

CHAPTER FIVE: DISCUSSION AND CONCLUSION

5.1 DISCUSSION

The present chapter discusses based on the data analysis and interpretation carried out in the last chapter. The discussions are as based on the hypotheses proved.

The demographic profile of the respondents of the two homogeneous groups is quite contrasting in terms of marital status like married, unmarried, widow, divorce, separated etc. the proportion of married women who had availed microfinance is comparatively lower than the proportion of married women who had not availed microfinance. It indicates that married women depend on their spouse and hence the financial needs may be less. However this is not true for others i.e. unmarried women, widow, divorcee etc. in the case of these women the proportion of females availing microfinance is much higher than those not availing finance. This can be attributed to the fact that these women are more financially dependent on microfinance and these women are economically not dependent on other family member and hence they show financial more prudence in taking finance and undertake some economic activities. Thus microfinance has provided some benefits to these dependent women i.e. unmarried, widow, divorce, separated. In other words microfinance has supported the weaker section of the society mostly women. This in turn is a good example of financial inclusion.

5.1.1 Women to Save Money

The first hypothesis is Microfinance encourages women to save. It is observed that microfinance is an important tool of creating saving habits among the people. It may be noted that the microfinance scheme is built on the proposition that poor are bankable. The members of the self-help group make small savings regularly was stated by Lokhande (2014) in his findings and then on the basis of the fund accumulated by them they get

finance in multiple of the fund collected. The saving habits are found to be in both the groups i.e. women who availed finance and women who have not availed finance. Savings can be mobilised for economic development of the country, what is needed is the willingness and desire to save and microfinance creates this desire and willingness among people to save. Hence it is an important tool of economic progress. Any mechanism which empowers poor to save will be a good source of capital formation of the economy. The NGO Jagruti Kendra has mobilised 2000 women to open an account in the Bachatghat to inculcate the habit of saving. It has positive impact on the empowerment of the women since their saving habits have increased and in turn their income was also mentioned in the research paper written by Dr. Regi (2013).

K. G. Karmakar (2009) in his book states that important mechanism for poverty eradication is microfinance. Banks have been included to provide small credits against small savings linked through SHG's. This has benefited mainly women. Sriram and Rajesh (2002) in their research paper on Microfinance have valued the attributes of microfinance. Microfinance has enabled saving habits, development and empowerment among weaker sections of the society. It has also formed different formal financial institutions that has helped in the emergence and development in the banking and financial sector. The number of financial services provided by the financial sector has risen and issue of sustainability and continuous operation of services has increased over the period of time.

The respondent's data on family income indicated that there is a direct relation between family income and microfinance borrowing. The women respondents who had availed microfinance show higher level of family income than those women respondents who had not availed microfinance. This clearly indicates that microfinance has created additional income generating avenues to the women workforce and thereby raising their standard of living. It shows that microfinance can become an important tool of reducing the problem of absolute poverty was supported by Morduch (2002) and raising the level of living above the poverty line. Once income rises it leads to rise in consumption, savings, investment and

economic growth. Hence the best way of overcoming poverty is to provide such finance to the weaker section so that they are empowered economically.

It is observed that employment status of the respondents and the microfinance indicates a direct relationship. It implies that those who are employed need more amount of microfinance or finance than those who are not employed. It shows that those who are employed undertake some economic activities as compared to those not employed. On the other hand those who are not employed are not willing to take more risk of additional financial liabilities as they have low earning or repaying capacity. It shows that microfinance has enabled women to take more and more risk and improve their economic well-being especially for those who are employed. Those women who are unemployed cannot think of higher borrowing and thus have lower level of economic well-being. Thus microfinance has changed the quality of living of women.

Microfinance is being used by all categories of people i.e. service class, manual workers and domestic workers. However the manual workers seem to be the biggest borrower of microfinance than others. Manual workers belong to lower economic strata of society and they need finance more than those who are employed or those domestic workers. Thus microfinance has directly benefitted the weaker section of the society by providing easy access to finance.

The findings carried out in the present study states that the total number of self-help groups (SHG) as on 2014-2015 were 76.97 lakhs. 66.52 lakhs were women self-help groups which accounts for 86.42 percent of the total. The total savings of SHG with bank was Rs 11,059.86 crores and from women self-help groups was Rs 9,264.33 crores, 83.76 percent of the total saving linkage programme. Thus, microfinance is an important tool in the hands of the government, financial institutions and banks to achieve the goals of inclusive growth & development. The number of self-help groups with women is maximum; microfinance is a mechanism for women empowerment. Finance is the most important source of economic empowerment. Thus, we can say that microfinance programme of the government and

banks has created equally and fair by providing easy access to finance and as the women are the major beneficiary as it has resulted in empowerment of women.

This is another variable used for testing the first hypothesis. Mobility of the women is highly linked to her economic conditions and well-being. Generally higher income and higher mobility go together. The test proved that these women who availed microfinance is more active and aware of the market information hence she is more empowered. The two groups of the respondents were asked different questions regarding the physical mobility. Questions answered by Group One –availing finance were strongly agreed higher, while it was lower in case of Group Two. In this case maximum difference was observed in the two groups. It implies that Group One has higher degree of physical mobility than Group Two. It is clearly that the availability of finance has made them economical better off than Group Two. Higher mobility indicates that the availability of finance make them economically better off as they are able to manage travelling, food and accommodation expenses. Even in the case of purchase of household goods, commercial goods women had to travel to different markets, the response of Group One is higher than Group Two. It is observed that that the computation of mean, standard deviation and T-test of the two groups differ widely. It points out that in the two groups statistically significant differences are observed.

Physical Mobility of people depend on various factors like level of income, level of education, transport and communication, level of economic development, social environment and so on. Generally the weaker section and poor people lack physical mobility because of the prevailing socio-economic conditions. Microfinance acts as a promoter of physical mobility of women as it makes them more active, alert and much more aware of the market conditions and information. Higher physical mobility will also make them more social and economic conscious about their needs, problems and help them to overcome them. Empowerment of women is possible in all financial areas was stated by Lokande (2014) in his book. He further adds that it is an effective scheme for providing funds and financial services to the poor and needy so that their saving habits leads them to increased income as required for economic development. So the mobility of these women

have to be very challenging as they have to seek desired information and physical mobility is one of the means to eradicate poverty through financial support rendered by the community centre for the benefit of the women in SHG's. Manish, Narendra and Johari (2010) studied the impact of microfinance as an antipoverty vaccine. In his findings he mentions that availability of microfinance helps the poor people to come out of the vicious circle of poverty as their physical mobility increases and they are well aware and can gather information on market, improvement in communication skills, confidence and knowledge in travelling, how and where to gather information.

Devaraja T. S. (2001) also in his research paper states that microfinance is an important tool for reducing poverty and in equality. It is a movement formed by women's group for financial support, physical mobility, and collaboration. The government of India too has laid focus on its financial viability, profitability and cost of lending to benefit the women at large. So many women working in these SHG's are trained and empowered in market conditions, communication skills, buying behaviour, importance of saving, need for equality among them, culture differences and its need so on. Thus women availing microfinance found to be more mobile, active, alert, social and confident than women not availing microfinance.

Microfinance has contributed to higher social awareness on the part of women. Social Awareness was the variable tested for testing the first hypothesis. As a result these women are much more aware of their social rights; take active part in social interaction with others, government departments, financial institutions, political rights, market environment, importance of education, awareness of politics and participation and so on. The higher social awareness has resulted in the social empowerment of women. Thus microfinance is a stimulator of social development.

Women that are socially aware about their self, family, friends, and business environment are highly empowered. The non-monetary benefits mentioned by Villa (2000) in her paper has led to active participation in the social community activities, interaction with

government and non-government authorities, visit to malls, understanding of norms and changes in the market relating to self-help group are the benefits provided by the community centre Jagruti Kendra has enabled them with valuable enrichment in the social lives of women. The social awareness program conducted by the central and state government schemes enable the women to be socially aware and conscious of their social being is discussed in the paper NABARD 2012.

It is observed that the respondents of Group One actively participate in the community and social activities than the respondents of the Group Two. The responses to the indicators on Social Awareness as strongly agree is 88 % for Group One and 60 % for Group Two. This indicates that the availability and use of finance make women much more aware of their rights and responsibilities in the society and in the gender equality. Microfinance is being availed by women more than men and hence it is a means of social empowerment of women.

It can be seen that the mean, standard deviation and the t-test of Group One is higher than Group Two. Thus the statistical t test shows considerable differences between the two groups. In other words the social awareness of Group One in terms of its ability to participate in work and enjoy with friends is much higher than Group Two, also Group One is aware of the environment they live in is higher than the awareness compared to Group Two.

Women need to be made aware and conscious of the environment they live in for their social benefit and for their families. NaliaKabeer (2012) in her research project covered the rights of education for women as it helps them to realise their full potential through skill development programs or knowledge they gain from such developmental program conducted in the SHG's supported by the NGO's. This then enable women to utilise skills and talents to be future micro entrepreneurs in their own way.

5.1.2 Microfinance enhances Women Empowerment

The results of the data analysis found that microfinance is an important tool of empowering women to take active part in the economic and financial decision making and household decisions. This proves the second hypothesis on Microfinance enhances women empowerment. This includes economic decision making, financial decision making as well as household decision making.

Economic decision making is one of the tools of empowerment of women. It is the ability to take economic decisions. It includes ability to share or control over the household decisions with respect to financial matters like major or minor household expenses like buying and selling gold jewellery, property, spending money on clothes and children etc. The respondents surveyed were asked direct open ended questions on their empowerment regarding economic decision making. The responses were summarised through statistical analysis; the mean and the standard deviation of Group One is much higher than that of Group Two. Therefore high t-value is an indication that the group is different from each other and that there is high statistical difference between the groups.

Financial mobility relates to decisions about financial Matters such as savings and investments. Saving and investments are functions of income. There is a direct relation between income and savings. Higher the income higher will be the propensity to save. Higher income results in financial empowerment of people. It also leads to higher investment and better business decisions. The financial empowerment scale was studied by asking the respondents about their income or earnings, availing of loans, payment of instalment, saving from earnings, opening bank account, approaching bank for loan, knowledge of costing and production of goods, taking decisions in financial crisis, involvement in securing credit scheme, income generating scheme and understanding and preparation of budgets. Thus these financial parameters were taken into consideration to get an impression about the extent of financial mobility involved in the two divergent groups; Group One- Availing finance and Group Two-Not availing finance. Thus through the

present study it has been proved that the availability of finance empowers women in a variety of ways and in turn help others by creating more avenues of income generation. This process can help in reducing the poverty and unemployment problem among the poorer section of the society. The statistical analysis of the empowerment scale regarding financial mobility on Group One is higher than Group Two. The high t value is an indication that the groups are different from each other and there is high statistical significance between the groups.

Household decision making is another women empowerment scale was evaluated from the sample data collected. It implies the ability of women to take part in the formulation and execution of household domestic affairs such as health care, children education and child welfare. Generally in the advanced or developed countries women are equal partners in the household decision making as these women are educated and economically independent. But in the poor and developing countries the household decisions are generally taken by male. Women are less educated, unskilled and economically dependent on male members. This situation is gradually changing as a process of economic development. In India since the beginning the government has started economic planning. Microfinance has become an instrument for women empowerment. This was analysed by asking structured questions to the respondents on the various measuring variables like involvement of the female in the decision making process at home, planning of family gatherings and celebrations for different festivals like Diwali, navratri, birthday celebration, marriage function, dance program etc. It also include ability to send children to better schools and colleges, contribute to monthly purchase of food items for the family, confidence of buying household items alone, confidence of making bank transactions alone, making investments in health care for the family members and self. Thus different questions were asked to the respondents to evaluate on household decision making scale.

World Bank report of 2012 mentions the need and importance of women empowerment and economic development. It further states that there is close relation between women empowerment and economic development. Economic development must reach to all men

and women alike. Also in the World Development Report of 2012, economic development benefits reduce the gap in gender inequalities through higher access to education. Therefore women has to be educated and empowered with the knowledge of economic and household activities and its importance so that they are involved in the decision making process in their homes, work place. It relates to all types of decision such as purchase of gold, property, clothes and decision regarding health, education child welfare etc. it also include decision regarding finance and financial mobility.

Lakshmi Kumar (2013) in her research had stated that a microfinance scheme in real sense has not empowered the women due to increasing consumption and income of the women. Also the family restrict them from financial decision making as the women lack skill and risk taking. Rahul and Hema (2013) on their research study have mentioned that women participation in economic activities has declined. They conclude that to attract more and more women to participate in economic activities; attractive policies need to be framed where women can participate. TivasBiswas (2005) research paper on Women Empowerment through microfinance points out that microfinance is a medium to eradicate poverty. Microfinance is provided through SHG bank linkage programme which is a cost effective finance to the women. Government has initiated series of schemes for women empowerment. SHG's have been an effective medium to deal with the financial problem at the micro level. Thus microfinance leads to economic empowerment of women by enhancing the role of women in the household decisions, helps in women understanding financial and banking transactions, helps in income generation. The economic empowerment of women makes them independent and equal compared to male. Economic empowerment of women can contribute to higher level of living and improved economic and social welfare of the family.

Microfinance has resulted in overall empowerment (UN 2001) of women i.e. economic empowerment, social empowerment, educational and cultural empowerment as well as political empowerment. The second hypothesis on women empowerment is proved by the test and analysis done by this variable.

Microfinance contributed to economic empowerment of women as all economic variables show a positive relationship with microfinance. These variables include employment generation, entrepreneurship, income generation, savings and investment contribution to household's income, access and control over resources, understanding business transactions, banking transactions physical and financial mobility and so on.

Microfinance has resulted in social empowerment (NABARD 2012). The factors which contributed to social empowerment include women gaining greater confidence, greater respect in the family, higher role in the decision making higher ability to interact with other groups and members, greater mobility of women in and out of the locality areas etc.

Microfinance also contributed to improve literacy level of the family (Deope, Tirtilt 2014). This is observed from the fact that these women show great awareness about the education of their children, impart training on vocational and income generating activities, acquiring higher knowledge about record keeping and accounting management. Microfinance has also resulted in political empowerment (Geonkar 2011) of women. Microfinance resulted in increased participation of women in the local bodies increase in the number of women in decision making power of local government, increase in the number of women in local protest and political campaigns.

Microfinance has also resulted in economic development of women. Women empowerment leads to higher economic development (Deopke 2014) of the nation. Women who were provided with micro credit had better economic conditions. They could provide better education for their children, had better houses, they could eat nutritious food. Many women took up micro entrepreneurship (Bijli 2004) for the growth and development of their self, families and the economy.

Thus microfinance has become an important tool of empowerment of women through economic, social, cultural education and political.

5.1.3 Motivation leads to Micro Entrepreneurship

The research findings indicated that there is a direct co-relation between microfinance and the business or economic activities. This proves the third hypothesis on microfinance leads to entrepreneurship. This indicates that microfinance empowers women to start some business or micro enterprise activities (Kaur 2006). This has shown a positive outcome on the lives of the women as their living lives have improved, earning capacities increased and their skills (Bisnath 2001). The nature of business includes trading, services or manufacturing. Trading was the most common business undertaken by these women. Thus microfinance is an important tool of motivating people to take risk and start some micro enterprise. It develops entrepreneurship among these women. Microfinance facilitates business by providing fund for fixed capital as well as working capital. This makes women financially more independent as they can take decisions with respect to investment, production, distribution of goods and services.

It was observed that all the respondents pointed out that they are interested in doing some business of their own. Microfinance acts as a motivator to take up some small business venture. This helps in proving the fourth hypothesis –Microfinance leads to higher self-esteem. It will make women self-reliant and independent. In turn it will reduce gender inequality, income inequality, exploitation of women. Motivation is essential for undertaking any business and achieving the goals set.

5.1.4 Microfinance Leads to Higher Self-esteem

It is observed that microfinance leads to higher self-esteem (Zoynul&Fahimda 2013) on the part of women helped in proving the fourth hypothesis. The women workers found to be highly self-motivated, work in teams and provide some sort of leadership to others. Women in Group One –Availed microfinance showed high attitude compared to women in Group Two- not availing microfinance. The Group One women showed high self-image compared to women of Group Two. To be successful and motivated one must love and appreciate

one-self and shows positive behaviour towards one-self and towards others. The women in Group One also feel that their parents, teachers, husband and children love them and like them. They are confident and sure that their family always support them and the women are very confident that their family members will also continue to support them in their future endeavours. Motivation, team building and leadership are essential for success.

Group One-Women who availed microfinance showed great interest, efforts and enthusiasm without any pressure from others to learn or to training themselves as compared to Group Two- women who have not availed microfinance. This self-motivation in Group one women in the present study has contributed to their positive thinking which resulted to higher growth. Thara and Vikram (2010) in their research paper 'Role of NGO in Mental health in India' has emphasised that NGO's play a vital role in improving women's mental health by boosting their self-esteem and motivating them innovative practices by mentoring, providing support services, care, training and empowerment. Motivation leads to higher efficiency and productivity and thus higher level of income and employment. Motivation also leads to higher achievement, learning, training and development. Training and skill development are essential for the success of business. Women should be provided with social support (Ankit and Seth 2013) not only from their family and friends also from their SHG groups and community centres for improving their confidence and to have a positive approach on their self and others.

Group One-Women availing finance showed greater influence of peers in decision making and had a positive image about themselves. The Group Two-Women not availing microfinance showed comparatively low self-esteem from their childhood (Tadrash 2013). These women need lots of moral support and confidence. The present study has resulted that once these women are provided with social and financial support their self-confidence and self-esteem increases and they are ready to take up challenges and face the society. Microfinance support has provided the women with the necessary skills (Jonathan 2002). Their confidence building with their peers, family, friends and selves have increased. They are more self-reliant and confident to interact in their SHG groups. They are no longer

demotivated and reluctant. High Esteem has enabled them to realise their dreams. Self-esteem has a positive impact (Kaur 2006) on their behaviour and on their thoughts.

5.2 HYPOTHESES TESTED

The hypothesis relating to empowerment of women with respect to various parameters like economic decision making, household decision making, physical mobility social awareness, financial mobility, goal realisation, competencies, self –esteem, leadership, skill development were statistically tested and the test results are highly significant for the women group availing finance than those not availing microfinance.

Thus microfinance as a tool of empowerment of women in all the major areas such as economic, social, political and cultural has proved to be very effective in achieving the desired goals and objectives. Though the cost of microfinance is relatively higher than the cost of other measures undertaken by the government for financial inclusion. In case of microfinance the entire cost is borne by the borrower of loan or the members of the SHG. There is no subsidy element provided by the government. It implies that the microfinance is the self-finance scheme of the poor. The impact created by the microfinance is clearly visible in terms of tangible benefits in empowerment of women and gender equality.

5.3 CONCLUSION

The term microfinance is not a new concept but widely used and applied in the global context. In Bangladesh the Grameen Bank was developed on the same concept. It has benefited millions of poor people in obtaining finance and starting some micro enterprises of their own. Many governments all over the world used this tool for the purpose of financial inclusion, removal of poverty, a tool for removing gender disparity, income inequalities, and empowerment of women and help other weaker section of society. Thus microfinance has become an innovative tool in the hands of government to achieve its macro-economic and social objectives.

Microfinance means making finance available to the weakest section of society. It is based on the belief that poor are also bankable. It is a means of creating savings among the weaker section, giving loans and advances to them and uplifting their socio-economic conditions and living.

In India the concept of microfinance can be traced in the year 1954 when government conducted all India rural credit survey. In the year 1969 the government took another bold step by the nationalization of banks. In 1975 the government set up regional rural banks. In 1960s' government initiated priority sector lending. In 1982 government established NABARD as an apex bank for agricultural and rural development. It was NABARD which initiated a pilot project on microfinance in 1982. Thus the seeds of microfinance were seen since 1954 to 1992 period and it took the shape in 1992 when the pilot project became successful.

The concept of microfinance is most suitable to Indian economy facing various problems and challenges like populations explosion, unemployment, under employment, poverty and inequalities, gender gap, low level of literacy, low human development index, exploitation of females etc. Microfinance can be a tool of overcoming some of these problems. It can be a tool of women empowerment which in turn can lead to economic empowerment, social empowerment, political empowerment and cultural empowerment. The present research work is based on the same theme i.e. how far microfinance can lead to empowerment of women. Hence the research assumes great significance as women constitute 48 percent of the total population and about 30 percent of this group are below the poverty line.

The present research work was carried out focusing the functioning of leading NGO namely Jagruti Kendra which is working in the field of women empowerment for the last three decades. The research areas included the role of this NGO in empowering women and how far microfinance has succeeded in self-esteem and empowerment of women under this NGO. Thus research was focused on the women members of NGOs who had obtained financial support from this organization.

Literature review on the subject of microfinance was carried out covering various aspects of the subject such as introduction to microfinance, registration process, regulatory framework, self-help groups, success of SHG, banks linkage programme with SHG, progress of SHG, problems and issues of SHG, microfinance federations, role of NABARD etc. The literature review also covered review on women empowerment, national policy of women empowerment, need of women empowerment, national policy of women empowerment, government schemes of women etc. Literature review was also conducted about the role of NGO their Legislations and its merits and demerits.

The detailed exhaustive and in-depth literature review on the subject of micro –finance has helped the framing of research problem, research objectives, research hypothesis, data collection, data analysis and testing of the hypothesis. The government has initiated microfinance sector regulation and development bill in the year 2007. Under which the government has made it compulsory for all microfinance institutions to get it registered with NABARD, accept savings from the public only after completion of three years of operations and submission of audited report and inspection of microfinance institutions by the government. Thus the present bill has overcome all the deficiencies existed with respect to mechanism of regulations of microfinance institutions in the country.

There is a rapid expansion of SHG in India over the period of time. The number of SHG with banks accounts rose from 6.12 million in 2009 to 7.32 million in 2013. The loan was given by commercial banks, regional rural banks, co-operative banks etc. Self Help Group is an important mechanism between the members and the banks. SHG is a small homogeneous group of 10-20 people who voluntarily save some money regularly, agree to give funds, take collective decisions and provide loans to members on the terms and conditions laid down by them. The total number of SHG as on 2014-15 were 76.97 lakhs out of which exclusive women self-help group were 66.52 lakh accounting for 86.42 percent of the total. It implies that any success of microfinances can be directly linked to the success of women members of SHG.

NABARD which is the apex financial institution for agriculture and rural development has created the ground work for the success of microfinance in India. It has provided necessary finances to banks for SHG loan linkages provided training to 30 lakhs people in the field of microfinance. It was the regulatory and promotional authority for microfinance. Since the beginning it has provided refinancing of Rs 41,565 million for microfinance. Thus the entire credit for the working of microfinance in India right from the stage of conceptualization till today can be given to NABARD. The innovative and bold policy measures adopted by NABARD resulted in faster growth and development of microfinance in the country.

Another pioneering institution in the success of microfinance in India is State Bank of India. It is the largest bank in the country having largest number of bank branches. The bank had participated in the microfinance since the beginning of 1992. It is largest financier in microfinance among all commercial banks accounting for a share of 18 percent covering 3.85 lakh SHG with finance of Rs 4,586 crore (of which 91% are women beneficiaries). Thus two banks namely NABARD and SBI have played significant role in the development of microfinance.

Microfinance got greatest impetus from the success of Grameen Bank in Bangladesh which was founded by Dr. Mohammed Yunus who got noble prize for the same. Grameen Bank changed the banking rules such as loan without collateral, loan to women, bank branches in the villages, good loan recovery, no donation, low rate of interest, provision of housing loan, micro enterprises loan, education loan, pension fund etc. The success of Grameen Bank created greater confidence of the success of microfinance in India.

However finances are not free from any problems and difficulties. Some of the issues were microfinance were lack of coverage to the poorest people, regional disparity, limited spread in poor states, high rate of interest charged, small size of loan amount, unregulated institutions, lack of insurance service, high cost of transactions, uncertainty, risks, default payments etc. However this does not mean that the scheme has not done well in the

country. The fact that poor people got loan without collateral security itself is a big achievement of banks in India. The non-performing assets of banks due to microfinance are not much as compared to banks other NPA.

Women empowerment means providing greater access to women in the field of finance, education, business. Finance is the main source of empowerment of women. The subject of women empowerment is receiving greater attention all over the world. Various global organizations like World Bank, United Nation, World Health Organization have focused on this issue from time to time. The government has adopted National policy for empowerment of women in India. The available literature review points out to the fact that non-financial services such as skills, knowledge, education, health care can result in empowerment of women.

There is greater need for women empowerment because they are under employed, unemployed, competent, efficient, talented, contribute to the development of society, provide economic benefits, reduction in domestic violence, reduction in corruption etc. Microfinance can be an important tool of empowerment of women as it contributes to higher household income under women control and contribute to increased status. It contributes to women's economic activities, women economic empowerment, higher growth which in turn helps in reduction of poverty and providing better rights to women.

The government of India in order to empower women established a separate ministry of women and child development in the year 2006. The ministry has four separate public co-op and child development, Rashtriya Mahila Kosh, Central social welfare board, Central adoption resource agency. All these are 100 percent funded by the government and assist the ministry in the empowerment of women. The government has taken up several schemes for the empowerment of women such as MGNREG, NRLM, MKSP, IAY, RGSEAG, Gender sensitivity, Right to maintenance, WCD, Beti Bachoo Beti Padoos, women helpline etc.

NGO are activity involved in various socio economic fields like education, women empowerment, child care, looking after senior citizens, disabled and challenged people. NGO are supplementing the role of the government in empowerment of women. These are non-profit organizations. In India since the beginning of 1858 there were many private organizations involved in various social, political and economic activities. The government allowed these NGO to work in joint collaboration. They are registered under trust, societies and private limited companies. They can also be registered under company's act 1956. These NGO's are small, medium, large and even global in nature. The areas of work of NGO include agriculture, Old Age, Animal Welfare, Child education, Art, Health, HIV, AIDS, Slums, housing, poverty rural development, women, waste management, water, disaster management, science and technology etc. Thus NGO are taking care of large number of activities in diversified fields.

The government also supports NGO by providing grants under different schemes formulated by different scheme formulated by different ministries. NGO make use of these schemes to expand their activities and accomplish their cherished goals. Some of the important features of NGO include non-profit organizations, democratic basis, non-political in nature clear cut goals and objectives, limited outside control, voluntary in nature, wide spread operational areas, independent organizations etc. There are some advantages as well as disadvantages of these NGOs.

The present research is a blend of qualitative as well as quantitative research, it is based on the study of self-help group members who have taken finance and not taken finance to evaluate the impact of microfinance on both the groups. The sample size was 150 members (Women) 75 who availed finance and 75 who did not avail finance. The respondents were in the age group 25 to 45 years. The tools of research were personal information sheet, women empowerment assessment questionnaire, self-esteem scale and focused group discussion. The research was based on secondary data as well as primary data. The secondary was available from the available literature review and primary data was collected from the respondents with the help of a structured questionnaire. The data collected was processed,

tabulation and analyzed. The hypothesis framed was tested for their validity and application.

A structured questionnaire was used to collect the requisite information from the respondents. The questionnaire was in two parts. One part included about 104 questions on the different aspect of empowerment and second part included separate 58 questions about the self-esteem. The questions were all mixed up indicating different parameters for the measurement of extent of empowerment so that the respondents were not aware of what is being observed and measured and their biasness can be minimized.

Women empowerment scales used in the present research work include in the present research work include various dimensions such as economic decisions regarding (ability to control over affairs), household decision making (ability to participate in the household decisions in domestic affairs), Physical mobility (freedom to travel places without being escorted) social awareness (ability to participate work and enjoy with friends) financial mobility (ability to decide and invest), Goal realization (ability to realize dream plan and fulfilment of one's goal) competences (ability to handle ,plan and execute task and develop skills) self-esteem (ability to motivate one self and confident of self) team work (ability to work in group, can co-ordinate) leadership (ability to lead, direct and put forth ideas) skill development for business (ability to develop skills and start entrepreneurs). Thus large numbers of scales were used to measure the extent of women empowerment achieved from microfinance. These empowerment scales were clearly defined and measureable.

Further the empowerment scales being measured were tested on two groups of respondents both consist of 75 women. The two groups were homogenous with respect to demographic profile. The only difference was that one group had obtained microfinance and other group had not taken microfinance. The empowerment scales were used to find out the extent of women empowerment scales of these two groups and the results obtained from this were used to make inter comparison of the two groups to ascertain the real impact of microfinance. The results obtained were quite differentiating and clearly points out that the

different in terms of statistical test and analysis. This has helped to analyze the data most systematically and scientifically.

Research methodology adopted for the present research included identification of the research problem, determining the research objectives, framing of research objectives framing of hypothesis, literature review, framing of the questionnaire ,data collection, data processing, tabulation analysis, report writing,testing of hypothesis. Thus a systematic research designed was prepared and implemented right from the first stage till the last step statistical analysis included use of SPSS package, t-test and other measures of central tendency like mean, median, mean deviation etc.

The various hypothesis framed in the present research included that microfinance does not encourage women to save, microfinance does not enhance women empowerment, microfinance does not lead to higher self-esteem among women. These were the four null hypotheses and there were four alternative hypotheses. These hypotheses were tested for their acceptance or rejection with the help of statistical tests which included mean, standard deviation, t test using IBM SPSS version 2.0.

The sample size included 150 females consist of two group (75each) having obtained finance and not obtained finance and not obtained finance. It was observed married women have availed finance lower than unmarried women.Similarly it was observed that majority of women who were employed doing house chores.It implies that there is a direct relation between employed women and availing of finance. Similarly manual work category of women averted more finance than other categories of employment.The average monthly income of these women availing finance was higher than those women group not taking finance.

It was also observed that all the women who had taken finance were members of the SHG and majority of them had the habit of monthly savings. Most of them had their own business. It indicated that business and microfinance had a direct correlation. The nature of

the business was more of services and trading and not manufacturing 100 percent of the women availing finance showed their willingness to take up some business in future, hence the entrepreneurship traits were visible among these women. They wish to take up trading activities.

The results of the hypothesis with respect to women saving habits and physical mobility it was observed that the physical mobility of the group availing finance was much higher than the other group. The higher t value indicates that the two groups are not homogenous but different. Similarly in case of social awareness it was observed that it was higher among the group taken finance. In case of team building and team work the group taking finance showed much higher values.

On the question of effect of microfinance as a tool to enhance women empowerment it was found that women availing finance contributed to higher level of participations in economic decision making than other women. They have taken active part in household decisions, financial mobility and higher extent of empowerment.

With respect to goal realization skill development and competencies the women who availed microfinance indicated higher level of goal realization skill development and competencies than those to not taken microfinance. The level of motivation, self-esteem and leadership of the group availing finance was much higher than other women group.

Microfinance as a tool of empowerment of women was analyzed in the present report. The results of the study showed that microfinance has immensely contributed to the empowerment of women in a variety of ways such as providing a source or means of employment, helping manual workers in their day to day business (working capital), providing direct correlation between family income, encourages habit of thrift among women, making them self-employed entrepreneurs and motivate them to take up business increase their physical mobility, build social awareness, greater participation in decision making.

Thus microfinance has resulted in empowerment of women and higher self-esteem of women. The impact created by microfinance on women group was clearly visible in terms of tangible benefits and empowerment of women. This can reduce gender inequalities in the country and provide a solid platform to women to excel in their potential. This also support the role played by NGO or Jagruti Kendra in the empowerment of women.

5.4 SUGGESTIONS

The following suggestions are made on the basis of the above study on empowerment of women through microfinance.

1. Microfinance activities and funding should be extended and enlarged to cover those populations who are falling below poverty line. Microfinance scheme should focus on those areas/centres or states where the number of economically weaker section is large so that it is possible to get immediate results of reduction of poverty and inequalities through the tool of microfinance. Commercial banks should target these areas. Public sector banks can play an important role in this. Thus it is possible to reduce the number of people below the poverty line by providing direct access to finance.
2. Microfinance is one of the tools of empowering women. There are various other tools and methods of empowering women. The question is which tool is better economically and workable. Hence further research must be carried out with respect to different tools of empowerment of women and their cost and benefits should be evaluated so that the most efficient tool can be chosen to achieve the goals. This should be again focussed on the areas where the urban poor live.
3. Microfinance scheme should be extended to all villages; slums in the cities as it also help in mobilisation of resources and encourage people to save. The government has announced setting up of small banks. Such banks should focus on the mobilisation of

savings of the poor and help them for the productive use of savings. These banks can take the help of NGO and SHG to spread to local level.

4. Further research must be carried out to find out the impact of microfinance on the families in terms of absolute savings, investments, profit, capital formation and so on. This will help in assessing the effectiveness of microfinance in improving the quality of life and economic welfare in real terms.
5. It is observed from the literature review that microfinance schemes suffer from various inherent problems: one such problem is the high transaction cost and high rate of interest. Efforts should be made to reduce the high transaction cost by way of technology and joint operations of banks in specific areas. The government has put a cap on the rate of interest at 39% per annum. The high cost of finance will create additional burden on the poor. It indicates that the poor have to pay themselves for their empowerment by way of high rate of interest. This problem should be looked into otherwise the microfinance scheme will be self-defeating if poor have to share the burden of it. This will reduce the effectiveness of microfinance. The government should provide interest subsidy on the cost of microfinance up to 5% so that the burden of high interest rate is reduced.
6. Microfinance should be linked to global funding and outsourcing of fund from international institutions like World Bank and other developed countries. This will enable India to get cheaper loan from the International Institutions as the cost of domestic funding is high. In addition to this it will bring greater scope for International collaboration, understanding, co-operation and greater transparency and integration of Indian Financial Institution with the Global Financial Institutions.
7. The interest rates in India are still much higher than other developed countries. RBI should take steps in reducing the rate of interest so that the lending cost is reduced. This

will help the borrower to obtain finance at lower rate and thereby earn higher returns from their micro enterprises.

8. The various schemes undertaken by the government for financial inclusion should be merged into one major scheme with one nodal agency so that the duplication of services and work can be avoided. It will provide effective monitoring of the microfinance agencies and of all the stakeholders.
9. Microfinance should be linked to corporate social responsibility activities for the corporates, so that there is greater participation of corporate houses in funding microfinance institutions in specific areas of micro enterprises.