

# A Study on role of Microfinance in Women Empowerment in Gorakhpur Region

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**ABSTRACT-**Microfinance services and products, in today's time are emerging as the most promising tool of poverty eradication of the poor society. With the facilities of small amount of loans, easy repayment schemes and quite low rate of interest, these services are becoming the backbone of the small businesses that are being run by the poor people and hence developing the people economically as well as socially.

The women empowerment is attaining heights of success and prospering continuously with the help of microfinance and credit facilities. The growth rate of increasing women empowerment in the last few years through microfinance facilities has been empirically noted and hence the role of microfinance cannot be denied. The products and services of the microfinance institutions are the lifeblood that is continually accelerating the small business of the females of Self Help Groups in Gorakhpur.

**Keywords-** Challenges, Financing, Loans, Microfinance, Problems, Small and Medium Enterprise

## I. INTRODUCTION

In this era of poverty and highly increasing inflation, microfinance is being one of the most feasible and fortunate apparatus which can be used for reducing the poverty and giving empowerment to the women by administering them the opportunities of entrepreneurship. As a consequence, it can be said that the microloans or microfinance is a financial aid which serves as a backup against the indigence by the way of giving financial help to the capitalistically weak and socially deprived women in the regions which are less developed. Through the help of microfinance, women are also able to gain the advantage of social status and thus it increases their self-confidence.

The institutions which provide microfinance play a vital role in financial incorporation and development of society. It states that it gives reasonable access to the monetary services in a very effective and efficient way for all the people who need it. Over the last few decades, many different approaches have been developed to meet the challenges of the women regarding their problem of availing financial services.

## II. MICROFINANCE AND WOMEN EMPOWERMENT

Microfinance programs, apart from providing women and men, the access to their savings and financial standing, but it also reaches thousands of people in bringing all of them together in an organized group. Thus, they are probably a very remarkable contribution to the gender equitability and

women empowerment, and for the development of poor and strengthening of society. Through the contribution of microfinance, the women's ability to earn their living has prospects to institute a string of increase in the monetary empowerment, increase in the well-being of women along with their families and also provides broader social and political involvement to them. These microfinance facilities given to the women also have the capability to question and bring in major change in men's attitudes and department as a required component of attaining gender equality in the society.

## III. ROLE OF MICROFINANCE IN WOMEN EMPOWERMENT

Microfinance is a service which gives an easy access to financial as well as non-financial services to the poor and unemployed women of the region. It is a strong tool to give self-empowerment to the deprived people specially women.

Microfinance facilities and activities can provide the women a means to ascend out of indigence. Since early 1970's the movement of female in various countries is increasing rapidly to reduce poverty by offering different microfinance and loan programs. The issue of female smaller access to the credit facilities was provided a specific attentiveness at the First International Women Conference held in Mexico in the year 1975. Microloan's facilities lead the way for empowering women by influencing the decision-making power of women in a positive way at their house-hold level and the socio-economic status of women. Reports says that

an increase in women slant for credit facilities and women entrepreneurs marks positive results in the growth of the wellbeing of their family specially their children.

#### IV. INDICATORS OF WOMEN EMPOWERMENT THROUGH MICROFINANCE

It is quite essential to know about the consequence of microloans and credit facility on the empowerment of women, and for this purpose it is obvious to explore the results with the support of some economic, socio-cultural, political, and business and soft skill indicators. These indicators have an importance in pointing out whether the microcredit facility has been successful in bringing some pragmatic difference in the life of our females or not. Some of the important trends brought in by these indicators are mentioned below:

##### (A) The Economic Indicators

This indicator mainly focuses on the economic and monetary status of the women. Here the inquiry is about whether the microfinance has brought an additional income, has it brought any new opportunities for employment, what is its contribution in the savings of the household, has it permitted any control over the resource available. It checks the contribution of microfinance in opening savings account in the banks. And concentrate on the growth of the power of decision making of women inside and outside the family.

##### (B) The Social and Cultural Indicators

The social and cultural indicators emphasis mostly on the growth in the freedom of the women. It focuses on the increase in the women's self-confident, growth in their self-reliance, their strength of movement to purchase goods from the market. This indicator also looks over that if the women have attained a better education level for them and their family. It also promotes the increase in their confidence level for participating in the local issues of the community.

##### (C) The Political Indicators

The political indicators mainly concentrate on the extent of females being able to participate in voting for the government and also to fight for their rights in the society. This promotes the participation of women in the important social meetings that might affect her and her family's future.

##### (D) The Business and Soft Skill Indicators

These soft skill indicators are helpful in testing the capability of woman to read and write, their literacy level, are they able to record daily transactions and dealings, do they have the potential to understand the fundamentals of banking processes, are they capable of reading newspapers. Enhancing of their skills in handling the on and off job training. All these are checked under the business and soft skill indicators.

#### V. RESEARCH OBJECTIVES

- To study the importance of microfinance in empowering the women in Gorakhpur.
- An effort is also made to suggest measures and new ways to increase women empowerment in Gorakhpur through microfinance.

#### VI. RESEARCH METHODOLOGY

The study is depended on the both the primary and secondary data. Substantial literature survey is done to acknowledge the theoretical foundation and experiences of different regions for using microfinance and micro credit services as an effective and efficient tool for the betterment of poor and for empowerment of females. The sample size to be used for this study is 300 women beneficiaries of microfinance from the Self-Help Groups of Khajni, Shehjanwa and Sikrikanj blocks, in Gorakhpur. Descriptive Research is used in this paper to come up with the accurate and systematic conclusion. And Non-Probability, Convenience sampling is used in this study.

#### VII. LITERATURE REVIEW

Mayoux (1997) says that the impact of microcredit on the females not always shows a positive trend. Owners of small business face a lot of pressure in repayment of loans. Sometimes it happens that their loans are utilized by men to set up business, or sometimes the females end up with little benefit from big loan interests. Females do lack support from men in the family.

Reddy (2013) says that the significant social performance measurements that should be considered by MFIs when measuring their performance as they need to evaluate the social impact.

Modi and Patel (2014) reveal that the findings were basically to discuss the variations that happened in the social status of rural females through the help of microfinance. They focused on the developments in the social and cultural status of the women availing the microfinance services.

Pokhriyal (2014) in his study focuses on role of microfinance intervention in promoting women empowerment. It mainly focused on the education facilities and family protection for women through microfinance.

Kumar (2017) finds that it focused on the study of the various factors that contributed to the betterment of the females through self help groups. Mainly focused on protest against social ills and self confidence and respect.

Brau (2004) finds an overview on the study of various products and services of microfinance in detail which can be beneficial for the empowerment of women.

Sandu and Gurveen (2013) was of the view that better access to microloans and micro credits leads to reduction of poverty, empowerment in the economic sector, financial

stability, improvement in the standard of living and an overall empowerment of the women.

Agarwal and Sinha (2010), stated that microloans and the microcredit facilities are the provision of financial assistance to the poverty stricken poor people and the very poor self employed crowd of the community. These financial amenities generally include the services of savings and credit, and insurance and payments.

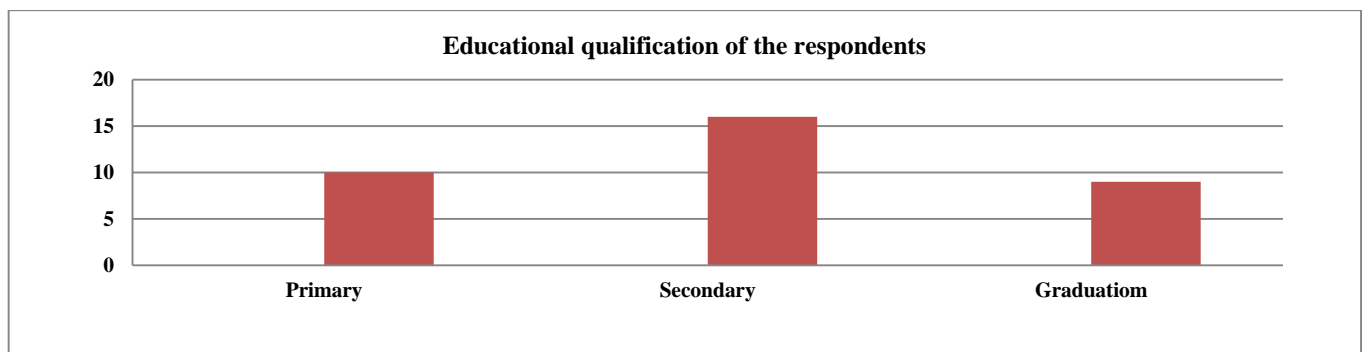
Tiwari and Kaur, (2018), explains that the arrival of the institutions of the microfinance services and various self-help groups has a dominant role in the nation's economic

development. The microfinance services have provided various helps which resulted into poverty alleviation of many houses.

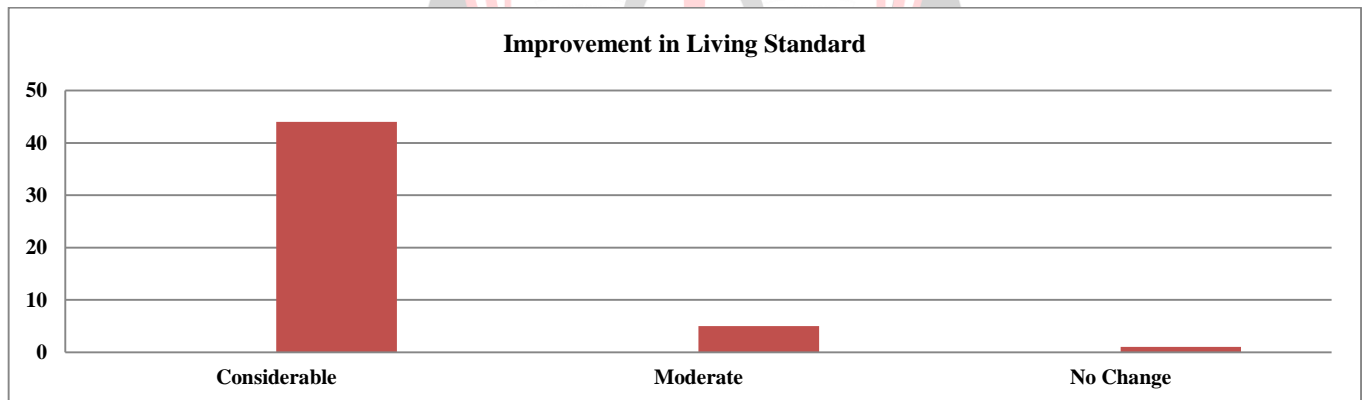
Bhargavi (2015) noted that the sector of microfinance and microloans has grown very swiftly over the last two decades and made the women to gain economic empowerment and has also helped them to make their life a quality life. Microfinance and its credit system has occupied a dominant place as a favorable mechanism for granting the financial services and aids to the poor sections of our population.

### VIII. FINDINGS AND OBSERVATIONS

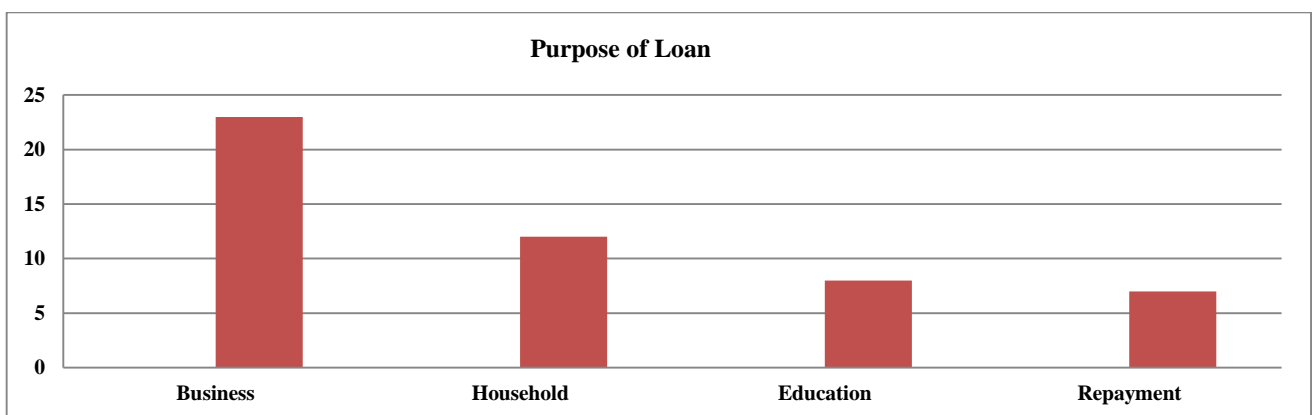
I have considered SHGs from three blocks Khajni, Shehjanwa and Sikriganj, for this study. Based on the responses of the questionnaire prepared, my observations, few direct interviews with members of different SHGs and by taking into consideration the data from various journals, different articles and other related topics, these are my findings and observations all through:



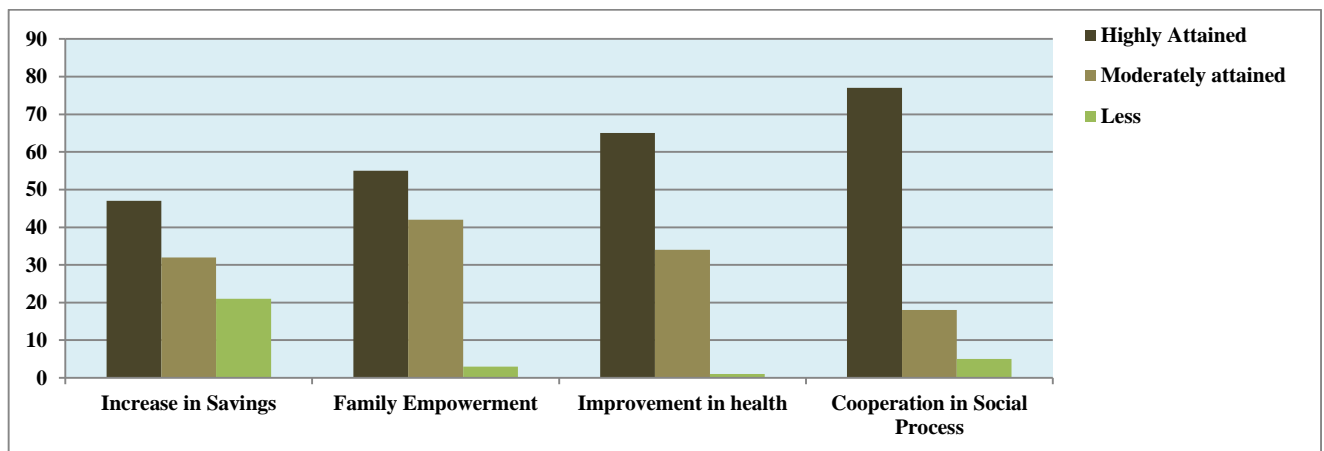
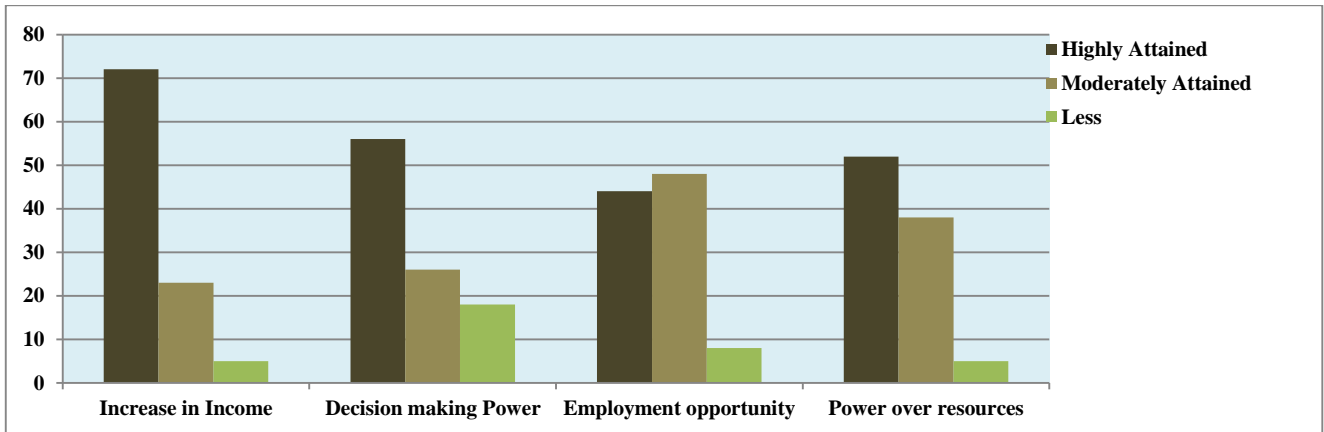
30% of the female respondents of various SHGs are illiterate and 32% of the women have secondary level of education and it is quite conspicuous that nearly 18% of the women are there who have done their graduation.



88% of the women respondents availing the microfinance services believe that the microfinance loans have played a major role in improving their living standard.



48% of the beneficiaries of the microfinance loans utilized the credit facility for commencing a new business or for the expand of their running business. It is quite noticeable that 14% of the women took the loan to repay their existing old loan. Moreover, 16 % of the women availed the loan service for educating their children, which marks the awareness of the females about the importance of education.



Here this represents the graph of the factors that affects the economic empowerment of the women. It consists of the factors of Increase in Income, Decision making Power, Employment opportunity, Power over resources, Increase in their savings, their family empowerment, improvement in their health and their cooperation in the social processes.

**Other Findings:**

- Most of the women (around 76%) are engaged in doing small business and trading which includes incense sticks, namkeens and mop making.
- It has been found that around 47% women are earning in the range of Rs. 10000-15000 and 42% are earning above Rs.15000. Therefore, it clarifies that microfinance has made great contribution in the improvement of income level.
- There are 88% of respondents who avail the microfinance loan in between Rs50,000 to Rs1,00,000 and 8% respondents have the amount in between Rs1,00,000 to Rs1,50,000 and only 4% of the respondents have it in between Rs1,50,000 to Rs2,00,000.
- The tenure of most of the loans taken is up to 1 year.
- 39% of the respondents believe that they have highly attained a better rise in the consumption pattern and 52%

believe that there is a moderate rise and 9% says the rise is comparatively less.

- About 87% of the females are of the view that microfinance is a great tool to promote the progress of women empowerment.

**IX. SUGGESTIONS OF IMPROVEMENT**

The suggestions are based on the critical study of the problems faced by respondents:

- The foremost problem faced by the respondents is that they are very less aware of the policies of the microfinance institutions and its services.
- Lack of Financial Literacy and training for running small businesses also prevents the women from getting the desired results from their business. The women need to be trained and educated for better results.
- The service time of the microfinance institutions are very long so measures should be taken to develop the Door Step Services (DSCs). This would result in making the customer base and reducing the service time.
- Development of such products and services of microfinance institutions should be encouraged by the government that suits the females and brings more participation.
- Importance should be given to for arranging trade fairs and entrepreneurial presentations in rural as well as

urban areas for promoting the work of the skilled women and bringing them into light so that others also feel motivated.

## X. CONCLUSION

A remarkable growth has been marked in the increase of the number of Microfinance Institutions working in Gorakhpur. There has been addition of many new segments in this sector like the participation of the private and multinational banks, Grameen model Banks, Rural cooperatives etc. Microfinance is attaining a place of panacea for the development of poor and deprived women in Gorakhpur. Microfinance is playing a vital role in the development by offering help to the poor crowd to meet their basic requirements and develop themselves socially and economically.

Through the findings and the analyses, this study strongly supports the productive relationship between microfinance services and empowerment of women, in correspondence with the available literature of microfinance. An attempt is made through this study to make the contribution of the microfinance literature by apprehending the present experience of availing micro financial services as a pecuniary arbitrator for supplementing the empowerment of poor and deprived females. The observational findings through this study put forwards that microfinance and microloans services through such institutions has an intense impact on the change in the economic status of the women, their decision-making power in as well as out of the family in various aspects, enhancement of their knowledge and their self-worthiness in Gorakhpur. The study significantly illuminates the impacts of continual sequential dosage of micro financial services and loans to the women for its proper usage, for realizing the goals of the microfinance programs.

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