

WOMEN EMPOWERMENT THROUGH MICROFINANCE: THE CASE OF JLG GROUPS OF ESAF IN THRISSUR DISTRICT, KERALA STATE

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Abstract: In the development process, one of the central issues of all developing countries in the world is the empowerment of women. Gender disparities prevailing in education, health, employment and income opportunities, control over assets, personal security and participation in the political process that makes women less empowered and disadvantaged, which limits the country's ability to achieve its full potential. It is well established that women have less access than men to investments in skills, knowledge and lifelong learning. The empowerment of women is an essential prerequisite for the exclusion of world poverty and the upholding of human rights. Women have limited role in household decision-making, limited access and control over household resources (physical and financial assets), low level of individual assets, heavy domestic workloads, restricted mobility and inadequate knowledge and skills that leading to women's vulnerability in a gendered society. Thus main streaming of women is greatly essential for sustainable rural development (Hoque and Itohara , 2009)

Introduction : Microcredit fits best to those with entrepreneurial capability and possibility. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance. The main aim of microfinance is to empower women. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision-making, thus encouraging gender equality. The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. Observations and *Post Graduate student, Department of Agricultural Extension, Kerala Agricultural University, KAU Post – 680 656, Thrissur aparnatgb@gmail.com +91-9400592177 ** Professor & Head, Krishi Vigyan Kendra –Thrissur, KAU Post, 680 656, Thrissur Experience show that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. In another aspect it's also viewed as a method giving the women more status in a socioeconomic way and changing the current conservative relationship between gender and class when women are able to provide income to the household (Sarumathi and Mohan, 2011)

ESAF Microfinance and Investments Pvt Ltd ("EMFIL") has been one of the leading Kerala-based providers of micro finance products since 1995. The MFI provides a myriad of micro finance products and services along with non financial services to the bottom of the pyramid, with a focus on women in rural areas. EMFIL has witnessed impressive growth of its clientele over the last four years, increasing its outreach to 253,163 borrowers in 2010, and achieving

over 50% CAGR in portfolio since 2006. The MFI envisions to positively impact the life of 1 million families by 2015. In the course of its transformation into a Non-Banking Financial Company ("NBFC"), ESAF's has preserved its integrated approach toward economic and social empowerment. However in view of its new ambitions, EMFIL's management is increasingly concerned about measuring and preserving social performance, hereby fostering sustainable growth both in term of social and financial performance. EMFIL primarily follows the Joint Liability Group (JLG) model of microfinance. Loans are given to a woman on the basis of joint liability accepted by members of her group. Groups comprise up to five women. Meetings are held weekly. Members of three to five groups assemble for making repayments of loans. Members are required to attend at least one Centre meeting in a month. Disbursements of loans are done in the branch offices EMFIL (2014)

Many types of microfinance programs are currently focused on women. These range from small-scale programs based on self-help groups to large poverty-targeted banks. Even within one model there are variations in the details of microfinance delivery, group functions and structures, and complementary services, all of which may be significant in terms of `gender impact (Afrin et al.,2008)

Review of literature

Mayoux (1998) identified three contrasting approaches to microfinance and women's empowerment. The financial sustainability approach: where empowerment is defined in individual and economic terms, particularly increased incomes, but assuming also control over such incomes, and contribution to social and political empowerment. The integrated community development approach: where empowerment is defined in terms of community self-reliance and decreased vulnerability.

The feminist empowerment approach: where empowerment is seen as transformation. Microfinance did not make any significant change in the well-being status of clients. However, microfinance significantly facilitated women's empowerment at the individual, intra household, and community levels. In this way, women's agency has sparked their struggle to engender livelihood practices. (Lakwo, 2006)

Swain and Wallentin (2007) indicated that SHG members are empowered by participating in this microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restricts their ability to develop and make choices.

According to Afrin *et al.* (2008), receiving financial support from the micro credit provider's rural women feeling encouraged to involve themselves in the financial projects that subsequently increase their financial management skills. Micro credit also provides group identity to the rural poor women as they are used to participate weekly meeting. When women acquire knowledge of financial management and get the group identity they become more enthusiastic to initiate new business project. The significant relationships indicate that if the micro credit borrowers can enhance this skill among the rural women borrowers it would lead them towards the development of entrepreneurship.

Hoque and Itohara (2009) observed that the women who are actively involved with micro-credit programs their status of empowerment is relatively better than the individual housewives. Thus, it can be concluded that micro-credit programs have significant impact in empowering the rural women in Bangladesh. Among the NGO women who are involved with micro-credit for a long period and operating the money that they take as loan from microcredit NGOs by own self are better empowered. The study also explores that monitoring from the concerned NGO has a significant influence on women empowerment.

Microfinance has a significant positive influence on some indicators for empowerment, in particular on indicators representing the "resources" and the "agency" dimensions of empowerment. There proved to be no significant effects of microcredit on the other five indicators: mobility, the ability to make small or large purchases, political and legal awareness and participation in public protests and campaigning (Snijders and Dijkstra, 2009).

MFI provides a myriad of micro finance products and services along with non financial services to the bottom of the pyramid, with a focus on women in rural areas. EMFIL's mission is to "empower the poor and marginalized especially women, children and youth by providing access to financial, marketing, health, natural resources and technological support

to explore the human potential and create opportunities for sustenance, development". Furthermore, it supports the social and economic empowerment of women by providing training for capacity building and skill development along with social events and workshops addressing social concerns at the community level (Renier, 2010).

Sarumathi and Mohan (2011) in their study concluded that microfinance brought psychological and social empowerment than economic empowerment. Impact of micro finance is appreciable in bringing confidence, courage, skill development and empowerment. The SHG members feel free to move with their groups and leaders. It leads them to participate on various social welfare activities with good co operation. While interacting with the respondents, it is noticed that some members are expecting the NGO to come up with more training sessions in income generating activities. All they need is a way to develop their skills and talents by participating in various training programs.

Campbell (2012) reported that the result lies in the fact that the group of SHG participants shows clear evidence of a significant and higher empowerment, while allowing for the possibility that some members might have been more empowered than others.

Nilakantan *et al.* (2013) reported that greater access to microfinance as measured by longer duration of treatment is associated with no or negative empowerment effects on the economic dimensions of empowerment i.e., enterprise management, credit related decisions, and expenditure related decisions; but an increase in empowerment in terms of child related decisions, implying a rebalancing of influence between men and women within the household along traditional gender lines.

EMFIL (2014) follows the Joint Liability Group (JLG) model of microfinance. Loans are given to a woman on the basis of joint liability accepted by members of her group. Groups comprise upto five women. Meetings are held weekly. Members of three to five groups assemble for making repayments of loans.

Singh (2014) opined that women's emotional, social, and economic lives seemed to be positively impacted. In other words, women's participation in MJLGs increased their social capital. However, the increase in social capital, in the form of relations and awareness, was higher among member respondents who were the primary users of the loan amount as their networks were wider and deeper than among member respondents who were redirecting the loan amount and nonmember respondents.

Methodology

The study was conducted by surveying randomly selected 60 women beneficiaries of ESAF microfinance scheme using a semi structured

interview schedule. Additional qualitative data were also gathered by conducting Focused Group Discussions and Key Informant Interviews with the help of FGD guide and checklists. The data were processed with simple descriptive statistics like

frequencies and percentages. Women empowerment was measured with an index of seven indicators and composite scores were worked out. Qualitative data were analyzed with narrations and interpretations.

Results and discussion

The results of analysis of data gathered for the study are presented here with necessary inferences and discussions.

Table1: Profile of respondents in terms of their personal characteristics (n=60)

| Sl.No | Personal details | Range | Frequency | Percentage |
|-------|-----------------------------|------------------|-----------|------------|
| 1 | Age | 20-29 | 15 | 25.0 |
| | | 30-39 | 17 | 28.3 |
| | | 40-49 | 20 | 33.3 |
| | | 50 and above | 8 | 13.4 |
| 2 | Education | Primary | 18 | 30.0 |
| | | High school | 34 | 56.6 |
| | | Higher secondary | 7 | 11.6 |
| | | Degree and above | 1 | 1.6 |
| 3 | Number of members in family | 1-5 | 50 | 83.3 |
| | | 6-8 | 8 | 13.3 |
| | | 9 and above | 2 | 3.4 |
| 4 | Amount of loan | 15,000 | 12 | 20.0 |
| | | 20,000 | 6 | 10.0 |
| | | 25,000 | 2 | 3.3 |
| | | 30,000 | 11 | 18.3 |
| | | 40,000 | 29 | 48.4 |

Table 1 shows that the age of the respondents lies between the range of 40-49 (33.2%) and 56.6% respondents have high school level education. Almost majority are coming from family of 1-5 members (83.3%) and 48.4% respondents had taken loan of 40000. The profile description of the respondents indicate that most of them were middle aged, school level educated, with small families, and with more credit requirement. The utilization pattern of the loans taken was further analyzed to check whether they have used it for income generating activities or not and also how they used it

Table2: Utilization pattern of the microfinance by the respondents (n=60)

| Sl.no | Purpose for which the loan utilized | Frequency | Percentage |
|-------|-------------------------------------|-----------|------------|
| 1 | Tailoring | 15 | 25 |
| 2 | Fruit business | 9 | 15 |
| 3 | Food catering | 8 | 13.3 |
| 4 | Agriculture | 6 | 10 |
| 5 | Bakery business | 4 | 6.6 |
| 6 | Cloth business | 4 | 6.6 |
| 7 | Petty trade | 4 | 6.6 |
| 8 | Cattle rearing | 4 | 6.6 |
| 9 | Jewellery making | 3 | 5 |
| 10 | Agriculture processing | 3 | 5 |
| 11 | Nursery | 3 | 5 |

The above Table depicts the varied utilization pattern of respondents. Out of 60 respondents, 25% are engaged in tailoring and 15% are involved in fruit business. The percentage exceeds 100% because of the multiple uses of the same respondents.

Table3: Empowerment status of respondents before and after availing microfinance (n=60)

| Sl. No | Empowerment indicator | Before loan utilization | After loan utilization | t- value | Sig |
|--------|----------------------------------|-------------------------|------------------------|----------|-------|
| 1 | Mobility | 130 | 160 | -4.134** | 0.006 |
| 2 | Saving habits | 135 | 177 | | |
| 3 | Involvement in social activities | 122 | 132 | | |
| 4 | Community decision making power | 160 | 175 | | |
| 5 | Household Decision making power | 121 | 129 | | |
| 6 | Control over resources | 159 | 169 | | |
| 7 | Self confidence | 146 | 177 | | |
| | Total | 973 | 1,119 | | |

**significant at less than 1% level $r = 0.770$

Table 3 clearly shows that there is statistically significant difference before and after utilization of microfinance at less than 1% level, as revealed by the t- test. Total empowerment score before availing microfinance was 973, which exceeds to 1,119 after utilization. In terms of empowerment indicators, total score obtained for mobility earlier is 130 and now it becomes 160 indicating that the movement outside home has substantially increased. The women had significant improvement in saving habits as revealed in the analysis. Their involvement in community activities score has also enhanced evidently as the score raised to 132 from 122. Another important indicator of empowerment is participation in decision making at community level, which has increased from 160 to 175, whereas the involvement in household decision making was raised from 121 to 129. Control over resources, another major indicator of

empowerment, was increased from 159 to 169. The analysis further revealed that self confidence was also substantially improved after utilization of micro finance and initiating income generation. Based on the results of all the mentioned indicators, it can be concluded that the utilization of micro finance leading to income generating activities has made a positive impact among the women in terms of their empowerment and improvement in living conditions. Based on the study, it is recommended that microfinance opportunities should include more women, which might make a positive impact in the community in utilization of the human resource capacity of women and resulting in their empowerment. For proper utilization of the loan they avail, skill based training in remunerative vocations also should be considered for entrepreneurship development among the participant women.

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