

INFLUENCE OF MICROFINANCE ON WOMEN'S EMPOWERMENT: AN EMPIRICAL ANALYSIS WITH SPECIAL REFERENCE TO GUDIVADA, KRISHNA DISTRICT, ANDHRA PRADESH

Dr. R. Padmaja*
Ms. P.K. Madhooha**

ABSTRACT

The field of microfinance is rapidly developing into a promising instrument for advancing women's economic independence. The phrase "micro finance" describes the business activities of lending and investing tiny amounts of money. Microfinance in India is a form of banking aimed at helping the country's economically disadvantaged citizens. It's a tool for improving women's standing in society, the workplace, and politics. Women will benefit from the program's ability to ensure their nutritional needs are met, as well as their health and safety. Because of this, the current research examines how microfinance has helped to empower women and how satisfied those women are with microfinance services. This research, conducted in the Gudivada region of Krishna district, is an empirical examination of the female respondents' preferences about the various forms of microfinance. The survey also illustrates how female customers of microfinance institutions feel about the services they have received. In addition, several methods and strategies were proposed to boost the influence of microfinance programmes on women's empowerment and to raise public knowledge of microfinance among women of the common folk.

Keywords: *Microfinance, Women Empowerment, Economic Independence.*

Introduction

A new avenue that may help women gain independence is microfinance. Microfinance is the practise of making and accepting tiny loans and small deposits. Microfinance in India is a form of financial aid targeted on the country's lowest-income citizens. It's a tool for advancing women's status in society and the political sphere. To put it simply, it will ensure that women have access to enough nutrition, health care, and a safe place to live. Since microfinance has been shown to have a positive effect on women's economic independence, this study also assesses the degree to which women are pleased with the services they have received via microfinance institutions. This research is an empirical investigation of the preferences of female respondents about the different sources of microfinance now accessible; it was conducted in the Gudivada region of Krishna district. Additionally, the study details the perspectives of female microfinance customers on the basis of the levels of contentment with the services they have received. Suggestions were also given to raise women's understanding of microfinance and to take action to maximize positive effect that microfinance initiatives have on advancing women's equality.

Objectives

- To investigate the extent to which the women responders in Gudivada region of Krishna District, Andhra Pradesh, have a preference for formal and informal sources of financing that enhance women's economic independence.

* Assistant Professor (Selection Grade), Department of Commerce & Business Management, Krishna University, Rudravaram, Machilipatnam, Krishna District, A.P., India.

** Research Scholar, Department of Business Management, Krishna University, Rudravaram, Machilipatnam, Krishna District, A.P., India.

- To determine the degree to which the women responders are satisfied with the formal microfinance services with reference to Gudivada region of Krishna District in Andhra Pradesh.
- To investigate on the effect that formal microfinance services have had on the lives of the respondents.

Research Methodology

Research was conducted in the Gudivada region of Krishna District. Primary data was gathered by selecting 200 female responders at random using simple random sampling. Journals, periodicals, newspapers, websites, reports, and so on were mined for secondary data. The significant conclusions inferences from the study were calculated using weighted averages scores and percentages.

Conceptual Framework

When women utilise microfinance services not just for themselves, but also for their husbands and children, the whole family benefits and the women feel empowered. Even in contexts where they do not participate in wage-earning activities, women are gaining independence and agency. If women are the ones who get credit or savings choices for their homes, they may be empowered to take on a larger role in family and boost investment in family welfare. The Indian ladies have an open approach to tackling problems and a strong capacity for observation and learning. Indra Nooyi, Chairperson and Chief Executive Officer of Pepsico, and Mrs. Sudha Murthy, Chairperson of the Infosys Foundation, are just two of the many Indian women who have proven their mettle in the business world. It has been shown via research on women that they have a higher rate of financial success than males do. While the government has made some progress, there are still several roadblocks that make it harder for women to become economically independent through microbusinesses. Some of these issues include a deficit of capital, excessive interest rates, many customers being unable to pay in cash, and suppliers being very tough towards women. Others include an insufficient understanding of the market, unsatisfactory bookkeeping, employing too many relatives, and the resulting increase in social pressure to share benefits. Even with all these obstacles, it is crucial that women have the resources they need to succeed in order to eliminate poverty and discrimination against women. There are many powerful groups led by women that are dedicated to improving the lives of women in rural areas and low-income communities. Among these groups are the Shri Mahila Griha Udyog Ijjat Papad (1959), the Self Employed Women's Association (SEWA) founded in 1972, the Working Women's Forum (WWF) founded in 1978, the Women's Organisation in Rural Development (WORD) founded in 1985, the Rashtriya Mahila Kosh (RMK), a government organisation for women founded in 1993, the Mann Deshi Mahila Sahakari Bank Ltd. Commercial banks are currently showing a lot of interest in creating programmes tailored specifically to women. Several large banks, both public and private, have implemented programmes to reduce the interest rates on loans made to women business owners.

The females in Gudivada region of Krishna District have access to informal loan sources in addition to these institutions. Due in large part to the financial and non-financial support offered by microfinance institutions, females in Gudivada region of Krishna District are learning to fend for themselves economically. These include fashion design, embroidery, knitting, stuffed toy creation, fruit and vegetable sales, dairy and poultry farming, agriculture, the management of tea and grocery stores, weaving and spinning, glass and emboss painting, gardening, cattle raising, floral culture, gold covering works, kalamkari work, and many more.

Efforts on the Part of the Government and Commercial Banks to aid Female Entrepreneurs

The government and commercial banks have made significant efforts to provide financial support to women business owners. The compiled list of business finance options for women by government and commercial banks are Bhartiya Mahila Bank Business Loan; Mahila Udyam Nidhi Yojana; Orient Mahila Vikas Yojana Scheme; Cent Kalyani Scheme; Udyogini Scheme; Annapurna Scheme; Stree Shakti Yojana; Dena Shakti Yojana; Mudra; Priyadarshini; CAN Mahila; Cent Kalyani; Nari Sakthi etc.

Data Analysis and Interpretation

The purpose of this section of the research is to conduct an empirical examination of the preferences of the women responders about the different sources of financing that are available to them. The study also provides an explanation of the perspectives held by female customers of microfinance institutions regarding the services provided by microfinance institutions, specifically with regard to the degree to which they were satisfied with those services and the degree to which they felt those services

had an impact on their lives. According to study, 59 percent of the respondents fell within the age bracket of 20-40 years old. The majority of respondents were married (85 percent) and lived in households consisting of only nuclear members (77 percent). It was found that nearly half of all respondents (49 percent) are illiterate, and it was also discovered that a significant number of respondents (36 percent) had education only up to the tenth grade or matriculation, and not even a single respondent had a post-graduate degree, which demonstrates the existence of the traditional phenomenon of low levels of education among females. The majority of those who responded were self-employed (44 percent), followed by women who stayed at home and took care of their families (27 percent). On the other hand, a small portion of the respondents were employed (24 per cent). A low degree of entrepreneurial activity among women is shown by the fact that not a single respondent was active in a family company, and a very low number of respondents (5 percent) are professionals.

The additional stress coupled with the obligations of the home, or the absence of suitable resources such as financial support due to a lack of collaterals, might be the causes. In addition, the sources of the financing may have doubts about the borrower's business acumen and capacity to effectively handle the money. Regarding the amount of income, the bulk of the respondents, which accounts for 61 percent, were lying between the range of zero to four thousand rupees per month, which is considered to be relatively poor.

The respondents in Gudivada region of Krishna district employ several institutional and informal sources of funding. According to the findings of the survey, the majority of respondents (85 percent) are utilising formal sources of funding, while a much smaller number of individuals (15 percent) are utilizing informal funding sources. Banks, credit unions, savings accounts at post offices and other public organisations, microfinance institutions, and self-help group savings accounts are all examples of formal sources of money. Funds from neighbours, funds from friends and family, money from employers and co-workers are all examples of informal sources of finance.

- **Level of Satisfaction:** The level of satisfaction of respondents with relation to formal sources of microfinance services is displayed in Table 1. One hundred seventy of the total number of responders are tapping into formal avenues of financial support. On a Likert scale ranging from one to five points, these respondents were asked to rate each variable according to the level of satisfaction they gained from it. A Weighted Average Score, often known as WAS, was computed for each variable in order to facilitate the examination of the amount of contentment experienced by the respondents. According to their WAS, the factors were divided into two categories: those that provided a high level of satisfaction, and those that provided a moderate level of pleasure. The activity with the most satisfaction is 'Interest rate', which has a weighted average score (WAS) of 5.0. The activity with the lowest satisfaction is 'Consequences of non-repayment,' which has a WAS of 3.8. According to the findings of the survey, female respondents had a very high level of satisfaction with all 16 factors, with the exception of one measure, which is titled "consequences of non-repayment." Some customers had issues with the terms and circumstances of the loan, the amount of time it took to receive the loan, the convenience of the procedure that sanctioned the loan, the demand of a guarantee, and the way complaints and other issues were handled, among other things.
- **Level of Influence:** On a Likert scale from one to five points, each of the 170 respondents who accessed official sources of funding was questioned on their opinions regarding the activities. The WAS for each activity has been calculated, and the results of that analysis have been examined. It is clear from looking at Table-2 that, out of the nine different factors, a rise in income has been identified as the one that will have the most significant influence. It's interesting to see that all of the variables are listed as being high-satisfaction activities. This demonstrates that microfinance has been able to make an impact on the lives of the women customers as they have reported an increase in their income level, an improvement in their social status, a building of confidence, an increased awareness of social issues, an improvement in their effective communication, an increase in their decision-making power, and other similar benefits. However, there is still a need to fill before the provision of microfinance can significantly contribute to the empowerment of women. As a result, certain ideas were made to give the women in the community more influence.

Table 1: Grouping Respondents based on their Degree of Contentment with Formal Sources of Finance

Activities		HSA	SA	N	DS	HDS	WAS
Activities of High Contentment							
1	Interest Rate	170	00	00	00	00	5.0
2	Duration of Loan	160	10	00	00	00	4.9
3	Transport cost to travel to a bank	160	10	00	00	00	4.9
4	Loan amount borrowed	140	30	00	00	00	4.8
5	Sufficient information is provided by the provider	150	10	10	00	00	4.8
6	Respect from the provider	120	40	10	00	00	4.6
7	Loan usage check	150	10	10	00	00	4.8
8	Behavior and Conduct of bank staff	90	80	00	00	00	4.5
9	Legally mandated savings plan requirements	100	50	20	00	00	4.4
10	Timing of Credit Availability	100	60	10	00	00	4.5
11	Guidelines for Debt Repayment	100	60	10	00	00	4.5
12	Conditional Use Policy	120	40	10	00	00	4.6
13	Time taken to get the loan approved	60	100	10	00	00	4.3
14	Easy process	100	50	10	10	00	4.4
15	Need for a Guarantor	80	70	20	00	00	4.3
16	Concerns or complaints are welcomed	60	90	20	00	00	4.2
Activities of moderate Contentment							
17	Consequences of non-repayments	40	80	30	20	00	3.8

Note: HS-Highly Satisfied, SA-Satisfied, N-Neutral, D- Dissatisfied, HD-Highly Dissatisfied.

Table 2: Grouping respondents based on the level of influence of formal sources of finance on them

S. No.	Activities	SA	A	N	D	SD	WAS
Activities of High Contentment							
1	Income level improvement	170	00	00	00	00	5.0
2	Social status improvement	140	30	00	00	00	4.8
3	Boosting confidence	140	20	10	00	00	4.7
4	Increased sensitivity to social concerns	140	30	00	00	00	4.8
5	Effective communication	130	20	20	00	00	4.6
6	Recognition within family	120	20	30	00	00	4.5
7	Increase in consumption level	80	80	10	00	00	4.4
8	Decision making improvement	100	30	40	00	00	4.3
9	Poverty elimination	60	80	30	00	00	4.1

Note: SA-Strongly Agree, A-Agree, N-Neutral, SD-Strongly Disagree, WAS-Weighted Average Score.

Suggestions

- **Lending small amounts:** Women are less likely to take risks than males due to a lack of expertise in generating revenue on a big scale and a lack of free time. Therefore, providing women with access to small loan amounts will allow them to invest in fast-returning assets.
- **Encourage savings among women:** To encourage women to save, banks should offer savings plans for women, which helps women meet household financial needs and build assets.
- **Small Insurance policies:** Women are encouraged to purchase small insurance policies, which limit the risks associated with loans on livestock, etc.
- **Group-based loans:** Women are encouraged to take out group-based loans, which cut expenses and increase women's empowerment.
- **Flexible individual savings:** Individual loans are to be made available to women with flexible terms and repayment schedules. They may be extended in the duration of the loan or paid off early.
- **Loans for assets registered in the name of a woman:** Banks must give long-term loans for the purchase of housing and land. If house sites and lands are registered in women's names, it provides women with greater security, increases repayment rates, empowers women, and reduces divorce and desertion.

- In India, women must be listened to and encouraged to solve problems in their communities and achieve social and economic empowerment.
- More social engagement is necessary for women's empowerment, access to and control over resources.
- The ability to make decisions should be given to women. Women can be given the ability to distinguish between good and evil through proper education.
- The contribution of women to progress should be acknowledged. Their possible willingness to embrace the change must be acknowledged. In numerous locations, women are assisting their families and communities in escaping poverty.
- If gender equality exists, sustainable growth is achievable. Women can fulfil their full potential if they have access to education and participate fully in the decision-making processes of their communities.
- Microfinance reinforces the conventional roles of women by assisting women in meeting their needs and enhancing their effectiveness in conventional positions. Microfinance assists women in gaining respect and achieving more within their socially assigned positions, which may lead to a boost in self-assurance.
- **All kinds of information must be available to women:** All types of information should be made available in local languages, and women who cannot read or write should have access to visual information.

Conclusion

If women are empowered and their issues are resolved, then the nation as a whole will flourish. Therefore, banks and microfinance institutions must not only increase women's access to savings and credit, but also design and implement programmes that actively promote gender equality and women's empowerment.

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