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Microfinance and Women Empowerment in the Rural Areas of Cuddalore District of Tamilnadu

S. Malathi, M.Com., M.B.A., M.Phil. and K. Vijayarani, Ph.D.

Abstract

The present study examined Microfinance and Women Empowerment in the rural areas of Cuddalore district. The first researcher selected 100 samples randomly from Cuddalore district, Tamil Nadu. The researcher made an attempt to identify the factors which influence women empowerment in rural areas of Cuddalore district. Further, the study examined social and economic impacts of microfinance in the present study area. In this context, the collected data were analysed using statistical methods. The statistical tools such as chi-square and t-test were used. Finally, the results found sustained growth of women empowerment through microfinance in the rural areas of Cuddalore district.

Keywords

Microfinance, Women Empowerment, Self Help Group

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Introduction

Today's use of the expression *Microfinance* has its roots in the 1970s when organizations such as the Grameen Bank of Bangladesh with the Microfinance pioneer Professor. Mohammad Yunus, was started and shaped the modern industry of Microfinance. Another pioneer in this sector is Akhtar Hameed Khan a Pakistani development activist and social scientist. At that time a new wave of Microfinance initiatives introduced many new innovations into the sector. Many pioneering enterprises began experimenting with loaning to the underserved people. The main reason why Microfinance is dated to the 1970s is that the programs could show that people can be relied on to repay their loans and that it is possible to provide financial services to poor people through market-based enterprises without subsidy. Shore Bank was the first Microfinance and community development bank founded 1974 in Chicago.

The World Bank estimates that more than 16 million people are served by some 7000 microfinance institutions all over the world. CGAP (Consultative Group to Assist the Poor) experts state that about 500 million families benefit from these small loans, making it possible to start new businesses. In a gathering at a Micro-credit Summit in Washington DC, the goal was set to reach 100 million of the world's poorest people by credits from the world leaders and major financial institutions. The women empowerment helps the rural women folk in terms of gender equality in decision making, power of autonomy over resources and mobility at the household level and political and societal participation.

Statement of the Problem

While many people agree that microfinance can make difference in people's lives, the real outcome is not clear as to the extent to which microfinance contributes to poverty reduction. The present study dealt with the link between microfinance and women empowerment in the rural areas with respect to development of livelihood. Microfinance has aroused much passion among providers, promoters and others involved in the microfinance field. The earlier studies suggested that the impact of microfinance services on income and consumption are conditional; the impact is directly related to initial

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endowment of the household and length of time-- a client is in the programme. Emerging evidence shows that microfinance has positive impact areas across a wide range of clients groups and programmes. In this context, the present study made an attempt to focus on the women empowerment, security, and opportunity for women - focus on selected non-income dimensions of poverty, specifically those related to risk, vulnerability, and assets. This paper focused on the women clients' perspectives on the role of microfinance in helping them reduce vulnerability which have been stressed throughout the research process served as a frame work for designing suitable methods for the development of poor women in the rural areas of Cuddalore district.

The development could not be achieved in rural India on sustainable basis until and unless India's women folk are developed and empowered socially and economically. It is well understood today that without economic and social liberation of women, true liberation of women is not possible. Also without the provision of equal economic and social opportunities to women, emancipation of women cannot truly occur. Further, it is only when the rural women are allowed to participate as an equal partner in the most vital process of development of the nation, the rural development will take place in a real sense.

Review of Literature

Saravanan (2008), in his article entitled "Micro Finance and Rural Development in Tamilnadu," makes an attempt to analyse the microfinance activities in Tamilnadu. Tamilnadu is one of the fast growing states of the country with a vast area and sharp interregional variations in socio-economic achievements. Micro-credit based income generating activities have made a good beginning, opening the door of credit to the marginalized power women who were denied access to traditional channels of credit, but it need not be the panacea for all the problems of the poor. Though, micro-credit operators help in increasing the income levels of the beneficiaries to a certain extent credit alone is not enough to tap the full economic potential of the poor.

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Kumararaja (2009), in his article entitled “Performance of SHG in Tamil Nadu,” made an attempt to evaluate the performance of SHGs in Tamil Nadu. The study highlighted the progress of SHGs in India and Tamil Nadu. It revealed that there has been a steady progress in the number of SHGs and amount of loan sanctioned. The study concluded that a timely and regular check of the micro-credit through SHGs will contribute to a healthy progress and to the overall development of rural women.

Sankaran (2009), in his article entitled “Trends and Problems of Rural Women Entrepreneurs in India,” made an attempt to analyze the trends and problems of rural women entrepreneurs in India. The study highlighted the conceptual aspects of trends and problems of rural women entrepreneurs in India. It concluded that women have creative ability, easy adaptability, and ability to cope with setbacks.

Chavan, Mukund, and Mundargi (2010), in their article entitled “Microfinance and Financial Inclusion of the Poor through Self Help Group Bank Linkage,” made an attempt to study Micro Insurance through self-help groups (SHGs). Micro Insurance through self-help groups (SHGs) is an innovative approach for the financial inclusion of the rural poor. Credit has been an important element to link the poor to commodity markets. Credit helps the rural poor in the acquisition of income-generating assets and creates self-employment opportunities. This helps alleviate rural poverty. SHG Bank Linkage (SBL) programme for credit has been able to reduce transaction costs. It has enabled the banks to achieve better loan recovery and mobilize low cost deposits.

Reji (2011), in her article entitled “Microfinance and Women Empowerment: Evidence from Field Study,” states that Micro-financing through the SHGs enables empowerment of its members. It places a lot of emphasis in developing savings habit among the members apart from providing savings and credit to its members. The ability to contribute to household income, as a result of the credit access and increased income from income-generating activities helped the members to get respect in their family and community as well. This acceptance, in turn, helped to gain confidence, play increased

role in household decision making, gain control over resource, ability to freely interact with members of the group as well as outsiders and ability to deal with adversities.

Pokhriyal and Vipin Ghildiyal (2011) have concluded that the Scheduled Commercial Banks (SCBs) have played a crucial role in the growth and advancement in urban areas rather than in rural areas. Scheduled Commercial banks have not lived up to the expectations. The total credit disbursed by the SCBs has decreased to a very insignificant proportion. Smaller credit represents that the poor unprivileged people are not being provided with adequate credit. India is an agrarian economy but rural areas and rural people are still deprived and discriminated in the context of financial inclusion and growth.

Objectives

1. To analyse performance of the programmes of microfinance and women development in the present study area.
2. To find out the social and economic impact of microfinance in the present study area.
3. To examine the problems of microfinance and women empowerment in the rural areas of Cuddalore district.

Hypotheses of the Study

1. Respondents differ in their level of satisfaction about their economic position before and after joining as a member in self help group.
2. Respondents differ in their level of empowerment on the basis of education.

Methodology

The study is purely descriptive in nature and it is based on primary data and secondary data. Primary data has been collected through well-structured interview schedules. The secondary data is mainly from related reports. For this, the researcher has made an attempt to study different factors involved in performance appraisal and its casual relationship with basic variables. The size of sample is 100. The researcher has selected the samples from two different blocks, viz., Parangipettai and Bhuvanagiri among the 13 blocks in Cuddalore district. The researcher has adopted simple random sampling method in this study. Further, the researcher has used appropriate statistical tools such as simple frequency tables. Percentages of tests are processed with the help of SPSS (Statistically Package tool for Social Science) at the appropriate juncture. Bar charts have also been prepared.

Results and Discussion

Table-1

Showing t-Test for women self-help group's opinion about economic position before and after joining as a member

Group	N	Mean	SD	t-Value	LS
Before	100	2.01	1.10	2.13	0.05
After	100	4.37	1.38		

Ha: Respondents differ in their level of satisfaction about their economic position before and after joining as a member in self-help group.

It is seen from the above table that the calculated t-value is significant at 5% level. So it is concluded that there is a significant difference in the economic position between before and after joining as a member. Here the alternative hypothesis is accepted.

Table-2
F-ratio for Women's empowerment on the basis of education

Education	N	Mean	SD	F-ratio	LS
Below SSLC	24	2.46	1.12	3.76	0.05
HSC	46	4.10	1.76		
Degree and above	30	4.64	1.94		

Ha: Respondents differ in their level of empowerment on the basis of education.

It is inferred from the above table that the calculated F-ratio is significant at 5% level. So, the alternative hypothesis is accepted and Null hypothesis is rejected. Therefore, it is concluded that respondents differ in their level of empowerment on the basis of education. Comparing all the levels of education, those who have high level of education have fully participated and have been empowered in great measure.

Findings

- Results inferred that calculated t-value is significant at 5% level. So it is concluded that there is a significant difference in economic positions between before and after joining as a member. Here alternative hypothesis is accepted.
- Results inferred that the calculated F-ratio is significant at 5% level. So the alternative hypothesis is accepted and null hypothesis is rejected. Therefore it is concluded that respondents differs in their level of empowerment on the basis of

education. Comparing all the levels of education, those who have high level of education have fully participated and have been greatly empowered.

Suggestions

- * Create more awareness among the rural woman by conducting seminars and workshops. Provision of adequate training to the rural women will be necessary, for fruitful and more meaningful of microfinancing.
- Banks should pay greater attention to provide higher amount bank loan in the rural areas.
- Provision of adequate power to take good decision-making and forward-thinking in the family level as well as in the society level.

Conclusion

The present study aimed at studying the performance of microfinance and women development, growth of microfinance and women empowerment in the rural areas of Cuddalore district. 100 samples randomly were selected from two different blocks of Cuddalore district. The objectives and hypotheses were tested through t-Test and through and F-test. Finally, the study concluded that there is a significant difference in economic position before and after joining as a member in the SHG. Furthermore, the result identified that respondents differed in their level of empowerment on the basis of their level of education. Comparing all the levels of education, those who have high level of education have fully participated and have been greatly empowered.

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