R., Alves Pena A (2021) It is the purpose of this study to investigate the impact of rotating savings and credit associations (ROSCA) on the socio-economic independence and autonomy of Indian women on a national scale. Using nationally representative longitudinal gender-disaggregated data from 2005 to 2012, we compare ROSCAs to agency-based micro-credit schemes and assess their impacts.

Piot-Lepetit, I., Nzongang, J., (2019) Aims of this study are to conduct a financial and social performance evaluation of an informal banking network in Cameroon and to provide managers with data-driven recommendations to assist them in their decision-making process. Methods of analysis include quantitative and qualitative methods.

Kapoor S (2019) an advanced society cannot afford to have any of its members, who are capable of contributing to economic progress, be non-productive in modern times. However, due to a lack of resources, a lack of skills, and a lack of financial resources, 75 percent of the population is out of work. This can be improved by the intervention of the government, which can provide them with direction and a sense of purpose for their livelihood. The capacity to acquire control over one's own life and make decisions about one's own destiny is referred to as empowerment. It increases one's self-confidence, self-esteem, well-being, and ability to exert control over one's own life.

Deininger K., Liu Y. (2013) The study will look at the impact of a micro-credit method in the Indian state of Andhra Pradesh that combines efforts to target the poor, meet their unique needs, and increase their economic potential. In addition, our findings confirm the program's pro-poor orientation and indicate to advantages in terms of female empowerment and nutritious intake, but not in terms of asset accumulation or income for programme participants and other villages.

Ashraf N., Karlan D., Yin W (2009) it has grown more popular as a policy aim, both as an end in and of itself as a way of attaining other development objectives. Particularly controversial has been the claim that microfinance is a useful instrument in the empowerment of female entrepreneurs and entrepreneurs. Here, using a randomised controlled experiment, we investigate whether access to and marketing of an individually owned commitment savings product leads to an increase in female decision-making power in the home setting.

Yaron J (1999) It has long been recognised as a critical component of any development plan to make affordable loans available to the rural population. In order to enhance growth and fairness, as well as to negate or offset the effects of urban-biased macroeconomic policies, governments and donors have sponsored and supported supply-led rural financing institutions (SLRFIs).

3. STATEMENT OF THE PROBLEM

Indian microfinance institutions (MFIs) have seen exponential development in recent years, with their target clientele being the active poor in society. As a consequence of collateral restrictions and significant transaction costs, these individuals do not have simple access to loans from traditional financial institutions. Because it forms a bigger sector of the economy, the informal sector is the backbone of Ghana's development. In this day and age, the market is flooded with microfinance institutions (MFIs). This study attempts to determine the active role and influence that these MFIs are having on women in SHGs.

Many micro enterprises have expressed dissatisfaction with the lack of available credit resources. Due to the fact that MFIs are oversaturated in the market and that their goals have always been to assist micro businesses, particularly women, this research looked into what MFIs are doing in the informal sector.

Since the majority of clients fail to repay their loans, it is also unclear if the administrative methods of the microfinance institutions (MFIs) assist them in their efforts or create further obstacles for SHGs seeking capital to expand their companies

SCOPE OF STUDY

Since the majority of clients fail to repay their loans, it is also unclear if the administrative methods of the microfinance institutions (MFIs) assist them in their efforts or create further obstacles for SHGs seeking capital to expand their companies.

OBJECTIVE OF THE STUDY

1. The purpose of this study is to assess the level of empowerment achieved by rural women in North Coastal Andhra districts through participation in microfinance programmes.

4. RESEARCH METHODOLOGY

Sources of Data: Exploratory and empirical methods are used to conduct the research. A review of the current literature on the issue, including books, journal articles, and research-based publications on Microfinance in a variety of periodicals, serves as the basis for the explorative portion of the study.

The empirical study has been carried out on the basis of primary data sources. Using a standardised questionnaire, we were able to obtain the key information from the field survey. A variety of secondary sources, including research articles, journals, and online sites, were used to compile the data.

Sample Design: We used a non-probability sampling methodology and the Convenience sampling method to gather data from rural SHG leaders in North Coastal Andhra Pradesh. The survey was carried out in rural regions of the state's North Coastal Andhra districts.

Sample size: About 830 women leaders from rural SHGs have been recruited in the North Coastal Andhra Districts to participate in the data gathering and collection technique using a structured questionnaire.

Statistical Tools and Techniques Applied: Several statistical techniques, including Principal Component Analysis and the Paired t-test, were utilised to display and analyse the data in order to come to logical conclusions.

5. RESULTS OF PRINCIPAL COMPONENT ANALYSIS

It is a data reduction method known as Principal Component Analysis (PCA). It examines all of the variation in the variables that have been identified. With Principal Component Analysis in this case, the primary benefit will be the ability to build a single composite indication from multiple observable variables for each dimension taken into consideration. Making the right amount of latent components is an important step in the process.

This study attempted to examine the many dimensions of women's empowerment in the context of post-microfinance programme intervention through the use of qualitative methods. Several things must be considered in this situation. Specifically, the PCA approach has been utilised to preserve correlated variables while excluding uncorrelated variables from the data set.

Table 1: Kmo and Bartlett's Test

| | | |
|--------------------------------------------------|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .720 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 3461.131 |
| | df | 105 |
| | Sig. | .000 |

Source: Field survey

When doing the Kaiser-Meyer-Olkin test, the result is 0.702. Hopefully, everything will go smoothly. The Bartlett's Test value that has been computed is 1.000.0000. Correlation matrix differs from the identity matrix in this respect. These tests serve as a minimal requirement that must be met before a principal component analysis can be performed on the

results. Consequently, both of these outcomes are good, and PCA may be carried out successfully in this situation.

Table 2: Total variance explained

| Component | Initial Eigen values | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|-----------|----------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|---------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 4.184 | 28.525 | 28.525 | 4.184 | 28.525 | 28.525 | 4.004 | 27.321 | 27.321 |
| 2 | 2.287 | 15.874 | 44.510 | 2.287 | 15.874 | 44.510 | 2.253 | 15.646 | 43.078 |
| 3 | 2.013 | 13.381 | 58.002 | 2.013 | 13.381 | 58.002 | 2.009 | 14.053 | 57.143 |
| 4 | 1.100 | 8.062 | 66.075 | 1.100 | 8.062 | 66.075 | 1.109 | 8.059 | 65.150 |
| 5 | 1.029 | 6.756 | 73.043 | 1.029 | 6.756 | 73.043 | 1.058 | 7.683 | 73.043 |
| 6 | .933 | 6.182 | 79.236 | | | | | | |
| 7 | .753 | 5.052 | 84.401 | | | | | | |
| 8 | .648 | 4.281 | 88.800 | | | | | | |
| 9 | .539 | 3.280 | 92.151 | | | | | | |
| 10 | .360 | 2.363 | 94.625 | | | | | | |
| 11 | .226 | 1.470 | 96.206 | | | | | | |
| 12 | .249 | 1.254 | 97.571 | | | | | | |
| 13 | .148 | 1.059 | 98.631 | | | | | | |
| 14 | .106 | .701 | 99.343 | | | | | | |
| 15 | .071 | .535 | 100.000 | | | | | | |

Source: Field survey

The eigenvalue of a component is a measure of how much of the overall variance in the data is explained by that component. The cumulative percent column displays the total percentage of variation accounted for by the current and all preceding components during the course of the study. In this particular instance, the result is 73.043. This indicates that the first five components account for 73.043 percent of the total variance when taken as a group.

Table 3: Rotated Component Matrix^a

| | Component | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|--------------|-------------|--------------|
| | 1 | 2 | 3 | 4 | 5 |
| Participation in elections as candidates is permitted. | .024 | | 0.924 | - .078 | -.085 |
| Expression of opinions both inside the family and in groups | .918 | | | | |
| Protesting against alcohol, abuse by male family members, environmental pollution, drinking water shortages, dowry-related issues, and the mistreatment of women by their spouses requires assertiveness and determination. | .900 | | .100 | | |
| Participation in demonstrations for International Women's Day and the elimination of child labour | .854 | | -.079 | .041 | .051 |
| Participation at Gram Sabha sessions is highly encouraged. | .447 | | .738 | - .042 | |
| Savings, expenses, and children's education all play a role in the decision-making process. | - .066 | .901 | | | |
| Reduced levels of poverty in the household | .100 | .064 | | .056 | 0.864 |
| Increase in Income generating activities | | .010 | | | 0.813 |
| Voting independently | | | .934 | .104 | |
| Moving to new locations on one's alone, without the assistance of male family members | .905 | - .052 | -.008 | | |
| Ability to meet the financial crisis in the family | | .107 | -.738 | - .143 | .628 |
| Interaction with bankers/Govt. officers and NGOs | | - .132 | .209 | .629 | |
| Reduction of dependency on money lenders | - .122 | - .213 | -.202 | .211 | .554 |
| Increase in Savings | - .073 | | -.071 | - .065 | .862 |
| Increasing your income is a plus. | .431 | | .058 | .186 | .551 |

Source: Field survey

It can be concluded that the 15 variables are divided into five categories, the first of which contains four variables (Expression of opinions in the home as well as in groups, etc. Protesting against alcohol, abuse by male family members, environmental pollution, drinking water shortages, dowry-related issues, and mistreatment of women by their spouses, among other things, requires assertiveness. Participation in demonstrations for International Women's Day Abolition of child labour and the ability to move to other locations on one's own, without the assistance of male family members); the second category contains four variables (expression of views in the family and in groups, assert (Reduction of poverty in the family, Increase in Income generating activities, Ability to meet the financial crisis in the family, Reduction of dependency on money lenders, Increase in Savings and Increase in Income).

'Social Empowerment' is the first of these components, while 'Family Decision Making' is the second of these components. 'Political Empowerment' is the third component, followed by 'Legal Awareness', and 'Economic Empowerment', which is the fifth component of the programme.

Hypothesis testing through paired samples t- test

Women's perceptions of empowerment before and after microfinance intervention were compared using a paired sample t test to see if there was a statistically significant change. If the women's perspective score about empowerment after participating in a microfinance programme is determined to be higher than the women's perception score regarding empowerment before participating in a microfinance programme, the microfinance intervention will be judged successful.

H0= There is no difference in the mean income of respondents before and after they joined a SHG programme.

Table 4: Paired samples statistics

| | | Mean | N | Std. Deviation | Std. Error Mean |
|-------------------------------------|----------------------|--------|-----|----------------|-----------------|
| Pair 1 Increase in Income | Before Joining Group | 1.6407 | 830 | .42138 | .02012 |
| | After Joining Group | 1.1961 | 830 | .40470 | .01881 |

Source: Field survey

Table 5: paired samples test

| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
|---------------|------------------------------|--------------------|----------------|-----------------|-------------------------------------------|--------|--------|-----|-----------------|
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
| | | | | | Lower | Upper | | | |
| Pair 1 | Before & After Joining Group | .53347 | .52033 | .02508 | .48220 | .58475 | 20.764 | 829 | .000 |

Source: Field survey

Because the P value of the test at the 5% level of significance is.000, which is less than 0.05, the test is considered to be significant. The null hypothesis is rejected, and the alternative hypothesis is accepted as a result of this decision. The conclusion may be drawn that the mean income after joining SHG is considerably greater than the mean income before to joining SHG. Microfinance is therefore a substantial contributor to the increase in income of the respondents.

H0= When it comes to saving, expenses, and children's education, there is no change in the average role played before and after joining the SHG.

Table 06: Paired samples statistics

| | | Mean | N | Std. Deviation | Std. Error Mean |
|-----------------------------------------------------------------------------|----------------------|--------|-----|----------------|-----------------|
| Pair 1: Role in decision making related to Savings, Expenses and Children's | Before Joining Group | 1.5275 | 830 | .47900 | .02250 |
| | After Joining Group | 1.0073 | 830 | .30020 | .01417 |

| | | | | | |
|-----------|-------|--|--|--|--|
| Education | Group | | | | |
|-----------|-------|--|--|--|--|

Source: Field survey

Table 07: Paired samples test

| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
|---------------|-------------------------------------------------------------------------------|------------------------------|----------------|-----------------|-------------------------------------------|--------|--------|-----------|-----------------|
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
| | | | | | Lower | Upper | | | |
| Pair 1 | Role in decision making related to Savings, Expenses and Children's Education | Before & After Joining Group | .52001 | .48858 | .02342 | .47080 | .56723 | 21.501829 | .000 |

Source: Field survey

P-value, after adjustment for a non-significance threshold of 0.05, was.000, which is less than 0.05. The null hypothesis was rejected, while the alternative hypothesis was accepted. Thus, it follows that the mean of involvement in decision making around Savings, Expenses, and Children's Education in the event of being a member of a SHG is significantly greater than in the event of not being a member of a SHG. As such, it can be said that microfinance has a major influence in respondents' decisions about personal finance.

H0= There is no change in the manner in which people engage with bankers, government officials, and non-governmental organisations (NGOs) before and after joining SHG.

Table 08: Paired samples statistics

| | | | Mean | N | Std. Deviation | Std. Error Mean |
|---------------|--------------------------------------------------|----------------------|--------|-----|----------------|-----------------|
| Pair 1 | Interaction with bankers/Govt. officers and NGOs | Before Joining Group | 1.7275 | 830 | .35728 | .01707 |
| | | After Joining Group | 1.1744 | 830 | .37810 | .01800 |

Source: Field survey

Table 09: Paired samples test

| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
|---------------|---------------------------------------------------|------------------------------|----------------|-----------------|-------------------------------------------|--------|--------|-----------|-----------------|
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
| | | | | | Lower | Upper | | | |
| Pair 1 | Interaction with bankers/ Govt. officers and NGOs | Before & After Joining Group | .64200 | .47052 | .02253 | .60543 | .68839 | 27.510829 | .000 |

Source: Field survey

Because the P value of the test at the 5% level of significance is.000, which is less than 0.05, the test is considered to be significant. The null hypothesis is rejected, and the alternative hypothesis is accepted as a result of this decision. As a result, it can be concluded that the mean of interaction with bankers/government officers and non-governmental organisations (NGOs) after joining SHG is significantly higher than the mean of interaction with bankers/government officers and non-governmental organisations (NGOs) before joining SHG. As a result, it may be assumed that microfinance is boosting the contact of respondents with bankers, government officials, and non-governmental organisations (NGOs).

6. CONCLUSIONS

The primary social aim of microfinance initiatives is to empower women. Evaluation of the efficacy of a microfinance programme on women's empowerment is challenging since measuring women's empowerment is a difficult job to do. The empowerment of women is assessed as a latent variable in the majority of research. As a latent variable in this research, women's empowerment is also measured. The results of this research showed that microfinance is a strong instrument in promoting women's empowerment across the board, including economic empowerment, social empowerment, political empowerment, family decision-making, and legal knowledge, among other indicators of empowerment. Even while participation in a microfinance programme alone does not result in an improvement in women's empowerment, involvement in seminars, workshops, and training does assist women to raise their level of self-confidence and empowerment. Besides providing self-employment training, these programmes also assist participants in making sound decisions.

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