

Economic Development through Micro-Finance

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Abstract: The objective of the present study is to find the contribution of Micro-Finance activities in development of the economy through personal empowerment of women. Micro-finance programmes are considered as a key strategy in addressing the development issues across the nations since the last three decades. Various developing nations have realized that development in an economy happens when both men and women work together and enjoy equal status in the society to bring prosperity. Thus, fostering the female participation in the nation building has become a major concern of many governments all over the world. In light of this background, the present study carries out a comparative analysis between the women SHG-Members and women NON-Members with regard to difference in their levels of Personal Empowerment. Primary data is collected by means of questionnaire which was administered both to the SHG-Members and NON-Members. The results are drawn from the data using SPSS. The study shows significant differences in the levels of Personal Empowerment between SHG-Members and NON-Members.

Keywords: Micro-Finance, Personal Empowerment, SHG-Members, Economic Development.

1. INTRODUCTION

Population of every economy of the world consists of both men and women. Women are an integral part of every economy and empowering them is essential to promote economic development. Development in an economy happens when both men and women work together and enjoy equal status in the society to bring prosperity. But the access to the resources among men and women vary all over the world and this difference of resource access is more evident in developing nations. In developing countries, there are structural impediments that prevent and keep women from participating in the decision-making process. This unprivileged status of women is due to multiple factors such as illiteracy, joblessness, early marriages and familial violence which have prohibited women from attaining greater elevation. Further, they are financially and as well as socially dependent on the male member of the family. They don't enjoy the same standing as men in many aspects (Rehman 2007). Women have always been granted secondary role in the family and society. Women have poor access to property and legal rights i.e. Land, water and other natural resources. Lack of knowledge of legislation and poor implementation reduces

the capability of women to speak for their rights (Quisumbing & Pandolfelli 2009). Bradshaw & Linneker (2003) highlight three factors that are responsible for women disempowerment: women have fewer job opportunities, women have less decision-making power and women can make decisions, but it must benefit others first.

2. WOMEN EMPOWERMENT AND ECONOMIC DEVELOPMENT

The aim of empowering women is to equally distribute the power between both the sexes. Both men and women should be provided equal economic, social, legal and political opportunities for their development. Women empowerment can be achieved by increasing their rights, resources, capacity to make decisions, dignity, choices, opportunities, and power (Kabeer 2003). As women starts to participate in the economic activities, it reduces poverty in the economy and results in increased production and women can support their families and can also become owners of property and can accelerate growth. This will surely bring development in the economy. Women's relative economic power is conceptualized in terms of degrees of control of key economic resources: income, property, food and other means of production. Greater the women's relative economic power, the greater is their control over their own lives. To get empowerment, women should increase their self-esteem, self-confidence and understanding of their own potential, appreciate themselves and value their knowledge and skills. They should obtain equal distribution of power and involvement in decision making at home, in society, economy, and politics through women empowerment (Panigraphy and Bhuyan 2006). Thus, all these variables leading to women empowerment directly results in development of any economy. The effective management and development of women's resources, that is, their abilities, interests, skills and other potentials are of paramount importance for development of human resources which in turn lead to economic development. A recent Women Development Report clearly states that "making markets work in more gender-equitable ways can significantly raise women's productivity and incomes and contribute to economic growth" (World Bank 2002). Women empowerment has been considered as both cause and effect of economic growth and development.

3. MICRO-FINANCE AND WOMEN EMPOWERMENT

Micro-finance programmes are considered as a key strategy in addressing the development issues across the nations since the last three decades. Fostering the female participation in the nation building has become a major concern of many governments all over the world. In the words of Otero (2005), the vision of micro-financial system worldwide is to serve the impoverished majority, help them to uplift them out of poverty, and make them full participants in their country's social and economic development. It has been seen as contributing not only to poverty reduction and financial sustainability but also to a series of "virtuous spirals" of economic empowerment, increased well-being and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment (Mayoux and Hartl 2009). Therefore, Micro-finance is considered an important tool for women empowerment and it can help women to meet their basic financial needs, better manage risks, and contribute to sustainable social and economic development. The rationale for providing women access to microfinance services is that gender inequalities inhibits economic growth and development (World Bank, CIDA, UNDP). It makes women economically independent by putting capital and financial resources in their hands. Economic independence results in higher bargaining power for women in their households, communities, and subsequently results in higher prestige and self-esteem.

Micro-finance helps women, her family and the community as a whole through collective action for development. Micro-finance is capable to empower women who can then pave the way for social and economic development. Since the introduction of micro-finance in many countries, micro-finance programs have been increasing their activities to lighten poverty and empowering women. (Asim 2008).

4. REVIEW OF LITERATURE

World Bank 2012 states that, "Evidence from a range of countries shows that increasing the share of household income controlled by women, either through their own earnings or cash transfers, changes spending in ways that benefit children." Desai (2010) highlights the issue of women empowerment and improvement in education, health, and economic and political participation. He states that women must have authority, power, and preferences in functional and important decisions. Women empowerment reduces maternal mortality and fertility. Women violence prevents the welfare of women. Women empowerment is measured through dimensions of knowledge, health, resources, decision-making and employment.

Duflo (2012) argues that there is a bi-directional relationship between economic development and women's empowerment. In one direction, development alone can play a major role on

driving down inequality between men and women; in the other direction continuing discrimination against women can, as Amartya Sen has forcefully argued, hinder development. Empowerment can, in other words, accelerate development. Policy makers and social scientists have tended to focus on one or the others of these two relationships. Those focusing on the first have argued that gender improves when poverty declines. They argue that policymakers should therefore focus on creating the conditions for economic growth and prosperity, while seeking, of course, to maintain a level playing field for both genders, but without adopting specific strategies targeting at improving the condition of women.

As per Duflo, there are two rationales for supporting active policies to promote women. The first is equality as valuable in and of itself: women are currently worse-off than men, and this inequality between genders is repulsive in its own right. The second, a central argument in the discourse of policymakers, is that women play a fundamental role in development. The gender gap in education, political participation, and employment opportunities should therefore be reduced not only because it is equitable to do so, but also because it will have beneficial consequences on many other society-wide outcomes. It should be done, in other words, to increase efficiency.

Many authors emphasize the second relationship, from empowerment to development. Gender equality is a "prerequisite" to achieve the other Millennium Development Goals (MDG), including eliminating poverty, reducing infant mortality achieving universal education, and eliminating the gender gap in education by 2015 (United Nations, 2005).

World Bank (2001) report "Engendering Development" calls for policies to address gender imbalance in "rights, resources, and voice" and recommends that institutional structures be overhauled to promote equality, and that specific measures, such as girls' scholarships and quotas for women in parliament can be adopted. These measures are justified according to the report, not only because they promote equity, but also because they are necessary to accelerate development.

Fernandez (2009) shows the relationship between rights and economic development and focuses on a basic economic right for women ie. Property right. Men as husbands favour patriarchal system in which women have few rights but fathers do not support this system. Economic development means capital accumulation and declining fertility.

Based on the empirical evidence, claims have been made that female empowerment promotes development and there is high degree of association between higher female resources and higher spending on children. Clear evidence of a correlation between mothers' education and earnings, and child welfare, particularly child health. Also, the correlation with mothers' education and earnings is almost always found to be stronger than the corresponding correlation with fathers' education and

earnings. Empirically, a large literature has tested whether income in hands of women of a household has a different impact on intra-household allocation than income in the hands of the men. The evidence suggests that, compared to income or assets in the hands of men, income or assets in the hands of women are associated with larger improvement in child health (eg. Thomas 1990), and larger expenditure shares of household nutrients, health and housing (eg Thomas 1992).

Engle (1993) provides cross-sectional data to show that a higher female budget share is associated with better children's nutritional status (measured by height for age, weight for age, and weight for height).

Pitt and Khandker (1998) in a study found that credit provided to women leads to higher household consumer expenditure and to more schooling for girls, while credit provided to men does not have a significant effect on the same variables.

5. OBJECTIVE OF THE STUDY

The objective of the research work is to identify the difference between the SHG-Members and Non SHG-Members with respect to their personal empowerment. In light of this objective, the paper aims to test the following hypothesis:

H0= There is no significant difference in the mean scores of SHG-Members and NON-Members with respect to the level of personal empowerment

H1= There is a significant difference in the mean scores of SHG-Members and NON-Members with respect to the level of personal empowerment.

6. RESEARCH DESIGN

The study carries out a comparative analysis between the SHG-Members and NON-Members to identify the mean difference in the level of personal empowerment. For carrying out the comparative analysis, participation in SHG is taken as an independent variable and Personal empowerment of women serves as the dependent variable. Personal Empowerment refers to individual's self confidence, self-esteem, self-determination, life of dignity and respect, decision-making ability, feeling strong within a household and strength within a woman. If a woman is personally empowered it declares that she is confident and has the ability to take interest in decision for needs, for the needs of children and for the needs of her family.

In the present study personal empowerment of women is measured on the basis of improvement in reading and writing abilities, in self-confidence and self-esteem, improvement in decision – making for self-needs, children needs and family needs, improvement in exposure to media, improvement in courage to face problems, improvement in skill to join income generating activities, improvement in handling bank

transactions and improvement in sharing of household work by husband.

Sample for the study

The SHG-members for the present study have been selected randomly from the SHGs registered under the Mission Convergence Programme of Delhi Government initiated in 2008. The women SHG members of this programme and Non –member women belonging to same socio-economic background serves as the population for the study.

Stratified Random Sampling Method is used for drawing sample from SHG-Members. The 124 GRCs-Suidha Kendras (under Mission Convergence Programme) cover the entire Delhi and these GRCs are spread in Delhi under 11 districts. Using Stratified Random Sampling Method, 1 GRC from each district was selected and from each GRC one SHG was selected. Thus, 1 SHG from each of the 11 Districts making total of 11 SHGs are selected as sample. 100 SHG members belonging to these 11 districts have been selected for carrying out the comparative study.

For Non-Members, the enumerators went from house-to-house at random to find 100 women who did not participate in any Micro-Finance programs and belong to the same socio-economic background as SHG-members. Thus, the study is carried on a total of 200 respondents.

Data collection

Primary data was collected from 100 SHG-Members and 100 Non-Members using two questionnaires, each structured differently for each group. The objective of the questionnaire A was to gather information regarding the satisfaction with the improvement level of empowerment after joining the SHG. It consisted of background questions related to information of the respondent, relevant information relating to membership with SHG and questions addressing personal empowerment measured on 5 Likert-Scale. Questionnaire B was designed to elicit information from 100 Non-Members.

The objective of the questionnaire was to gather information regarding the level of empowerment of Non-Members. This questionnaire consisted of questions related to background information of respondents and questions addressing personal empowerment measured on 5 –Likert Scale. The internal consistency and reliability of both the questionnaires is done through Cronbach Alpha. The Cronbach Alpha for both the questionnaires is greater than 0.80 which shows high reliability of the questionnaires.

Statistical tool used

Study uses independent sample t-test to test the hypothesis for the present study.

7. ANALYSIS AND FINDINGS

Prior to hypothesis testing, the assumptions for using independent t-test are tested. The Table 1.1 and 1.3 presents

the results of the assumption. Both the assumptions were proved and hence, t-test was applied.

TABLE 1.1: Presents Tests of Normality for personal empowerment of women

RESPDNT	Kolmogorov-Smirnova			Shapiro-Wilk			Sig.
	Statistic	df	Sig.	Statistic	df		
SHG-Member	.084	100	.076	.986	100		.370
NON-Member	.081	100	.099	.982	100		.199

a. Lilliefors Significance Correction

From the above table, we can find that the P-value $> .05$ which lies in the acceptance region. Thus, we conclude that the data for the dependent variable ie personal empowerment is normally distributed.

TABLE 1.2: Showing descriptive statistics for comparing mean scores of SHG-Members and NON-Members with respect to level of Personal Empowerment Dependent Variable=Personal Empowerment

RESPDNT	N	Mean	Std. Deviation	Std. Error Mean
SHG-Member	100	42.6100	6.26824	.62682
NON-Member	100	35.1000	7.14001	.71400

TABLE 1.3 showing Levene's Test results for comparing mean scores of SHG-Members and NON-Members with respect to level of personal empowerment Dependent Variable=Personal Empowerment

	Levene's Test for Equality of Variances	
	F	Sig.
Equal variances assumed	.409	.523
Equal variances not assumed		

Spss output

Prior to independent T-test, Levene's Test for equality of variances is carried out. **Null hypothesis for this test states that, "the variances of the two groups are equal"**. As per the results, p-value $> .05$. Hence, we accept the null hypothesis and assume that variances of the two groups are equal.

	t-test for Equality of Means					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Equal variances assumed	7.904	198	.019	7.51000	.95011	5.63637	9.38363
Equal variances not assumed	7.904	194.735	.027	7.51000	.95011	5.63618	9.38382

Spss output

As our null hypothesis for the Levene's test is accepted, we will look at Sig (2-tailed) value at equal variances assumed.

From the table we find that p-value $< .05$ and stands at .019. Therefore, we reject the null hypothesis and accept the

alternate hypothesis which states that, ***“There is a significant difference in the mean scores of the women SHG-Members and NON-Members with respect to the level of Personal Empowerment”***.

8. CONCLUSION

The study revealed that participation in SHGs has led to improvement in women’s decision making for self-needs, needs of children and for family needs. It was also found that women have more confidence on their abilities; they value themselves more now and have increased courage to face problems in family and society. The empirical evidence also supported the same and concluded that there is significant difference in the personal empowerment of SHG-Members and NON-Members.

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