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## MICROFINANCE AND FACTORS CONTRIBUTING FOR ECONOMIC EMPOWERMENT OF SHG WOMEN: A CASE

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### I. ABSTRACT

Empowerment refers to increasing the decision taking ability of people in general and women in particular. Economic empowerment of women is basically decision taking authority of women on economic issues and having ownership over economic resources. One of the overriding approaches to rural women economic empowerment is configuration of women through Micro finance predominantly in rural areas. The present paper an attempt has made to analyze the factors contributing for economic empowerment of women. The principal component analysis has used for the purpose using primary data collected in Hassan district. It has been found from the study that the economic empowerment is possible in many ways and economic activities. Out of 20 ways of achieving the economic empowerment, the feasibility has found only in six ways. Hence, the absolute economic empowerment of SHG women has not achieved in Hassan district. However, the relative economic empowerment has been achieved with the help of bank linkage SHG programme. It has been proved by the study that lack of income earning employment opportunities are the hurdles in achieving the efficient economic empowerment of women. Therefore, the promoting agencies of SHGs have to financially support the income earning activities of the SHG women members.

### II. INTRODUCTION

Empowerment refers to increasing the decision taking capacity of people in general and women in particular. Economic empowerment of women basically decision taking capacity of women on economic issues and having ownership over economic resources. One of the overriding approaches to rural women economic empowerment is arrangement of women through Micro finance principally in the rural areas. This strategy is working not only in India, transversely the world with the enterprise of Self Help Groups, for economically negated division of the general public competent enough to contact the standard recognized financial service. Microfinance works through SHG, these informal groups formed by the rural or urban reasonably week society to make them socially and economically empower. In countries like India most of the banks ignore rural poor from formal Banking Services. So there is a greater need of formal or informal financial agencies to fill the gap. SHGs are working towards in the direction of filling the requirements of rural women need. The important drive of micro finance, in average and long-standing perspectives is women empowerment, the economically unfocused SHG members should be enables to undertake income generating activities, microenterprises on a feasible and sustainable basis. (Dr. Suprabha K. R). Women Empowerment through SHGs provide a superior opportunity to enhance the knowledge and funds, additional independence in decision making capacity, improved capacity to forecast lives, supplementary authority above the situation which manipulate lives and liberty from civilization to act independently, values and practices. Thus, empowerment of women is not just a goal in itself, but key to all universal enlargement of goal. (Dr. Uma Narang)

SHGs inspire the beneficiaries to do micro saving out of their day by day micro income, this small savings really helpful to face unexpected financial necessities of group individuals, by payment to inner micro savings and offer micro loan at a fixed percentage of interest for specific period. Every SHG created by deliberate and independent attachment of 10 to 20 people from common socio economic background.

Many promoting agencies have been approved in India to encourage Microfinance service, such as the Nationalized Banks, NGOs, District Cooperative Societies, Regional Rural Banks (RRBs) and Non-Banking financial companies (NBFCs) etc. NABARD took an appreciative movement in the year 1991-92 to link SHGs and bank, through SHG-Bank linkage program with objective to present friendly formal banking service to SHG members to eradicate poverty. SHGs working with an intention of make group member self empowered, Social-economical, Political and legal empowerment. (Viayakumar & Harish Babu S)

The present study is undertaken to identify the impact of Micro Finance on Rural Women's Economic Decision Making capacity in Hassan district. The

present study made to carry out research because, still women in rural region of Hassan district is fiscally exposed section. The humankind examination of service offered by micro finance institution to empower women is become significant for academia, members of SHGs and in large for Researchers, agencies to formulate policies. (Viayakumar & Harish Babu S)

## **Review of Literature**

The major criticism of the SHG members was that they got training on skills which were not relevant for undertaking enterprises they wanted. (Suprabha K. R). Self-help group is an informal association of rural poor women; it provides the rural poor with the means of economic and social entitlements. (Arjun. Y. Pangannavar). As majority women lack assets that help contribute to their empowerment and well-being, economic independence through self employment and entrepreneurial development (Pawanjot Kaur & Rooppal Kaur). The formation of women groups not only opens occupation awareness to individual members but also brings social revolution in women empowerment (Sunil Subhash Patil). The rural poor currently experience that they can also be associates in the course of rural development program by amalgamation in the SHG progress. The SHGs can add to changes in economic situation, social position, decision making and increases women in out-of-doors actions (Sushil Kumar Mehta, Hari Govind Mishra & Amrinder Singh). SHGs brought positive impact on women empowerment Such as increase in social awareness and participation, savings habits, raise in income level, self employment, and asset creation, Repayment of debts on time, improvement in decision making skills and improved nutrition level at their household. (Nandini R, Sudha N). Micro Finance through Self Help Groups promise to deliver poverty alleviation and results in Financial Inclusion. The self help group inculcate the habit of saving among women, so that they can reinvest in entrepreneurial activities (Rasna Pathak and S. K Singla). Empowering women is not just for meeting their economic needs of SHG women but also more holistic social development. Microfinance to the rural SHGs is a way to raise the income level and improve the living standards and economic independence of the rural women (M. Saravanan). Microfinance is perfect model to improve the creditworthiness of the poor and to make SHG women become more “bankable” to financial institutions and allow them to succeed for long-term credit from the recognized subdivision of Govt. (S.C.Vetrivel & S. Chandra Kumarmangalam). Microfinance is a dominant tool to tackle challenge of poverty abolition, MF has elevate carefulness concerning overpowering push for MFIs to become financially self sustainable, mission drift / questionable practices, call for greater transparency and public awareness (Vivek kumar tripathi). It is very important to promote thrift and credit societies on SHG pattern and they should be linked for availing credit and establishing micro enterprise (A.R. Dubey). Individual effort is inadequate to empower women so Self help groups are consider as the interest group for self growth of women. (Shanthi M and R Ganapathi). Rural credit helps SHG women for savings,

insurance, money transfer. RBI also formulating many procures and policies to make rural people avail micro credit (Sunildro L S Akoijam). Micro-finance was turn into one of the majority successful interventions for strengthening of the rural poor (Gajendra Jha). There is a need to Policy measures such as raise in frequency of SHG summit, SHG training plan, and increase in loan sum and ensuring efficient utilization of the loan, may be the useful initiatives to improve women empowerment, income/employ opportunities (Rajendra Narayan Paramanik and Vachya Lavoori).

### **Methodology:**

The present study has used primary data for the analysis. The data has collected from 384 SHG members in Hassan district by using systematic and proportionate random sampling technique. Data has collected for the economic empowerment issues of SHG women members in Hassan district. The respondents have given information on Likert-scale. The five point Likert scale was given to SHG members on the scale of 1-5. The principal component analysis has used to identify the factors contributing for economic empowerment of women SHG members in Hassan district. The pro-max rotation method has applied to restrict the movement of factors under the different components. All the procedures of factor analysis have been followed in each stage of analysis.

### **Results and Discussion:**

Economic empowerment is one of the major issues in empowerment of women through bank linkage SHG programme. 20 factors have been considered for analyzing economic empowerment. The list of factors is given below;

- Doing revenue Generation Activities,
- Capable to Get Loans from Promoting Agencies,
- Increases in Total Asserts,
- Increase in Micro Savings,
- Having Micro Insurance,
- Micro Credit,
- Development in Micro Income,
- Easy Loan Cycle ,
- Increase in Education Level,
- Increase in Fund Rotation,

- Family is Strong enough to face Financial Crisis,
- Healthy Financial Support to Family,
- Enlarge in Agricultural allied activities,
- Gradual Progress in the Infrastructure improvement,
- Decrease in Transaction with Money Lenders,
- Improvements in the Economic Literacy,
- Identified by Local Micro Finance Agencies.

As mentioned in the methodology, the factor analysis has used to identify the combination of factors, which decide the economic empowerment of women. The descriptive statistics have computed and found that the average score for economic empowerment given by SHG members is 2.12. The consistency in given opinion is also estimated and found that there is more than 50 percent inconsistency in the opinion given by SHG members.

The correlation matrix for factors determine the economic empowerment of SHG women have estimated and it has been found that the diagonal of correlation matrix is unit matrix and give solutions for factor analysis. It has been also proven that correlation coefficients between the factors are greater than zero. Therefore, factor analysis is advisable for the present issue of economic empowerment of women to identify the factors.

The Kaiser-Mayer-Olkin and Bartlett's test was conducted to identify the adequacy of samples for factor analysis of economic empowerment of women. It has been found that the KMO value is 0.667 for SHG members and it is greater than 0.5. Hence, samples used for factor analysis are adequate. The chi-square test value is 410.557 and it is significant at one percent level. Therefore, there are strong relations among the factors used for factor analysis.

The communalities for each factor of economic empowerment of women are calculated and found that initial values for factors are one and extraction values are other than zero. Accordingly, the present factor analysis for economic empowerment of women will identify at least one component, which represents more than one factor.

The principal component analysis has used to extract the components for the present analysis. The total Eigen value for the factors of economic empowerment of women related components and percentage of variance explained by each component for economic empowerment of women has estimated. Based on the Eigen value, 0.7 components are extracted. Seven components have explained more than 54 percent of variation in total variation explained by all the variables.

The structure matrix method has been used to identify the factors under each component for which the value is greater than 0.7 (A factor loading approximately 0.7 is considered to be sufficient).

**Table 1: Structure Matrix for Factors of Economic Empowerment**

Factors	SHG Members		Decision
	Highest Factor Score	Under the Component	
Development of Economic Skills	.590	4	Not
Capable to Get Loans from SHG Promoting Agencies	.593	4	Not
Increases in Total Assets	.608	3	Not
Increase in Micro Savings	.514	4	Not
Purchasing	.7	3	Factor

<b>Micro Insurance Products</b>	<b>.53</b>		<b>r</b>
<b>Micro Credit</b>	<b>.632</b>	<b>3</b>	<b>Not</b>
<b>Development in Micro Income</b>	<b>.570</b>	<b>7</b>	<b>Not</b>
<b>Easy Loan Cycle</b>	<b>.615</b>	<b>7</b>	<b>Not</b>
<b>Increase in Basic Education Level</b>	<b>.547</b>	<b>5</b>	<b>Not</b>
<b>Increase in Fund Rotation</b>	<b>.735</b>	<b>5</b>	<b>Factor</b>
<b>Family is Strong enough to face Financial Crisis</b>	<b>.602</b>	<b>5</b>	<b>Not</b>
<b>Health Financial Support to Family</b>	<b>.536</b>	<b>1</b>	<b>Not</b>

<b>Enlarge in Agricultural allied activities</b>	<b>.7 97</b>	<b>1</b>	<b>Factor</b>
<b>Gradual Progress in the Infrastructure development</b>	<b>.7 76</b>	<b>1</b>	<b>Factor</b>
<b>A step to Alleviate Poverty</b>	<b>.6 82</b>	<b>6</b>	<b>Not</b>
<b>Decrease in Transaction with Money Lenders</b>	<b>.7 24</b>	<b>6</b>	<b>Factor</b>
<b>Improvements in the Economic Literacy</b>	<b>.6 50</b>	<b>2</b>	<b>Not</b>
<b>Increasing in Lending and Borrowing</b>	<b>.7 27</b>	<b>2</b>	<b>Factor</b>



<b>Capacity</b>			
<b>Identified by Local Micro Finance Agencies</b>	.5 34	3	<b>Not</b>
<b>Financial Stability</b>	.4 60	2	<b>Not</b>

Source: Primary data, results are computed by researcher.

The principal component analysis (PCA) for factors of economic empowerment has performed and found that factors have shown their intuition for more than one component. Hence, the pro-max rotation method has performed and identified the specific factors for each component.

From the PCA for SHG members on factors of economic empowerment, it has been found that out of 20 factors, 6 factors have been identified under 7 components, which significantly (with factor score 0.7 and above) contribute for economic empowerment of women with bank linkage SHG programme.

Purchasing micro insurance Products is a factor according to SHG members. Micro insurance is a kind of protection feeling and ensures the economic promotion of the SHG members. Being SHG members, they will have micro insurance coverage and it will lead to economic support from unexpected tuff situations.

Increase in fund rotation, Gradual Progress in the Infrastructure development, Increasing in Lending and Borrowing Capacity, decrease in transaction with money lenders are factors, which will contribute for economic empowerment. Being the member of SHG the fund rotation capacity will be increased. Membership will also contribute for infrastructure development at home place as well as at farms. At the same time SHG membership will also decrease the transaction with money lenders as the members have access to immediate and small funds in SHGs. Therefore, increased fund rotation, infrastructure development and decreased transaction with money lenders will lead to economic empowerment of SHG members.

Enlarge in Agricultural allied activities and Increasing in lending and borrowing capacity are the two factors, which sufficiently contribute for economic empowerment according to SHG members.

It has also proved by the factor analysis that there is no Increases in Total Assets of SHG women. At the same time there is no increase in Micro savings. According to SHG members, savings will not increase without increase in revenue making activities. Hence, just as a member of SHG, savings will not increased and contribute for economic empowerment.

Accordingly, the absolute women empowerment has not been taken due to bank linkage SHG programme. Women empowerment is a larger concept cannot be achieved only through economic empowerment according to SHG members.

Family is Strong enough to face Financial Crisis, and Healthy Financial Support to Family are not the factors according to SHG members, but these are factors, which lead to economic empowerment.

Economic Skills is not a factor according to SHG members. Therefore, SHG members are not sufficiently educated on the importance of Economic Skills and it is not contributing for economic empowerment of women. Hence, there is a need to encourage the SHG members to have minimum economic literacy.

Micro Credit, Increase in Micro Savings, Easy Loan Cycle, Development in Micro Income, Increase in Basic Education Level, Enlarge in Agricultural allied activities, A step to Alleviate Poverty, Improvements in the Economic Literacy, Identified by Local Micro Finance Agencies, Financial Stability are not the factors according to SHG members.

### **Conclusion:**

The present paper has analyzed the factors contributing for economic empowerment of women SHG member. The principal component analysis has used for the purpose. It has been found from the study that the economic empowerment is possible in many ways and economic activities. Out of 20 ways of achieving the economic empowerment, the feasibility has found only in six ways. Hence, the absolute economic empowerment of SHG women has not achieved in Hassan district. However, the relative economic empowerment has been achieved with the help of bank linkage SHG programme. It has been proved by the study that lack of income earning employment opportunities are the hurdles in achieving the efficient economic empowerment of women. Therefore, banks have to financially support the income earning activities of the SHG women members.

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