

**ROLE OF MICROFINANCE INSTITUTIONS IN
EMPOWERMENT OF RURAL WOMEN WITH SPECIAL
REFERENCE TO UTTAR PRADESH: AN EMPIRICAL STUDY**

A Thesis

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RECOMMENDATION

We aim to see rural women empowered by making the best possible utilization of resources and giving better resources and environment to grow. In a larger picture when looking at women empowerment objective is not just to improve the economic status of rural women, we look forwards to holistic empowerment that would translate into cultural and societal change that promises better future for generations ahead.

Microfinance Institutions

- MFI need to target more on far-flung remote villages.
- There was greater spread of NBFC's as compared to MFI SHG model, hence there is requirement of more bank linkage programs to reach target population.
- There is requirement for increasing quantum of loan and decreasing rate of interest on loans since loans are expensive for poor's.
- There is requirement of providing economic avenues since these rural backward areas lack in income generating opportunities.

Government And Policy Makers

- The SHG Bank Linkage model is doing well in terms of improvement in status of rural women who are marginalized. There is significant impact in the psychological and social empowerment of women. The need observed is of generating opportunities of economic activities. Mere credit is not able to solve the problem of poverty there is need of employment and opportunities which is very scares in far flung villages.
- There is requirement for more of skill development programs and creating avenues for income.

- Regulatory body should make policy reforms that make cheaper lending rates for NBFCs.
- There is requirement for improving on educational and medical facilities.

Rural Population

- It is observed there is alarming status of illiteracy among rural population in Uttar Pradesh. There needs to be rigorous efforts to promote literacy among the younger future generation.
- Rural women should encourage taking up micro entrepreneurial activities for generating income

CONCLUSION

Conclusions are drawn upon the findings of the study. In conclusion the rationale behind the findings from the research are discussed. The conclusions discussed below are under various empowerment factors.

Role of Microfinance in Women Empowerment

Microfinance And Psychological Empowerment

It was observed there was psychological empowerment of rural women associated to micro finance institution in comparison with women not associated with microfinance institution, reason being they are of financial help to their spouse and family. Women independently working by raising credit on their own felt independent and confident. Women were not deprived of capital to start their own small business. Women were found respected by their spouses and children since they were source of credit through MFI. They were satisfied with the fact men or spouses look upon them at the time of need or credit, this has improved their psychological state and made them feel worthy.

Microfinance And Behavioral Change

It was observed there was no behavioral change of rural women associated to micro finance institution in comparison with women not associated with microfinance institution. There still exist situation of violence, abuse and negligence from spouses hence situation remains unchanged.

Microfinance And Social Empowerment

There are been observed change in social empowerment of rural women associated to MFI, they have say in family decisions, child education, marriage and social functions. It was observed women themselves being illiterate are sending school to their children and not marrying them early. They participate in SHG/JLG meetings showing their leadership and active participation, hence there was observed social empowerment through MFI.

Microfinance And Economical Empowerment

It was found there is no economic empowerment of rural women, reason being women are mere dummy beneficiaries while the actual use of credit is made by spouses hence they have no say in any financial decisions. All the lending and investment decisions are taken by men and are considered family head. Hence there was no economic empowerment of rural women through association with MFI

Impact on Living Standards of respondents

With consumption, nutrition, structure of house, amenities and ownership of assets helps to study the living standards of rural house hold, when estimating poverty 2400 kg calories are required for any individual living in rural areas, consumption below 24000 kg cal is considered to be below poverty. The actual figures from impact on living standards show positive results. Women associated with MFI have improved living conditions. Families

below poverty line could not even afford sufficient nutrition and basic house hold assets like fan, bed& mattress.

SUMMARY

Microfinance is fundamentally tailored to provide financial services to low-income population living below poverty line. Microfinance or microcredit provides for credit and other financial services to impoverished without the requirement of any collateral security. In a nut shell microfinance is financial services for the people of low economic strata who cannot avail the services of the regular commercial banks due to their underprivileged financial background. Microfinance has proved to be an effective tool for eradicating poverty across the world economies. Generally, microfinance institutions target empowering women by providing them credit with an objective to make them financially independent. The position of women in developing countries is backward and lack progress, hence women are the intended target beneficiaries for the microfinance institutions.

The primary objective of the thesis is to investigate the role of microfinance in empowerment of rural women in Uttar Pradesh. Empowerment is studied using economic, social, psychological factors and living standards. The present study takes into consideration Self Help Groups (SHGs) and Joint Liability Group (JLG) Model to investigate the impact of microfinance schemes. The study is a cross sectional study where beneficiaries and non-beneficiaries in the study area are compared to examine the impact of microfinance institutions. Extensive review of literature is conducted to identify the research gap for the study. Review of literature is conducted through reviewing about 100 studies pertaining to the topic which includes both research papers and thesis. Out of these 100 studies reviewed 60 forms the part of literature review. From review of literature research gaps are identified. The research design employed for the study is the

Cross-Sectional Descriptive, where the study uses both primary and secondary data for the investigation. Structured Questionnaire is being used as a Survey-Instrument to collect the primary data. The questionnaire is being developed using exploratory studies consist of examining the secondary data (collected thorough reports and data by government agencies, organizational reports and developmental agencies along with the relevant research papers, Depth Interviews with government officials, officials and representatives of Microfinance Institutions (MFIs) and Non-Government Organizations (NGOs) and representatives of Self-Help Groups (SHGs). Pre-testing of the questionnaire is done through a Pilot Survey of 50 respondents to identify and eliminate any problems or issues with responses to various questions.. Purposive Sampling Technique is being used to collect information using the questionnaire. 20 villages of 10 districts of the three geographical divisions of UP are taken up for the survey. Sample size is being 465 respondents. The collected data is being analysed using SPSS. The study employs both descriptive and inferential statistical tools for the analysis of the data. Percentage analysis is used to summarize the basic characteristics of the data and to present the basic profile of the respondents like age, education, income, no of children, no of dependents etc. Exploratory Factor Analysis (EFA) is used to explore underlying dimensions of the impact. In the study various empowerment factors like^[1]_{SEP} economic, social, psychological, behavioral factors are obtained. Chi Square & Mann Whitney U Test etc. are used for the testing of hypothesis. Non-Parametric Tests have been used since samples do not meet the assumption of normality.

The analysis from the study show that there is over all positive impact of the microfinance institutions in empowerment of rural women in the chosen study area of Uttar Pradesh. It is observed that there is not much actual economic empowerment of rural women through microfinancing. Reason for low economic empowerment being

women are mere dummy beneficiaries while the actual beneficiaries are their spouses. Since women are not the actual beneficiaries it is male of the families utilising the loan amount from the microfinance institutions. But on the other side, there is substantial psychological and social empowerment of women associated with microfinancing. Positive impact is also being observed on the living standards of women associated with the microfinancing as compared to the non-beneficiaries. Hence, it can be inferred that there is overall positive role of microfinance in improving the lives of rural women associated to microfinance institutions except the economic impact. Consequently, it is elicited that by providing mere credit to women will not solve the core economic aspect and there is requirement of skill-development , and presence of the employment and business opportunities in the rural areas.

FUTURE FINDINGS

The present study is a microfinance impact assessment study that implies cross sectional methodology, while conversely longitudinal studies (randomized control trials) are given more prominence hence would consider extending research using longitudinal data. Conducting a randomized control trial is very expensive and time consuming for individual researchers hence there exist exigency to emerge at par gold standard methodology.

MFI and empowerment of rural women have unique findings due to the varied geographical locations, socio-political scenario, income disparity, cultural and demographics etc. Hence it would be interesting and unique to study how different cultural and socio-economic background impact the empowerment through MFI.

There can also be a comparative study conducted on impact assessment through MFI considering different Indian states with varied socio-economic backgrounds.