



## **An Empirical Study on Microfinance and Women Empowerment in Karimnagar District of Telangana State, India**

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### **Abstract**

The main objective of this paper was to study the impact of microfinance on empowerment in Scheduled Caste (SC) and Scheduled Tribe (ST) women in Karimnagar District of Telangana State, India. The study has considered three (3) factors of women empowerment namely Health Awareness (HA), Legal Awareness (LA) and Political Awareness (PA). Empirical study was conducted on SC and ST women belonging to Self-Help Groups (SHGs) through a structured questionnaire relating to their empowerment in the post-loan period. Results revealed that microfinance programs have been successful in improving the Health Awareness, but had a limited impact on Legal Awareness and Political Awareness factors among the SC and ST women after participation in the SHG programme. The results indicate that participation in the SHG programmes by SC and ST women contributed to their overall empowerment.

**Key words:** Microfinance; Women empowerment; SHGs; Pre-loan; Post-loan

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### **INTRODUCTION**

Empowering women is a vital tool for alleviating poverty. Empowered women contribute to the health and

productivity of whole families and communities and to improved prospects for the next generation (Srivastava, 2009). There have been several institutions advocating for women empowerment, but women are still poor and vulnerable as compared to men, more so the Scheduled Caste (SC) and Scheduled Tribe (ST) category of women. The main reasons for the same are economic dependence on male members, unemployment, illiteracy and lack of access to credit. Rural women play a significant role in the domestic and socio-economic life of the society and therefore, national development is not possible without developing this segment of the society (Moon, 2011). Microfinance has emerged as a powerful enabling tool for women empowerment in many ways. In India, Self-Help Groups (SHGs) - Bank Linkage Programme is the pioneer in microfinance distribution. Its main aim is to provide financial and other allied services to the poor section of society including the SC and ST women. According to Mukherjee and Purkayastha (2011), the SHGs were the most contemporary models for poverty eradication and women empowerment in India. Efforts made to empower women will help the society in getting rid of social evils. It is still a long way to take poor women away from their poverty, however, the SHG's can become a significant tool to achieve this objective through implementation of the microfinance programs.

With this backdrop, the main objective of this paper is to study the impact of microfinance on empowerment in SC and ST women belonging to SHG's in the pre-loan and post-loan period in the Karimnagar District of Telangana State, India.

### **1. LITERATURE REVIEW**

Empowerment is authorizing someone to exercise some specific power, or offering someone a certain means to achieve a given end (Qudrat-I-Elahi, 2003). The major focus of microfinance programs is to empower women as it leads to a greater economic growth and

development. A study by Sarumathi and Mohan (2011) revealed that microfinance assisted women in gaining psychological and social empowerment than economic empowerment. A study by Radha Rani (2013) concluded that SHG women had high psychological, social and economic empowerment, but low political and health empowerment in the State of Andhra Pradesh. Sonowal (2013) stated that rural SC and ST women in Assam were backward in many aspects and there is continued inequality and vulnerability in all sectors-economic, social, political, educational, health care, nutrition and legal. Jain and Jain (2012) concluded that there are a high level of political empowerment among SHG members as compared to economic empowerment and also poor level of social empowerment was observed after joining the microfinance program. In the Indian context, a study conducted by Sanyal (2009) found that microfinance had a positive influence on women's social capital and facilitated women's collective empowerment. Moreover, the participation in microcredit programs helps to increase women's welfare and reduce male bias (Mahmud, 2003).

Since different authors have used different indicators to measure women empowerment, this study uses three (3) indicators for measuring women empowerment namely Health Awareness (HA), Legal Awareness (LA) and Political Awareness (PA). Based on these indicators the following Hypotheses are proposed for the study:

H<sub>1</sub>a: Respondents differ in their perception on empowerment regarding the Health Awareness (HA) in the pre and post loan period.

H<sub>1</sub>b: Respondents differ in their perception on empowerment regarding Legal Awareness (LA) in the pre and post loan period.

H<sub>1</sub>c: Respondents differ in their perception on empowerment regarding Political Awareness (PA) in the pre and post loan period.

## 2. MATERIALS AND METHODS

A, multi-stage sampling was used to select the relevant sample for the study. Karimnagar district in Telangana is divided into 57 mandals, 1,103 villages, 5 revenue divisions, 13 towns and 4 urban agglomerations. Three mandals from the District and three villages from each mandal were selected on a random sampling basis. Lastly

**Table 1**  
**Paired Sample Statistics for Health Awareness (HA)**

S.No	Pairs	Items of HA	Mean	Sample size	Std. deviation	Std. error mean	z	Sig. (2-tailed)
1.	Pair 1	HA1-A -	3.25	170	1.038	0.080	9.907	.000
		HA1-B	2.31	170	0.566	0.043		
2.	Pair 2	HA2-A -	3.41	170	1.041	0.080	9.181	.000
		HA2-B	2.42	170	0.848	0.065		

To be continued

21 SHG women belonging to SC and ST category were selected from each village respectively. A structured questionnaire was administered personally for the selected sample of 189 women, however, 19 were rejected because of the missing data or non-response leaving an overall sample size of 170. These women were married with at least one child and had completed a minimum of one loan cycle. Since few items selected for the study included awareness about family planning methods and awareness about legal rights of children, the married SC and ST women with a child were specifically targeted for the study. Also since evaluation was being done for before and after participation in the microfinance programme, the women beneficiaries who completed at least one loan cycle were selected for the study. The primary data was collected during January – April 2015. Paired sample z test was used to analyze the primary data.

## 3. RESULTS & DISCUSSION

Paired sample z test was used to compare the impact of microfinance in the pre-loan and post-loan period with reference to the identified factors of empowerment. Microfinance intervention was considered effective if the women perception score regarding empowerment after participation in the microfinance program is found to be significantly greater than the women perception score before participation in the microfinance program.

### 3.1 Paired Samples z Test Results for Health Awareness (HA)

The following items have been considered to study the First factor HA:

HA1: I am aware of vaccines and medicines important to me and my family.

HA2: I am aware of importance of personal hygiene and cleanliness.

HA3: I am aware of importance of purified drinking water for me and my family.

HA4: I am aware of family planning methods.

The paired sample z test analysis for HA shown in Table 1 indicate that for all items of HA, the mean score of women perception after participation in the microfinance program was significantly greater than the mean score before participation in the microfinance program at 1 percent significance level.

Continued

S.No	Pairs	Items of HA	Mean	Sample size	Std. deviation	Std. error mean	z	Sig. (2-tailed)
3.	Pair 3	HA3-A -	3.38	170	0.980	0.075	16.452	.000
		HA3-B	1.82	170	0.749	0.057		
4.	Pair 4	HA4-A -	3.44	170	0.776	0.060	4.773	.000
		HA4-B	2.99	170	0.961	0.074		

Note.

HA1-A, HA2-A, HA3-A, HA4-A – Results for After Participation in the MF programme.

HA1-B, HA2-B, HA3-B, HA4-B – Results for Before Participation in the MF programme.

Therefore our hypothesis H<sub>1</sub>a is selected which states that respondents differ in their perception on empowerment regarding health awareness factor in the pre-loan and post-loan period. This implies that SC and ST women’s level of empowerment regarding health awareness has increased after participation in the microfinance program.

Health awareness is the first step towards empowering women as good health empowers a person to face the obstacles in life. These poor women are not aware that a lot of diseases can be controlled by them with little care. Here, microfinance programs play an important role in creating health awareness by conducting seminars, workshops etc. According to Littlefield, Morduch, and Hashemi (2003) the microfinance programs are helpful in reducing hunger and infectious diseases. According to Nayar, Kyobutungi, Catherine and Oliver (2004), SHG’s is an option for health care delivery in low income and less developed countries. Our results support previous findings and it can be stated that SHG’s can play an important role in creating and promoting health awareness among its members so that they can control the diseases on their own and can come forward for the treatment, when found necessary.

### 3.2 Paired sample z Test Results for Legal Awareness (LA)

The following items have been considered to study the second factor LA:

LA1: I know that women have reservations in panchayats and jobs.

LA2: I know that in case of abuse or violence, I can seek legal protection.

LA3: I am aware that I and my children have equal right in the family property.

The Paired samples z test analysis shown in Table 2 indicate that for items LA1 and LA3, the mean score after participation in the microfinance program is not significantly greater than the mean score before participation in the microfinance program at 5% percent level of significance and for item LA2, the mean score of women perception after participation in the microfinance program is significantly greater than the mean score before participation in the microfinance program at 1 percent significance level. Therefore the hypothesis H<sub>1</sub>b which states that respondents differ in their perception regarding LA in the post loan period is accepted only for item LA2.

**Table 2**  
**Paired Sample Statistics for Legal Awareness**

S.No	Variables of LA	Mean	N	Std. deviation	Std. error mean	z	Sig. (2-tailed)	
1.	Pair 1	LA1-A	3.09	170	1.002	0.077	2.225	0.027
		LA1-B	3.02	170	0.960	0.074		
2.	Pair 2	LA2-A	2.96	170	1.181	0.091	4.375	0.000
		LA2-B	2.72	170	0.962	0.074		
3.	Pair 3	LA3-A	3.09	170	0.993	0.076	2.216	0.028
		LA3-B	3.02	170	0.929	0.071		

Note.

LA1 –A, LA2-A, LA3-A – Results for After Participation in the MF programme.

LA1-B, LA2-B, LA3-B – Results for Before Participation in the MF programme.

According to Al-Mamun, Wahab, Mazumder and Su (2014), the microfinance programs provide a platform for women to share ideas and knowledge about their legal rights which in turn helps these women in improving their

understanding of the relevant legal issues. In this regard, the SHG’s can conduct workshops and seminars and create legal awareness among its members so that they can protect themselves against abuse or violence.

### 3.3 Paired Sample z Test Results for Political Awareness (PA)

The following items have been considered to study the third factor PA:

PA1: I understand the details of the political parties and their candidates before voting.

PA2: I am aware of prominent leaders in the State / National Politics.

PA3: I regularly attend political road shows and meetings.

The paired sample z test analysis for Political Awareness factor as shown in Table 3 indicate that for items PA1, the mean score of women perception on empowerment after participation in the microfinance

program is significantly greater than the mean score before participation in the microfinance program at 1 percent level of significance. And for item PA2, the mean score of women perception after participation in the microfinance program ( $M=2.99$ ) is not significantly greater than the mean score before participation in the microfinance program ( $M=2.97$ ) at 5 percent significance level ( $z=1.2$ ,  $p>.05$ ). And lastly for item PA3, the mean score of women perception after participation in the microfinance program is not significantly greater than the mean score before participation in the microfinance program at 1 percent level of significance. Thus our hypothesis  $H_{11c}$  is selected for only one item PA1 of Political Awareness factor.

**Table 3**  
**Paired Sample Statistics for Political Awareness (PA)**

S.No	Pairs	Items of PA	Mean	Sample size	Std. deviation	Std. error mean	z	Sig. (2-tailed)
1.	Pair 1	PA1-A	2.86	170	1.005	0.077	4.418	.000
		PA1-B	2.60	170	1.057	0.081		
2.	Pair 2	PA2-A	2.99	170	0.887	0.068	1.267	.207
		PA2-B	2.97	170	0.880	0.067		
3.	Pair 3	PA3-A	3.05	170	1.031	0.079	3.074	.002
		PA3-B	2.99	170	1.046	0.080		

Note.

PA1-A, PA2-A, PA3-A – Results for After Participation in the MF programme.

PA1-B, PA2-B, PA3-B – Results for Before Participation in the MF programme.

According to Swain and Wallentin (2012), increased political participation helps in the process of women empowerment. Increased political awareness leads women to participate in public campaigns and protests.

## CONCLUSION

Regarding all items of Health Awareness factor, the mean score of women perception on empowerment after participation in the microfinance program is found to be more than the mean score before participation in the microfinance program indicating improved levels of health awareness among the SC and ST women after joining the SHG's.

Political Awareness has improved for only one item which states that these women were aware of basic information on political parties and candidates which will help them to exercise their right to vote effectively. However, efforts need to be made to bring these women on par with other members of the society with respect to their political participation.

Similarly, Legal Awareness (LA) has not shown much improvement in the SC and ST women after participation in the microfinance program except for one item of

seeking legal protection in case of abuse or violence.

The results indicate that participation in the SHG programmes by the SC and ST women helps in overall empowerment in these women in improving basic skills, knowledge and confidence required to face the day to day challenges in life.

## LIMITATIONS OF THE STUDY

SC and ST category of women were combined as one group for the purpose of the study and no distinction has been made between the two categories.

Evaluation of empowerment in SC and ST women was limited to three identified factors only.

The study is limited to SC and ST women beneficiaries associated with SHG's and does not cover any other microfinance programme.

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