

DISCUSSIONS
&
CONCLUSIONS

CHAPTER – 5

DISCUSSION AND CONCLUSION

Introduction:

Microfinance Institutions are currently being promoted as a strategy for simultaneously addressing both poverty reduction and improving socio-economic status of the rural poor women in Haryana state. Rural women play a significant role not only in the domestic but also in socio-economic life of the society; holistic national development is not possible without developing of this segment of society. In this chapter the interpretations of analysis have been discussed. With the help of quantitative analysis conclusions have been drawn. The conclusions of this research study are presented. In order to fulfill the fourth objective to *suggest strategies to Microfinance institutes to improve their financing schemes to the women customers* also explained in this chapter.

5.1 Regression Results

This chapter is separated into two main parts. The first part evaluates the impact of micro credit on empowerment. The second part evaluates the impact of micro credit on the different subgroups of empowerment presented in the chapter.

5.2 Empowerment

The OLS model, in its most basic form, only includes the dependent variable empowerment index and the independent variable micro credit borrower. The model has been formed by gradually by adding one independent variable at a time. This has been done to see how the relationship between micro credit and women empowerment changes when independent variables are added. The broad picture that emerges from the OLS results in Table below is that micro credit seems to have a significant positive effect on women's empowerment. Although the magnitude of the effect depends on the set of controls used, micro credit increases the level of empowerment. The estimated effect from the most complete specification including both individual and household characteristics is statistically significant at the 95 percent confidence level. In terms of magnitude, the empowerment index is expected to increase, on average, with 1.6 points if the respondent has received micro credit in the most basic OLS model without other independent control variables. In the most comprehensive model, the empowerment

index is expected to increase, on average control variables constant. The pattern of estimates and significant level, with one point holding as dependent variable, all the other independent variables across different sets of independent control variables indicates that the estimate for micro credit on women's empowerment is robust.

Furthermore, it was expected that the number of years of micro credit membership was going to have a positive impact on women empowerment. The results in table below tell us that the length of micro credit membership is positively correlated with women empowerment. A potential explanation might be that the initial micro credit given enhances a women's empowerment the most. The additional micro credit given over the years brings more value to women's empowerment. (Table17).

Table - 63: Summary Table

Variable entered	Method/Dependent variable	R	R Square	Anova	Significant value
Micro credit borrower	Enter/Empowerment	.886	.785	.000	.000
Age	Enter/Empowerment	.677	.458	.000	.000
Education	Enter/Empowerment	.256	.066	.070	.070
Expenditure	Enter/Empowerment	.510	.260	.000	.000
Agricultural Work	Enter/Empowerment	.839	.704	.000	.000
Husband's Business	Enter/Empowerment	.494	.244	.000	.000
Household Land Ownership	Enter/Empowerment	.802	.643	.000	.000
Age at Marriage	Enter/Empowerment	.244	.060	.084	.084
Number of Children	Enter/Empowerment	.487	.237	.000	.000
Number of Income Earners in the Household	Enter/Empowerment	.795	.632	.000	.000

Also, women's age seems to have a significant effect on women empowerment. This shows the importance of enforcing the existing law on delaying the age of marriage for

continuous women empowerment in Haryana. Agricultural work and husband's business seem to be negatively correlated with women empowerment. A potential explanation is that a woman engaged in agricultural activities, in most cases, earns little income. In turn, this might put that woman in a state of economic dependency towards her husband. A reason why woman working for her husband is less empowered might be because she has lost control over her income and potentially her micro credit to her husband.

The results stemming from table 17 confirms the notion that micro credit has a positive impact on women's empowerment. To get insight in this matter, the impact of micro credit is examined on each of the empowerment indicators.

5.2.a Subgroups of Empowerment

The OLS models in this section are, like in the previous section, built up gradually by adding one independent control variable at a time. The dependent variable is no longer empowerment index. Instead, each of the empowerment indicators is the dependent variable one at the time. This section is divided into the four subgroups of empowerment, namely decision making power within the household, ownership of assets, voice and mobility.

5.2.b Decision-Making Power within the Household

Decision making power within the household is the subgroup that shows the amount of say the woman has in household decisions. Decision making power is in turn divided into the following six separate indicators: ability to make small purchases, involved in decision to make large purchases, involved in decision to work outside the home, involved in decision on how many children to have, involved in decision to buy or sell property, and involved in decision to send children to school. Micro credit seem to be significantly positive correlated with ability to make small purchases, involved in decision on how many children to have, and involved in decision to work outside the home level in at 95% confidence level the simplest model without independent control variables. When the independent control variables are added to the model, micro credit is no longer significantly correlated to the empowerment indicators presented above. This suggest that the relationship between micro credit and ability to make small

purchases, involved in decision on how many children to have, and involved in decision to work outside the home is not very robust.

Testing the relationship between micro-credit and involved in decision to send children to school, it is found in the simplest model, without independent control variables, that at 95% confidence level micro credit is significantly positive. When each control variable is added, the effect of micro credit on involved in decision to send children to school gets less significant. In the model with all independent control variables, the relationship is no longer significant. This suggests that the independent control variables affect the dependent variable involved in decision to send children to school.

Thus, the relationship between micro credit and involved in decision to send children to school is not as robust as seen in the simplest model without independent control variables. Micro credit shows a significant impact at the 95 percent significant level on involved in decision to buy or sell property. This is the case models, from the model without independent control variables to the model with all the independent control variables. This suggests that the relationship is robust.

However, micro credit did not show significant impact on involved in decision to make large purchases, even in the simplest model without independent control variables. These decisions, which have traditionally been within the male domain, reflect that although the women have enhanced their Decision making power, micro credit have not been able to make substantial impact in this key area. The variable husband's business show a significant negative impact on Involved in decision to make large purchases, ability to make small purchases, Involved in decision to work outside the home.

On the other hand, the independent variable age of marriage is significantly positive to involve in decision to buy or sell property, involved in decision on how many children to have, and involved in decision to make large purchases. The OLS models for ability to make small purchases, involved in decision to make large purchases, involved in decision to work outside the home, involved in decision on how many children to have, involved in decision to buy or sell property, and involved in decision to send children to school.

5.2.c Ownership of Assets

The subgroup ownership of assets shows if a woman owns land or any other property or valuable. This is measured in terms of own landownership, ownership of property

and/or valuables, and independent savings. Micro credit shows to have no significant positive (or negative) impact on landownership in own name and personally own property and/or valuable.

On the contrary, the positive relationship between micro credit and Independent Expenditure is significant at 95% confidence level in all the models, from the most basic without independent control variables to the most comprehensive model with all the independent control variables. This suggests that the relationship is robust. An explanation might be that the micro credit borrowers have built up a trust and relationship with the micro credit program, and thus been able to access the other financial services offered by the microfinance institutions. The soon to be micro credit borrowers have not yet built up this trust and relationship.

Age, age of marriage and own business is positive significant, in most of the models, in explaining landownership in own name. In the case of ownership of assets, it seems as household traits and traditions are more important than micro credit. The OLS models for own landownership, ownership of property and/or valuables, and independent savings.

5.2.d Voice

Voice is a variable showing the woman's freedom of expression, if she is able to express her views in the presence of her husband, family members and others. Voice is examined via two variables: comfortable giving opinion in the presence of husband or other family member and village people listen to ideas and opinions. Micro credit is a positive significant explanatory variable in the most basic model without independent control variables for both comfortable giving opinion in the presence of family member and village people listen to ideas and opinions.

However, the relationship seems not to be that strong since when independent control variables are added, the relationships are no longer significant. Furthermore, expenditure seem to be positively correlated with comfortable giving opinion in the presence of family member while number of children is negatively significant in explaining comfortable giving opinion in the presence of family members. The OLS models for comfortable giving opinion in the presence of husband or family member and village people listen to ideas and opinions.

5.2.e Mobility

Mobility is the subgroup that defines a women's freedom of movement. Mobility is divided into two indicators: comfortable going to the local market without asking for permission and comfortable going to the neighborhood village without asking for permission.

Micro credit shows no significant relationship to either comfortable going to the local market without asking for permission or comfortable going to the neighborhood village without asking for permission. Both micro credit borrowers and soon to be micro credit borrowers are highly restricted in their freedom of movement. Also, husband's business and agricultural work is negatively significant in explaining both comfortable going to the local market without asking for permission and comfortable going to the neighborhood village without asking for permission. This might be explained by the fact that most of the individuals involved in the agricultural activities live in their home village.

Thus, a person whose income earning activity is located in, for example, another village is consequently more mobile. The OLS models for comfortable going to the local market without asking for permission and comfortable going to the neighborhood village without asking for permission.

This study empirically evaluates the impact of micro credit on women's empowerment in the Ujjivan of Haryana. The findings, derived from the OLS models, suggest that micro credit has a positive impact on women's empowerment indicate that micro credit strengthens women's family standing represented by their greater role in the household decision making process. The result that micro credit has a positive effect on women's decision making ability within the household is in line with the findings from Holvoet (2005) and Kabeer (2001). However, the impact of micro credit on women's freedom of mobility is indistinct based on the empirical results. This suggests that it would be relevant to further investigate how micro credit impact different dimensions of women's empowerment to improve the potential of micro credit as an empowerment tool.

Years of microcredit program membership was expected to have a positive impact on empowerment. The findings in this study suggest that this doesn't have to be the case.

Thus, there is room for empowerment related improvements within the micro credit programs. This study therefore suggests that more studies should evaluate the relationship between years of micro credit program membership and women's empowerment in the future. It is important to keep in mind that a quantitative analysis of aggregated data has its limitations. Reality is not easily captured in numbers and most quantitative analysis is required to some simplification and generalization. This does not render the results meaningless, but they are to be interpreted carefully.

Since this study was based on a small sample size from only a few villages Under Ujjivan financial services of Haryana the results cannot be generalized to other districts of Haryana. More extensive studies that include a larger sample size from different districts could further shed light on how micro credit affects women empowerment.

5.3 Conclusions

Based on the above discussions it has been found that the following conclusions have been drawn:

Factors which have Positive Effect on Empowerment

- a) The findings derived from the OLS models, suggest that micro credit has a positive impact on women's empowerment. It indicates that micro-credit strengthens women's family standing which is reflected by their greater role in making the household decision. Similar work has also been done by SWAIN, R, L. Mayoux, Salman Asim, Ranjula Bali and many others. They have also concluded that there is a Positive effect on women empowerment with microfinance schemes.
- b) The findings derived suggest that number of years of micro credit membership has positive effect. It has also been seen that the micro credit borrowers have built up a trust and relationship with the micro credit program over time, and thus been able to access the other financial services offered by the microfinance institutions. The soon to be micro credit borrowers have not yet built up this trust and relationship. Similarly, Prema Basargekar, Chowdhury J, DEININGER, K. & LIU, Y and many others have also concluded that with mature groups microcredit can have economic benefits in the long run.

- c) The findings show that expenditure seems to be positively correlated with microfinance. Women having microcredit facility are more comfortable in spending the money and fulfilling their financial needs. Similarly, Jyoti Prakash Basu, Sarahat Salma Chowdhury and others have also concluded the same.
- d) The finding show that Age of marriage and own business has significant effect in Women empowerment. And similar conclusions have been drawn by Kazi Abdur Rouf and others.
- e) In the case of Household Land Ownership of assets the same is having significant effect on Women empowerment. Similar conclusions have been drawn by Sureswari Prasad Das, Gerald Pollio and James Obuobie (2010) and many others.

Factors which have Negative Effect on Empowerment

- a) The findings show that the agricultural work is negatively significant with empowerment.
- b) The findings show that the Husband's business is negatively significant with empowerment. As the microcredit is availed by the husband and the women involved has no benefits.
- c) It has been seen that number of children is negatively significant with microcredit. The involvement in decisions on how many children to have is not very robust.

Factors which have No Effect on Empowerment:

- a) The findings show that the age of customers who are availing the Microfinance has no significant effect on empowerment.
- b) The findings show that the educational qualification has no significant effect on empowerment.
- c) The findings show that the number of income earners in the household has no significant effect on empowerment.

5.4 Recommendations

The following are the recommendations based on the results of this study:

- a) The researcher has found that there is a positive effect on women empowerment with microfinance scheme. Similar work has also been done by Swain, R L. Mayoux, Salman Asim, Ranjula Bali and many others. They have also concluded that there is a Positive effect on women empowerment with microfinance schemes. Thus, borrowers should avail microfinance as far as possible as it will make them more empowered.
- b) The researcher has found that there is a positive effect on empowerment on women with the number of years of microcredit membership. Similarly, Prema Basargekar, Chowdhury J, DEININGER, K. & LIU, Y and many others have also concluded that with mature groups, microcredit can have economic benefits in the long run. Thus, it is recommended that women should be associated with the microfinance as it benefits them.
- c) The researcher has found that there is a positive effect on the monthly household expenditure on women empowerment. Thus, it is recommended that women who have microcredit facility are more comfortable in spending the money and fulfilling their financial needs.
- d) The researcher has found a positive effect on the own business on women empowerment. Similar conclusions have been drawn by Vanaja Menon, Mili Sarkar and many others. The same is recommended as her income earning ability increases when she directly invests money for herself.
- e) The researcher has found a positive effect on the small land holdings on women empowerment. Similar conclusions have been drawn by Sureswari Prasad Das, Gerald Pollio and James Obuobie and many others. The same is recommended as they can buy more equipment for their farm which would further increase their income and thus, make them more empowered.
- f) The researcher has found that age at which the respondent has got married has a positive effect on women's' empowerment. And similar conclusions have been

drawn by Kazi Abdur Rouf and others. The same is recommended as they would be more seasoned to utilize the funds more judiciously.

- g) Thus, the companies should also prefer the customers having the above mentioned characteristics. They should provide some additional benefits in the loan schemes to make them lucrative for customers, like they should provide additional EL (Emergency Loan), for the purposes of paying electricity bills, school fees, insurance etc.

5.5 Directions for Future Research

- (1) Studies could be carried in 2-3 neighboring states like Punjab, Himachal Pradesh and Rajasthan etc. and thus, there may be a comparative analysis.
- (2) Aspects like a cost-benefit analysis of funds invested by Government , Donor, NGO etc. are recommended as the framework for measuring MFIs level of adherence to their poverty alleviation mission in future studies.
- (3) Study can be done in the field of micro finance to know the impact of MFI's on entrepreneurial development.”
- (4) The Impact of Recent Regulations imposed by Government and Commercialization of MFI's would also be the area of the future research.
- (5) A comparative analysis on the impact of micro-finance can be done between North India and South India for future research.

“We have created a slavery-free world, a smallpox-free world .Creating a poverty –free world is greater than all these compliments, this would be a world that we could all be proud to live in.”

**Mohammad Yunus
Founder of Grameen Bank**