

# A Study on role of ESAF in women empowerment

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**Abstract** - Population growth and poverty are the main challenges for India's economic development. Financial stability and financial independence are the solutions for poverty eradication in rural India, for this purpose India had developed various financial inclusion plans with the help of apex banking institutions. Upliftment of rural economy is possible only through women empowerment. Arrival of micro finance has paved best hope for rural economy as it focused on women empowerment. Micro finance institutions are very familiar non-banking entities in Indian economy. The history of these institutions can be traced since 1970. Muhammed Yunus the Nobel peace prize winner introduced the concept of microfinance. MFIs are mainly focused on rural low-income people, by delivering micro credits MFIs trying to ensure financial stability in rural area. Emergence of micro finances is the new sun rise in rural economy, as it acts as medium for financial inclusion. According to Mr Kofi Annan "There is no tool for development more effective than women empowerment". Micro finances are mainly aimed rural development through women empowerment. The growth of micro finance in India shows the influence of micro finance in Indian economy. The following table shows the snapshot of MFIs industry as on 2019.

**Keywords :** Financial Inclusion, Women Empowerment, Micro finance

- NBFC-MFIs have the highest number of unique live customers
- Banks have the lowest 30+ delinquency at 0.50% across all categories of lenders

## I. MICRO FINANCE INDUSTRY

Table 1

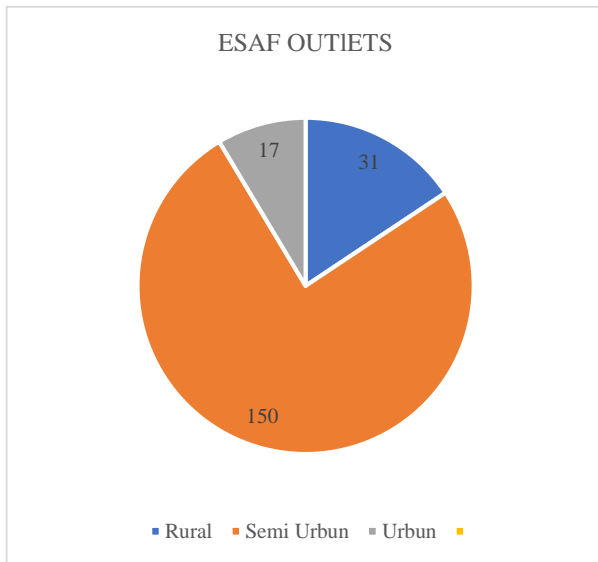
MFI Industry of March' 2019	Banks	SFBs	NBFC-MFIs	NBFCs	Not for Profit MFIs	Total Industry
Unique Live Borrowers ('000)	17,849	11,894	25,533	8,047	780	780
Active Loans ('000)	22,509	14,914	39,340	8,780	924	924
Portfolio Outstanding ( crore)	59,999	29,990	68,156	18,539	1,863	1,863
Market Share in Outstanding Portfolio (in%)	34	17	38	10	1 100	1 100
Disbursed Amount ( crore) - FY 2019	78,596	31,673	83,200	17,448	2,157	2,157
Average Ticket Size (in `) FY 2019	42,086	30,780	25,850	31,722	29,656	29,656
30+ Delinquency	0.50%	1.13%	0.91%	2.73%	0.69%	0.69%
90+ Delinquency	0.22%	0.54%	0.37%	1.35%	0.26%	0.26%

(Source: Report of SIDBI, Micro finance Pulse, volume 11 June 2019)

### ESAF Small Finance Bank

ESAF the most leading non-banking financial institution in Kerala, mainly operating on women customer basis. Majority of ESAF branches are located on rural area, even though it is Kerala based now covers several Indian states. ESAF had started operations on self-help group model but currently it diverse into small finance banking model. Asper the annual reports of ESAF the micro banking outlets of ESAF stood at 198 as on 31 march 2019. Following diagram shows the geographical spread of banking outlet of ESAF.

Figure 1



(Source Annual Report of ESAF 2018-19)

### Statement of Problem

In Kerala there are several well rooted MFIs currently holding a major portion of financial dealings of economy without the bounder of rural and urban. The changing policies of RBI makes time to time redesigns in MFIs also, asper the policy terms of RBI some of the MFIs enjoying special rights and benefits. ESAF is one of the leading MFI in Kerala, which currently holding small finance bank license. ESAF is now operating both micro banking (micro finance services) and also Small finance services. ESAF is the first small finance banks from Kerala, which addressed different needs of rural poor. Women empowerment is the ultimate aim of ESAF, encouraging women by making them self-independence. ESAF providing various credit schemes for women customers, for launching small business. Behind the journey of ESAF, have several successful stories of rural women. The present study focused on the level of women empowerment by ESAF.

### II. METHODOLOGY

Both Primary and secondary data were used for the study, interview schedule is used to collect response from the customers and the area for the study was Kanya Kumari district, Tamil Nadu. Secondary data were collected from various journals, books and newspapers. Stratified random sampling was used, fifty women customers from rural area were selected.

### III. OBJECTIVES OF THE STUDY

- To study financial status of rural women before and after the usage of services of ESAF.
- To measure financial literacy of rural women.
- To analyse the level of women empowerment by ESAF.
- To find out level of satisfaction of ESAF customers.

### IV. SCOPE OF THE STUDY

Rural India still lagging in terms of financial inclusion, lack of financial literacy is not only the reason but also low coverage of financial services stands as major challenge for financial inclusion. Revival of rural economy is a big dream which India had ever. Several programmes were implemented for the upliftment of rural people, majority of them are failed. The present study is focused on one of the financial inclusion strategies of Reserve Bank of India. The study is intended to analyse women empowerment in terms of financial literacy, financial stability and financial independence. It mainly focused on rural women empowerment through ESAF.

### V. ANALYSIS AND FINDINGS

State	No. of Respondents
Kerala	25
Tamil Nadu	25

**Profile of the Sample:** The sample selected for the study comprised 50 ESAF customers, 25 from Tamil Nadu and 25 from Kerala and all are women.

#### Mode of Usage of ESAF Services

The below table shows that out of 50 customers ,96 % of the customers are using branch-based services of ESAF Only 4 % of customers are using both online and offline services. This is mainly because of ESAF customers are not much aware regarding online services and also only uses of ESAF services. using branch-based services are most covenant mode for ordinary customers.

Table 2 Mode of Usage

Mode of Usage	Frequency	Percent
Only branch based	48	96
Both Online & Offline	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

(Source: Primary Data)

#### Age of Respondents

The age of the respondents in the present study is classified as 25-30 Years ,30-35 Years, 35-40 Years and 40-45 Years. The distribution of respondents based on age is shown on Table1.2. The observed data shows that 80% of the respondents comes under the age group of 40-45 years and no customers are found in the age group of 25-30. Majority of the sample respondents belongs to 40 years -45 years.

Table 3 Frequency of age of ESAF Customers

Age Group	Frequency	Percent
25-30	0	0
30-35	3	6
35-40	7	14
40-45	40	80
<b>Total</b>	<b>50</b>	<b>100</b>

(Source: Primary Data)

**Education of Respondents**

The observed data regarding the educational qualification of the respondents, shows that majority of the customers having basic literacy and SSLC in same proportion, 18% of the sample respondents have Plus Two and only 2% respondents have degree. It can be concluded that ESAF customers are generally not highly educated, they are mainly basic literates and have secondary education.

*Table 4 Education of Respondents*

Basic Literacy	SSLC	Plus, Two	Degree And above	Total
20	20	9	1	50

(Source: Primary Data)

**Income and Occupation**

The below table indicates the income of the respondents with their occupation. Majority of the respondents are households (74%) followed by labourer (18%) and private employee (8%) majority of the respondents are having annual income less than Rs.25000(94%) and only 6% of the respondents have annual income between Rs 100000 and Rs 150000. From the table it can be concluded that ESAF customers are generally labourer with low annual income. ESAF small finance bank concentrated on the financial well-being of small income or low-income people with minimum documentation.

*Table 5 Income wise classification of occupation of respondents*

Income / Occupation	House Hold	Govt. Employee	Private Employee	Labourer	Total
Less than 25000	37	0	1	9	47
Rs.25000-Rs 50000		0			
Rs.50000-Rs 100000		0			0
Rs.100000-150000		0	3		3
Above Rs 150000		0			0
<b>Total</b>	<b>37</b>	<b>0</b>	<b>4</b>	<b>9</b>	<b>50</b>

(Source: Primary Data)

▪ **Awareness of ESAF Customers**

The awareness of ESAF customers regarding various services provided by ESAF are analysed using One Sample t test. The observed data (Table No.6) based on mean score (3) shows that awareness of customers is below average level. In order to analyse awareness of ESAF customers awareness on loan schemes, awareness on interest on loan, awareness on online services, awareness on savings schemes and awareness on interest rate of savings schemes. From the table it can be inferred that awareness of ESAF customers regarding ESAF services are below average level.

The mean score of awareness on loan schemes (2.97), awareness on interest on loan (2.63), awareness on online services, awareness on saving schemes and the mean score

of awareness on interest on savings schemes (2.42), compared to other schemes ESAF customers are awareness regarding loan schemes. Because generally ESAF customers are using loan services of ESAF.

*Table 6 Level of Awareness of ESAF Customers*

Awareness of ESAF Customers	Mean Score
Awareness about loan schemes	2.97
Awareness about Interest rate of loans	2.63
Awareness about online services	2.00
Awareness regarding Saving schemes	1.89
Awareness about Interest rate of Saving schemes	2.42

(Source: Primary Data)

• **Satisfaction of Customers**

(S= Satisfied, HS= Highly Satisfied, DS= Dissatisfied, HDS= Highly dissatisfied, N= Neutral)

The following table (no.7) shows the satisfaction of customers regarding Loans, Savings, Online services, Insurance, Fund transfer and Interest rate. Satisfaction was measured on five-point scale. The table shows that 100% of the respondents are highly satisfied with loan services of ESAF, 37% of the respondents are responded neutral regarding savings but 20% of the respondents are satisfied in savings with ESAF and 4% of the sample respondents satisfied and 2% highly satisfied. Only 4% of the sample respondents are satisfied with online services and 96% sample respondents neutral regarding the same. In the case of insurance services of ESAF, 100% of the sample respondents are neutral,60% of respondents are satisfied with fund transfer,20% highly satisfied and 20% neutral, 72% of respondents are satisfied with interest rate , 9% are highly satisfied and 20 % are dissatisfied with interest rate.

From the analysis it can be concluded that ESAF customers are generally satisfied with loans of ESAF, insurance and online services are low use by the respondents and dissatisfaction is shown only in interest rate.

*Table 7 Satisfaction of Customers*

Services	S	HS	DS	HDS	N
1.Loans	50				
2. Savings	10	2	1	0	37
3. Online services	2	0			48
4. Insurance					50
5. Fund transfer	30	10			10
6.Interest	36	4	10		

**Impact of ESAF on Economic Status of rural women**

Economic status of rural women before and after the usage were analysed on the factors such as usage of fund, infrastructure in home, income, savings. Impact is measured by using Paired' Test. From the table it can be inferred that the mean score of economic status after using ESAF services

is 3.7 and before using ESAF services is 2.26. It is clear that generally ESAF customers have increase in economic status after using ESAF services.

**Table 8 Economic Status**

Status	Mean	Number
Before	2.26	50
After	3.7	50

(Source: Primary source)

**• Impact of ESAF on social status of rural women**

Social status of ESAF customers before and after the usage of ESAF services were analysed on the factors such as recognition from society, participation in social programmes and communication with others. The mean score of social status of ESAF customers before using ESAF services is 2.00 and after using 3.9, it can be concluded that ESAF customers have changes in social status after using ESAF services.

**Table 9. Social status**

Status	Mean	Number
Before	2.00	50
After	3.9	50

**• Programmes Conducted**

The below table shows various programmes conducted by ESAF small finance bank. Financial literacy programmes, Entrepreneurial development programmes, clean energy and environment awareness programmes and health awareness programmes. Major participation was in financial literacy programmes and conduct of financial literacy programmes also more compared to other programmes. It can be concluded that ESAF small finance bank concentrated on financial inclusion by providing various financial literacy programmes.

**Table.9 Programmes conducted and Participants**

Project	Nos	Participant s
Financial literacy program	273	90621
Entrepreneurship development program	28	1470
Clean energy and environment awareness program	886	47034
Health awareness program	252	4760

(Source: Annual report of ESAF Small finance bank2019-2020)

**Findings**

- Majority of ESAF customers having low income and low education.
- 96% of ESAF customers are using branch-based services, they are longer to online services.
- In terms of awareness the status of ESAF customers is very poor.

- All customers in this study using ESAF for only availing micro credit.
- All customers are satisfied with loans and interest rate of loans.
- ESAF is the best source of finance for rural poor, services of ESAF are beneficial to all the customers, now ESAF is not a micro credit provider, all types of funds are providing to customers.
- The social and economic status of rural women is increased after the usage of ESAF services, because of it is un doubtful fact that, ESAF having major role in women empowerment.

**VI. SUGGESTIONS**

- Adequate financial literacy programs should be conducted, because of majority of customers not having awareness of various factors of ESAF even though they are satisfied with services.
- Ensure availability of online services to all rural customers.
- Sector wise interest rate for loans should be adopted.
- ESAF should always concentrated on rural area development.

**VII. CONCLUSION**

In the present scenario we can say that Indian economic system owes to micro finance industry. A large portion of financial dealings are made of through micro finances and through non-banking baking financial entities. Micro fiancés are well rooted mainly in rural areas, the working of these financial institutions is based on women groups. The present study has attempted to explore the influence of ESAF, one of the leading micro finance in India. Mainly women empowerment through ESAF is considered in this study. ESAF, focused on rural development through women customers. From this study it can be concluded that generally a large portion of women are financially empowered through ESAF services. women participation is financial literacy programmes is high and there is major increase in the economic status of ESAF afters after using services of ESAF.

After being a part of ESAF small finance bank rural customers are enjoying social and economic benefits. Rather than be a fund provider ESAF constitutes a better social platform to build a social status to rural customers. ESAF small finance bank promote rural economic development through women empowerment.

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