

**A STUDY ON WOMEN EMPOWERMENT
THROUGH MICRO FINANCE WITH
REFERENCE TO THIRUVALLUR DISTRICT**

**Thesis submitted to Madurai Kamaraj University
for the award of the Degree of
DOCTOR OF PHILOSOPHY IN ECONOMICS**

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JULY 2018

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SYNOPSIS

INTRODUCTION

Micro-credit is a critical antipoverty tool, a wise investment in human capital. When the poorest especially women receive credit, they become economic actors with power to improve not only their own lives, but in a widening circle of impact, the lives of their families, their communities and their relations.

Micro-credit now means providing small scale financial services to people, who operate very small or micro-enterprises who work in agriculture, fishing and herding, who provide services and other individuals or groups at the local levels of developing countries both rural and urban (Robinson, 1996).

The term 'micro-credit' is perceived to be a Paradigm shift in the quality of delivery of finance to micro-entrepreneurs. The old paradigm of micro-finance envisaged providing credit to poor people basically residing in rural and semi urban areas at subsidized rates of interest through public or government financial institutions. The new micro-finance continues to target the rural and urban poor household with emphasis on women borrowers, provision of finance for asset creation and on the principle of 'Borrower knows best' (Kaladhar, 1997).

The essential features of the modern micro-finance concept include delivery of credit and then facilities in a convenient and user-friendly way, quick disbursement of small and short loans, maintenance of high recovery rates through pressure, incentives of access to larger loans immediately following successful repayment of the first loan, encouraging and accepting savings through group decisions and peer support and linking credit with savings. The new paradigm emphasizes financial intermediation with self-sustainability of institutions and qualitative and quantitative outreach to the poor.

Poor people, especially poor women have traditionally not been recognized as credit-worthy or able to save and thus they are not perceived to be a profitable market of credit. This forces them to fall in the vicious cycle of everlasting high interest and

high collateral loan from money lenders. The sine quo non of any anti-poverty strategy is the irrepressible desire and innate capacity of the poor to uplift their conditions. Therefore, the need comes for innovative credit delivery systems which deviate from formal collateral oriented lending institutions to informal structures. It has been felt all over the world today that micro-finance performances can simultaneously help in alleviation of poverty and empowering women.

This phenomenon is often referred to as feminization of poverty. Women face a wide range of biases in society against them – unequal opportunities in education, employment and asset ownership. The lingering poverty among women is linked to their unequal situation in the labour market, unfair treatment meted out to them under social welfare systems and their subordinate status as well as lack of power in family. Despite considerable progress achieved in recent decades in developing women's capabilities, their participation in economic and political making remains limited.

Most banks require the borrowers to be wage/salary earners or property owners who can provide acceptable collateral. Limited education, complicated loan procedures and the location of the nearest bank at a long distance further constrain women's access to institutional credit. As a result, women constitute a very small proportion of borrowers from formal financial institutions.

STATEMENT OF THE PROBLEM

Ninty five percent of the clients of micro finance are women. In general banks or their institutes do not give money to the poor and among the poor they certainly don't give money to women. Women don't have any securities to off no asset is in their name and most of the time their husbands are defaulters of the banks. They don't know how to sign and find the bank proceeding too complicated. So, the whole program is focused on whether the women can actually be the ones who the receipt of the service becomes. So, about 95 percent of micro finance is targeted for women. The model we have is, instead of a bank telling you how to make use of the loan money, here the women form the groups and loan is given to the group. Then the group within itself decide which women should get the loan? And how much should be the repayment period and interest rate? Whether the reason for which a woman is

asking for a loan is genuine and if the loan is asked to give dowry or any kind of social taboos etc.?

That is by itself is very empowering as all the decisions are in the hand of women. In this case instead of one woman, the whole group is negotiating with the bank.

Micro credit programmes have, in the recent past, become one of the more promising ways to use scarce development funds to achieve the objectives of poverty alleviation. World-wide awareness and the importance of micro credit for the upliftment of the poor has been grow in over the years as different countries are attempting to devise ways and means to enhance the access of the poor to credit facilities. Micro credit scheme is adopted in many countries in the world such as Bangladesh, Indonesia, Sri Lanka, Thailand and Pakistan. Further, the micro credit experience world-wide has shown that poor borrowers, especially women, make productive use of credit for self-employed micro-enterprises/small farms and are prompt in repayments, with average repayment rates above 90 per cent, much better than recoveries under normal lending.

Development organization and policy makers in India also felt that access to credit for poor people is a major aspect of many poverty alleviation programmes. The basic idea of micro credit is simple: if poor people are provided access to financial services, including credit, they may very well be able to start or expand a micro-enterprise that will allow them to break out of poverty. An estimate in India envisaged that approximately 75 million households would need micro credit of whom 60 million families are in rural areas while the remaining 1.5 crore families are in urban areas.

For overall development and upliftment of women, it is important to initiate income generating economic activities through the provision of credit. Micro credit aims at making the women beneficiaries self-reliant. It also focuses on women upliftment and empowerment. In India, the synergy among banks, non-governmental organizations and government working in the field of micro credit enabled the banking system to provide micro credit to 4.5 million very poor households as on March 2014, as compared to 1.9 million households as on March 2013. In this

context, the effectiveness of micro credit in improving the economic and the social conditions of the beneficiaries has to be analysed.

The impacts of micro credit have to be studied indepth study on micro credit scheme in Thiruvallur district with special reference to women beneficiaries.

SCOPE OF THE STUDY

The present study is mainly confined to bring women beneficiaries under micro finance in Thiruvallur district. Micro finance is not a recent development. Every developed country and some developing countries, particularly in Asia, two European countries; Ireland and Germany have a long history of micro-finance. Credit is one of the most crucial inputs in the process of development. Micro finance is a term for due practice of providing financial services such as micro-credit, micro-saving or micro-insurance to the poor people. These tiny loans are enough for hardworking micro-entrepreneurs to start or expand small business.

A credit is definitely an entry point for upliftment programmer of the rural poor. It refers to “the financial requirements of the borrowers to carry out the various economic and social activities at the grass root level”.

In conventional credit “The more you have, the more you get, whereas in micro credit the less you have, the more priority you get”. The distinctive feature is that the micro credit is not based on any collateral or legally enforceable contracts. It is based on “trust”, not on legal procedures and systems. The mission of micro credit is to help the poor families to help themselves to overcome poverty. It is targeted on the poor families to help themselves to overcome poverty. It is targeted on the poor, particularly poor woman. It provides service at the door step of the poor based on the principle that the people should not go to the bank, bank should go to the people. It requires the borrowers to joint as a group and gives high priority on building social capital.

Thiruvallur district in northern Tamilnadu as the study is intended to be undertaken from the view point of economically fast developing district, it is noted that Thiruvallur district is located nearer to Chennai city, giving it a special industrial and commercial important. Existence of many academic institutions, production units and business establishments. So the study has focused upon manufacturing, service

and trading sectors women who formed SHGs with the help of NGOs to borrow micro finance from various financial institutions for the women empowerment as far as the state scenario is concerned, only limited studies have been conducted in this district. In this context the study was undertaken for an economic analysis of women beneficiaries through micro finance with reference to Thiruvallur district.

OBJECTIVES OF THE STUDY

The objectives of the study are,

1. To study the profile of the sample women beneficiaries and their family background.
2. To analyse the relationship between family background and income, savings and asset holdings.
3. To examine the impact of micro-credit on income, savings and assets of the respondents.
4. To evaluate the impact of micro-credit on women empowerment with reference to socio-economic and decision making and
5. To offer suitable suggestions based on the findings.

HYPOTHESES OF THE STUDY

The following null hypotheses are:

1. There is no relationship between annual income of the women beneficiaries and their family size and educational qualification in manufacturing, service and trading sectors.
2. There is no association between occupation of the women beneficiaries and their family size and annual income in manufacturing, service and trading sectors.
3. There is no relationship between annual income of the women beneficiaries (Post-Credit) and various sectors.
4. There is no relationship between annual savings of the women beneficiaries (Post Credit) and various sectors.
5. There is no relationship between annual income of the women beneficiaries (Post-Credit) and their annual savings in various sectors.
6. There is no association between family size of the women beneficiaries (Post-Credit) and their annual savings in various sectors.
7. There is no association between annual family income (Post-Credit) of the women beneficiaries and their annual savings (Post-Credit) in various sectors.
8. There is no relationship between income and assets holding of the women beneficiaries (Post-Credit) and in various sectors.

9. There is no association between family size of the women beneficiaries (Post-Credit) and their assets holding in various sectors.
10. There is no association between annual family income (Post-Credit) of the women beneficiaries and their assets holding (Post-Credit) in various sectors.
11. There is no correlation between annual savings (Post-Credit) of the women beneficiaries and their assets holding (Post-Credit) in various sectors.
12. There is no any difference in annual income of the women beneficiaries before and after availing the micro credit.
13. There is no difference in annual savings of the women beneficiaries pre and post credit periods.
14. There is no difference in the assets holding of the women beneficiaries before and after availing the credit.

LIMITATIONS OF THE STUDY

This study has covered one district namely, Thiruvallur district which has diverse nature of activities and the findings may not be generalized to macro level.

Since some of the beneficiaries were illiterate and were reluctant to furnish the data, a lot of persuasion had to be done for getting their response.

Eventhough care was taken to reduce recall bias through cross check, questions in interview schedule, the information furnishing by the sample respondents may be subjected to recall bias.

METHODOLOGY

Designing a suitable methodology and selection of analytical tools are important for a meaningful analysis of any research problem. This section is devoted to a description of the methodology.

Sampling Procedure

Thiruvallur district comprises 12 taluks. For the purposes of collection of primary data, taluk-wise lists of women beneficiaries were obtained from the Thiruvallur District Project Office, District Rural Development Agency, Programme Officer, Tamil Nadu Corporation for Development of Women Ltd., (TNCDW) and Non-Government Organisation (NGOs) functioning in Thiruvallur district. One per cent of women beneficiaries were concentrated in all taluks. 300 sample women beneficiaries, 83 from manufacturing sector, 104 from service sector and 113 from trading sector were randomly selected from the below mentioned taluks by proportionately.

Period of Study

The field survey was conducted from September 2013 to March 2014 for the collection of primary data. The reference period of survey was 2015-2016.

Collection of Data

The study is an analytical one and comprises both primary and secondary data. The secondary data are collected from the publications, documents, annual reports, journals, magazines, books and periodicals. Data at the district level were collected from the records of Women Development Department and Mahalir Thittam Office in Thiruvallur.

On the basis of the information gathered, a well designed pre-tested interview schedule was drafted and used in the field survey to collect primary data. Before undertaking the main survey, a tentative interview schedule was prepared and administered to 30 respondents in order to test the validity of the interview schedule. It facilitated the removal of the 'non-response' and unwanted questions are modified and final schedule was prepared on this basis.

The selected respondents were contacted in person and the objectives of the study were clearly explained to them and their cooperation was ensured. The details regarding the general categories of the sample respondents, their family characteristics, income, savings and the like relating to the overall objectives of the study were collected from the sample respondents through the direct personal interview method.

Tools of Analysis

In order to examine the association, Chi-square test was used. It is calculated by adopting the formula; In order to assess the contribution of the respondents to family income, the following mathematical formulations were used for multiple regression analysis:

In order to examine the significance in change of pre and post-credit periods for 't' test has been used. The Fisher 'f' test is used to find out the significant changes in the two periods regarding the social performance. In order to access the contribution of independent variables to women empowerment. Step-wise multiple regression analysis was carried out.

Paired t-test is used when the sample units are paired, for comparing the equality of means before and after availing credit.

In paired t –test, if the calculated t value is greater than the table value of ‘t’ for (n-1) degrees of freedom at 5 per cent level of significance then the null-hypothesis is rejected. An attempt has been made to examine the variation in annual income, annual savings, assets of the respondents among various sectors, such as manufacturing, service and trading sectors. For this one way ANOVA is applied

In order to quantify the economic and social impacts of micro credit on women, the Economic and Social Empowerment (ESE) index was computed for each member combining the social and economic parameters using the scoring technique applied by Singh, Padam and Rattan Chand (2000)

CHAPTER SCHEME

The present study “**Women Empowerment Through Micro Finance with Reference to Thiruvallur District**” has been divided into seven chapters.

Chapter I introduces the subject and discuss the concept of micro-finance, micro finance and women, theoretical and empirical issues, emergence of micro finance, status of women in India, significance of the study, micro finance in India, micro finance: shift from the traditional banking system, evolution of micro finance, micro finance institutions in India. micro finance and NGO, micro finance institution, the bank credit lineage, statement of the problem, objectives, hypotheses, limitations of the study and the scheme of work.

Chapter II describes the related literature of the study along with concepts.

Chapter III deals with the methodology and profile of the study area.

Chapter IV discusses the socio–economic characteristics of the respondents and their family background. Further, it examines the relationship between family characteristics and economic benefits obtained through micro-credit.

Chapter V evaluates the impact of micro–credit on income, savings and assets holding of the respondents among various sectors.

Chapter VI analyses the impact of micro-credit on empowerment of women beneficiaries and variables influencing the empowerment of women.

Chapter VII records the summary of findings, suggestions and conclusion.

SUMMARY OF FINDINGS

Socio – economic profile of the sample women beneficiaries

It is also understood that 38.70 per cent of the women beneficiaries' spouse are earning monthly income between Rs.20000-30000 followed by 22.22 per cent, 17.62 per cent, 11.88 per cent and 9.58 per cent of the women beneficiaries' spouse are earning monthly income below Rs.20000, between Rs.30000-40000, between Rs.40000-50000 and Rs.50000 and above in manufacturing, service and trading sectors.

Nature of housing of the women beneficiaries shows that 72.67 per cent of the women beneficiaries are resident of own houses and remaining 27.33 per cent of the women beneficiaries are resided at rented houses in all the sectors.

It is also observed that 71.00 per cent of the women beneficiaries are living in concrete houses and rest of 29.00 per cent of the women beneficiaries of the women beneficiaries are living in titled houses in manufacturing, service and trading sectors.

It is found that about 56.00 per cent of the women beneficiaries have gas connection for cooking in their family, 24.67 per cent of the women beneficiaries cook by using kerosene stove and 19.33 per cent of the women beneficiaries depend on wood for cooking in manufacturing, service and trading sectors in the study area.

It is clearly observed that the majority of the women beneficiaries used manual type of latrine which accounting to 74.00 percent, 17.67 percent of the women beneficiaries used flush latrine and rest of 8.33 percent of the women beneficiaries used dry – latrine in all the sectors.

It is found that 42.00 per cent of the women beneficiaries are belonged to urban areas followed by 33.00 per cent of the women beneficiaries belonged to semi-urban areas and rest of 25.00 per cent of the women beneficiaries are belonged to rural areas in manufacturing, service and trading sectors.

It is observed that 60.67 per cent of the women beneficiaries monthly family income below Rs.30000 followed by 22.67 per cent of the women beneficiaries monthly family income between Rs.30000-50000, 9.00 per cent of the women beneficiaries monthly family income between Rs.50000-70000 and 7.66 per cent of

the women beneficiaries monthly family income Rs.70000 and above in all the sectors.

It is inferred that 47.66 per cent of the women beneficiaries have annual family income between Rs.2-4 lakhs, 33.67 per cent of the women beneficiaries have annual family income Rs.4 lakhs and above and 18.67 per cent of the women beneficiaries have annual family income below Rs.2 lakhs in manufacturing, service and trading sectors.

The Chi-square test proves that there is a close association between occupation of the women beneficiaries and their annual income in manufacturing, service and trading sectors in the study area.

It is inferred that regarding the annual income of the women beneficiaries before availing the credit in the study, 50.00 per cent of the women beneficiaries are earning annual income between Rs.50000-100000, 22.67 per cent of the women beneficiaries are earning annual income between Rs.100000-150000, 16.00 per cent of the women beneficiaries are earning annual income below Rs.50000 and 11.33 per cent of the women beneficiaries are earning annual income Rs.150000 and above in all the sectors.

The Chi-square test proves that there is a significant relationship between the annual income of the women beneficiaries and the three sectors (Post-Credit) in the study area.

The mean value of the women beneficiaries is high in trading sector followed by service and manufacturing sectors.

The F – Value (166.143) indicates that estimated regression model is statistically significant at 5 per cent level. It is observed that the total annual income of the family is based on the annual income of the respondents and the annual income of their spouse / family members in manufacturing sector.

The F – Value (416.886) observed that the estimated regression model is statistically significant at 5 per cent level. It is observed that the total annual income of the family is based on the annual income of the respondents and the annual income of their spouse / family members in service sector.

The F-Value (176.861) inferred that the estimated regression model is statistically significant at 5 per cent level. It is concluded that the total annual income of the family is based on the annual income of the respondents and the monthly income of their spouse / family members in trading sector.

It is found that the annual savings of the women beneficiaries have increased after availing the credit, 47.67 per cent of the women beneficiaries have annual savings Rs.48000 and above, 28.00 per cent of the women beneficiaries have annual savings between Rs.24000-48000, 16.00 per cent of the women beneficiaries have annual savings below Rs.24000 and 8.33 per cent of the women beneficiaries have no annual savings in all the sectors.

The Chi-square test proves that there is a close relationship between annual income of the women beneficiaries annual savings of the beneficiaries various sectors (Post-Credit).

The highest mean value of annual savings of women beneficiaries is found in the service sector which amounts to Rs.2865.46 next is followed by trading sector amounting to Rs.2841.19. The manufacturing sector has occupied the third place with Rs.2763.16.

The Chi-square test proves that there is a significant association between family size of the women beneficiaries and their annual savings (Post-Credit) in various sectors.

The Chi-square test also proves that there is a close correlation between annual family income of the women beneficiaries and their annual savings (Post-Credit) in various sectors.

In the case of assets holding of the women beneficiaries before availing the credit in the study, 31.33 per cent of the women beneficiaries have assets holding between Rs.5-10 lakhs, 22.00 per cent of the women beneficiaries have assets holding between Rs.10-15 lakhs, 19.00 per cent of the women beneficiaries have assets holding below Rs.5 lakhs, 15.00 per cent of the women beneficiaries have assets holding between Rs.15-20 lakhs and 12.67 per cent of the women beneficiaries have assets holding Rs.20 lakhs and above in all the sectors.

The Chi-square test proves that there is a significant relationship between assets holding of the women beneficiaries and the various sectors after availing the micro credit in the study area.

The highest mean value of assets holding of the women beneficiaries in manufacturing sector with amounting Rs.24.259.44 followed by service sector with Rs.21446.43 and trading sector amounting to Rs.21426.64.

The Chi-square test proves that there is a association between family size of the women beneficiaries and their assets holding (post-credit) in various sectors.

The Chi-square test proves that there is a relationship between annual family income of the women beneficiaries and their assets holding (post-credit) in various sectors.

The Chi-square test proves that there is a correlation between annual savings of the women beneficiaries and their assets holding (post-credit) in various sectors.

The correlation analysis shows that the relationship between annual income of the women beneficiaries and annual savings of the women beneficiaries is highly significant is 0.749 at 1 per cent level of significance. It is also observed that the relationship between annual income of the women beneficiaries and their annual income of the family is highly significant that is 0.708 at 1 per cent level of significance in the study area in various sectors.

ANOVA test shows there is a significant variation in the annual income of the women beneficiaries among the various sectors and their family size at 5 per cent level of significance. It also shows that the annual income of the women beneficiaries and their family size varies significantly among the various sectors such as, manufacturing sector, service sector and trading sector.

ANOVA test shows that there is a significant variation in the annual savings of the women beneficiaries among the various sectors and their family size at 5 per cent level of significance. Hence, it may be concluded that the annual savings of the women beneficiaries and their family size varies significantly among the various sectors such as manufacturing sector, service and trading sector.

ANOVA test reveals that there is a significant variation in the assets holding of the women beneficiaries among the various sectors and their family size at 5 per cent

level of significant. Hence, it may be concluded that the assets holding of the women beneficiaries and their family size varies significantly among the various sectors such as manufacturing sector, service sector and trading sector.

The paired 't' test shows that there is some significant difference in the annual income of the women beneficiaries pre-credit and post-credit. The mean income of the women beneficiaries pre-credit is Rs.33151.21 and post-credit is Rs.21624.25, and the difference Rs.12633.15 is statistically significant.

The Paired 't' test shows there is some significant difference in the annual savings of the women beneficiaries pre-credit and post-credit. The mean savings of the women beneficiaries pre-credit and post-credit is Rs.2631.1771 and pre-credit and post-credit it is Rs.1011.2511, and the difference Rs.1651.21 is statistically significant.

The paired 't' test shows there is some significant difference in the assets holding of the women beneficiaries pre-credit and post-credit. The mean assets holdings of the respondent pre-credit is Rs.18611.241 and post-credit it is Rs.14321.731 and the difference Rs.14321.731 is statistically significant.

The 'F' statistic reveals that in manufacturing sector activity significant difference exists among the respondents regarding all five economic variables in the two different periods. In the case of service sector activity, significant differences exist in economic variables namely the five economic variables in the two different periods of pre and post-credit period situation. In the case of trading sector activity, significant differences exist among the respondents regarding all the five economic variables in the two different periods of pre and post-credit period situation. In the case of overall data, capacious variations are noticed in economic variables namely assets, income, savings, family income, loan amount and overall economic index respectively. It indicates that when the period of membership increases there is a significant change in the economic preference of the respondents during the pre and post-credit periods.

The social index of the respondents belonging to each sector was calculated separately and 't' test was applied to find out the test of significance of two means at a sector in two different periods. The change in social index in manufacturing, service

and trading sectors and for pooled data were statistically significant since the 't' values were greater than the table values.

'F' test shows that in the significant social variables in manufacturing sector activity, significant variables except social communication and social responsibility are seen during the two periods of the study. In the case of service sector activity, the significant social variables except social communication and social responsibility are found. In trading sector activity, significant social variables except social communication and social responsibility are present. For the overall data the significant changes are seen in social recognition, social participation, self-sufficiency, social independence, social responsibility. It shows that the social empowerment of women through the micro finance is attained.

Karl Pearson co-efficient of correlation ascertained that there is a positive correlation between all social variables and the related income generation. In the case of manufacturing sector activity, the significant variables are self-sufficiency and social independence. In service sector activity, the significantly correlated variables with the income generation are self-sufficiency and social independence. In the case of trading sector activity, the significantly variables are self-sufficiency and social independence. The overall data reveals that there is a positive and significant correlation existing between self-sufficiency, social independence and social interaction with the income generation.

The 't' test reveals that the average ESE index has increased 39.61 in pre-credit to 56.24 in post-credit situation in manufacturing sector activity. In service sector activity, it has increased from 43.67 in pre-credit to 58.25 in post-credit situation. In trading sector activity, it has increased from 46.38 in pre-credit to 61.24 in post-credit situation. The incremental values in the ESE index in manufacturing sector, service sector and overall were 15.61, 14.58, 14.86 and 15.02 respectively. The 't' test reveals that the change in ESE index in the pre and post-credit situation is significant only in manufacturing sector activity and overall data.

Chi- Square test observed that the calculated value of Chi-Square for (age, education, family size, spouse employment and income of the respondents) are greater than the table value at 5 per cent level of significance. Thus, the formulated null

hypothesis is rejected. Hence, there exists a relationship between the Socio- economic factors (age, education, family size, spouse employment and income of the respondents) and level of empowerment of women. Whereas the remaining two Socio- economic factors such as caste and nature of family are not influenced to the level of empowerment of women in trading sector in Thiruvallur district.

Step-wise multiple regression analyses reveal that as each of the additional variables is included, the values of multiple R and R^2 gets increased. It indicates that the income of the respondents, education and family size are the best set of prediction of empowerment of women having the combined contribution of about 98 per cent. In the case of all the sectors, manufacturing sector, service and trading sector, monthly income of the respondents has influenced the empowerment of women in the study area.