

Role of Microfinance on Women's Decision Making Power: An Empirical Study

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ABSTRACT

Even if women constitute around 50 per cent of the Indian population, their social status particularly in rural areas is very low. Almost in all the matters, the role of women in family decision making is insignificant, where the male member of the family is the final decision maker. It is mainly found in the poor families of the developing countries like India. There are so many indicators of women empowerment such as income, employment, education, mobility and so on. Decision making capacity is one of them. In the present study, financial decision taking by the women in family is considered as capacity building. The study shows how the rural women gain decision-making capacity through the participation in the microfinance programme in Darjeeling district, West Bengal. Kharibari block of Darjeeling district, West Bengal has been selected for study purpose. Primary data were collected from 186 rural women who are engaged with microfinance programme. Thus the sample size is 186. To measure empowerment through decision making capacity, three point scale such as always, sometimes and never has been used to information from 186 respondents and their husbands. Tabular analysis and Chi-square test are applied to get a meaningful interpretation of the collected data. From the study it is found that before joining the SHGs only 12.37 per cent of the respondents always involved in financial decision matters at personal as well as family level and 55.38 per cent of the respondents never took financial decision in the family. But after joining the SHGs, it is found that 40.86 per cent of the study women always took financial at personal as well as family level. Chi-square test shows that a significant change in financial decision making of the participant is found after joining the SHGs. It is also found that education of the family head has a significant effect on decision making process. Moreover, higher the education, higher will be the participation of the women in personal and family matters.

1. Introduction

"If women understood and exercised their power they could remake the world".

Emily Taft Douglas

Women empowerment is one of the central issues in the process of development of all developing countries in the world. Disparities between men and women is found in education, health, employment, income opportunities, control over assets, personal security and participation in the political process that make women disadvantaged and less empowered. As a result, a country's ability to achieve its full potential is not possible (NWDP, 2008). It is true that women have less access compare to men in relation to investments in skills, knowledge and lifelong learning. Traditionally, women are marginalized. They are rarely financially independent and as a result they are more vulnerable and highly neglected section of the society. Even if women constitute around 50 per cent of the Indian population, their social status particularly in rural areas is very low. Almost in all the matters, the role of women in family decision making is insignificant, where the male member of the family is the final decision maker. It is mainly found in the poor families of the developing countries like India. Thus, it is needed to bring the women in the mainstreaming otherwise sustainable rural development is not possible.

In order to bring the women in the same platform where the men are standing, the Government of India initiated different programmes and policies like the Swa-Shakti Project, Women's Economic Programme (1982), Support to Training and Employment Programme to Women (1987), Hostel for working women. Besides these, various welfare schemes like the Support to Training for Employment Programme (1987), Mahila Samridhi Yojana (1993), the Rashtriya Mahila Kosh (1992-93), Indira Mahila Yojana (1995), DWCRA Plan (1982), Balika Samridhi Yojana (1997), National Policy for the Empowerment of Women (2001) etc., were introduced to empower the women.

Even after 71 years of India's independence, poverty, hunger and disease remain widespread among the women and girls. Not only that, women are still considered to be powerless and marginalized sections in the Indian society. They are confined in the four wall of their house. They are engaged mainly in the household activities like kitchen work and upbringing of the children. They are considered as nothing but a sex object and obviously inferior to men in different spheres of life and knowledge. Their position and status have been inferior to male members in society.

Under the circumstances, we can think about microfinance programme. This programme in the form of Self-Help Group (SHG) linkage model has been able to inspire hope in the lives of thousands of rural poor, particularly rural poor women by

providing easy access to credit and enable them to earn a decent living. Due to join the microfinance programme, a remarkable number of rural poor households have been able to overcome the poverty line. The present study shows how the rural women gain decision-making power through the participation in the microfinance programme in Darjeeling district of West Bengal.

2. Brief Review of Literature

There are so many studies in the field of microfinance and women empowerment. From the previous study it is found that microfinance no doubt has been able to empower the women to take financial decision in the family as well as outside the family. In the present study, we mention some previous studies regarding microfinance and decision making power of the rural poor women.

Pitt et al (2006) in their article showed that credit programmes lead to women to take a greater role in family decision-making, greater access to economic resources, greater social networks, and greater bargaining power with their husbands and greater freedom of mobility.

Osmani (2007) found that microcredit had a significantly positive effect on women's bargaining power within the household.

Holvoet (2005) found that with the help of borrowing, women gained a high confidence in the matters of loan use. However, they were not able to turn this into a more substantial involvement in other domains of family decision-making.

Hashemi et al. (1996) inquired whether women's access to credit had any impact on their lives. Their results showed that women's access to credit contributes significantly to the magnitude of the economic contributions reported by women. They observed that microcredit enabled women to increase asset holdings in their own names; purchasing power of the women increased. Not only that, after joining the microfinance programme and getting the benefit of microcredit the women had been able to increase political as well as legal awareness. They also found that access to credit helped the women to be more mobile, more political participation and take vital decision-making in the family and outside the home.

Kabeer (1999) showed that various cultures have various distributions of power with men making decisions in some areas and women making decisions on other issues. Evidence from South Asian studies showed that, within the family, the purchase of food and other items of household consumption and decisions related to children's health appear to fall within the women's domain.

According to Khan et al (2010) education is the essential factor to be empowered of the women. An educated woman is more aware of her rights and takes up to pay a job, which leads to increase empowerment of women. Microfinance has been considered as a powerful tool for removing poverty and gender inequality. After joining microfinance programme the women have been able to increase their personal incomes and bring other benefits like better education and health, livelihood

diversification, reducing violence, increases self-confidence and self-esteem etc.

Anjugam and Alagumani (2001) showed that microcredit is a powerful tool which brings a great improvement in decision making power among women, gave them confidence in managing the financial crisis of the family, decision making capacity in household matters and assertiveness in protesting against social evils like drinking water problem, dowry and gambling etc.

From the above review of literature it is found that microfinance plays an important role in decision making power of the women in the family as well as outside the family. In the present study, we try to find out whether microfinance has any role regarding decision making power of the rural poor women in the study area or not.

3. Concept of Microfinance and Women Empowerment

3.1 Concept of Microfinance

Microfinance, banking to the poor, is a global phenomenon. First of all it is introduced by Muhammad Yunus of Bangladesh in the 1970's. Before introduction of microcredit it was assumed that poor people were unbankable since they have no collateral to get loan from the bank. However, Yunus with the help of Grameen Bank in Bangladesh has proved that poor are indeed responsible enough to manage credit and repay loans though they have no any collateral. Since then microfinance institutions have sprung up all over the world and reached millions of poor people. Microfinance in the form of Self-Help-Groups (SHGs) came to India in 1992. Through SHG-Bank linkage programme, it reaches millions of poor people particularly the poor women in the rural areas. It is a cost effective mechanism. Its main purpose is to provide financial services to the rural poor, particularly rural women for the improvement of standard of living through the generation of self-employment and income. The microfinance institutions provide loan to the poor women without collateral.

The term 'microfinance' means small amount credit lending to the poor people to change their quality of life through generation self-employment and income. The basic feature of this programme is to provide financial services to the poor people through SHGs.

The Task Force on 'Supportive Policy and Regulatory Framework for Microfinance' has defined microfinance as "the provision of thrift, credit and other financial services to the poor in rural, semi-urban and urban areas to help raise their income levels and improve their living standards" (NABARD, 1999).

The International Year of Microcredit in 2005 defined microfinance as loans, savings, insurances, transfer services and other financial products for the poor clients.

According to Yunus (2003), microfinance can be defined as giving access to financing means, to a maximum of poor people, by allowing them to use their capacities in favour of a durable development.

The Canadian International Development Agency (CIDA) defines microfinance as, "The provision of a broad range of

Empowerment cannot be pushed from outside, rather it has to be acquired by the women through their active involvement in the development process. However, it does not imply that all improvements in women position are brought about by women themselves only. Social and political environment are also considered to play an important role in the same. It is the responsibility of the government to promote policies to set up such type of legal, political and economic environment which help women to get greater access to resources and improve gender equality.

In this study, an empowered woman is considered to be one who gains control over resources and take financial decision in the household. She shows self-confidence and also participates in the democratic institutions in the rural areas. She has general awareness of the existing social, economic and political environment.

4. Objectives of the Study

The basic objectives of the study are as follows:

- 1) To examine whether financial decision making power of the respondents increases or not in the study area after participation in the SHGs;
- 2) To study the impact of education of husband in the decision making power of the respondents in the study area;
- 3) To study the impact of education level of women in the decision making in the study area.

5. Hypotheses

1. After joining the SHGs, financial decision making power of the respondents increases.
2. Higher the levels of women education higher will be the decision making power at personal as well as family level.
3. The more husbands educate, the more will be the decision making power of the women at personal as well as family level.

6.1 Study Area

It is located at 26°34'19"N 88°08'51"E 26.5719472°N 88.1474304°E and area is 143.50 km². This block lies near the India-Nepal border. Siliguri is 30 km to its north-east. Kharibari block consists of rural areas only with four gram panchayats, viz., Binnabari, Buraganj, Kharibari-Panishali and Raniganj-Panishali. This block has one police station at Kharibari. As per 2011 census, Kharibari block had a total population of 88,230 out of which 45,449 are males and 42,781 are females.

In the study area, most of the SHGs members are taking up various types of income generation activities such as vegetable cultivation, paddy pounding, bamboo works, sola works, and readymade garments, animal husbandry, rope making, bamboo crafts, etc.

6.2 Data Sources

The present study is mainly based on primary data. However, secondary data have also been collected from various books, journals, internet, etc., whenever necessary. Face to face interview schedule method has been used to collect information through a well structured questionnaire.

6.3 Sample Design

Primary data have been collected from the respondents of Kharibari block in Darjeeling district, West Bengal during the year 2018. It has been considered 31 SHGs which work in the microfinance programme for five years or more at a stretch. Taking six members from each group altogether 186 members have been selected. Thus, the sample size is 186. In this study, decision making capacity of the respondents has been measured with respect to two time periods, i.e., before and

after joining the SHGs, three point scale such as always, sometimes and never has been used to collect the data.

6.4 Statistical Tools Used

Simple percentage and Chi-square test were applied to draw a meaningful interpretation of the collected data.

7. Results and Discussion

Household decision making power refers to the spread of women's ability to participate in formulating and executing decisions on domestic affair, child-welfare, own health care and family planning in coordination with other male family members. The increased role in family decision making power would enable women to improve their self-determination, control over resources, self-esteem, autonomy, status, and power relations within households.

7.1 Education of the SHG Members

Education plays an important role for human development. If the people are well educated then they understand anything easily and they can take advantages easily. For this purpose, the education profile of SHG members has been separately analyzed. In the following table 1, education is classified into six categories, i.e., illiterate, primary, junior high, high school, higher secondary and graduate level. It is found that around 35 per cent respondents are illiterate, 37.67 per cent are educated up to primary level while only 1.61 per cent respondents are graduate.

As far as the education of the respondent's husband is concerned, 32.26 per cent are illiterate, 24.19 per cent are educated up to primary level, and near about 5 per cent are graduate.

Table: 1
Distribution of Respondents by Education

Education	Respondent		Respondents' Husband	
	No.	Percentage	No.	Percentage
Illiterate	65	34.95	60	32.26
Primary	70	37.64	45	24.19
Junior High	24	12.90	36	19.35
High School	16	8.60	24	12.91
Higher Secondary	8	4.30	12	6.45
Graduate level	3	1.61	9	4.84
Total	186	100.00	186	100

Source: Field Survey, 2018

7.2 Measurement of Empowerment through Decision making Power

In this section we examine the decision making power of the respondents' by comparing before and after joining microfinance programme. After joining microfinance programme the poor women of the study area get benefit of the said programme. To measure decision making capacity, three point scale such as always, sometimes and never has been used to information from 186 respondents and their husbands. From table 2, it is found that before joining the

SHGs only 12.37 per cent of the respondents always involved in decision making capacity regarding financial matters at personal as well as family level and 55.38 per cent of the respondents never involved in decision making capacity. But after joining the SHGs 40.86 per cent of the respondents always involved in decision making capacity regarding financial matters at personal as well as family level. From table 3 it is found that calculated value (39.10) of Chi-square (χ^2) is greater than the tabulated value (5.99) at 5 per cent level of significance. Hence, null hypothesis was rejected and it can be concluded that there is a significant change in decision making

capacity regarding family financial matters of the respondents after joining the SHGs.

Table: 2
Decision Making Capacity Regarding Family Savings

Decision-making regarding family financial matters	Always	%	Sometimes	%	Never	%	Total
Before joining the SHGs	23	12.37	60	32.26	103	55.38	186
After joining the SHGs	76	40.86	45	24.19	65	34.95	186

Source: Field survey, 2018

Table:3
Result of the Chi-Sq (χ^2) Test

χ^2	Degree of freedom	5% level of significance		Decision
	2	Observed value	Table value	Ho is rejected
		39.10	5.99	

Table 4 shows that the respondents who were illiterate, majority of them (76.93 per cent) never participate in decision making power and minimum (7.69 per cent) of the respondents always participate in decision making power. The respondents who have completed Primary, Junior High, High School, and H.S. education, i.e., 18.57 per cent, 54.17 per cent, 62.50 per cent and 62.50 per cent respectively always participated in decision making power regarding family as well

as personal matters. The respondents who had graduated, all took part in decision making power, i.e., hundred percent. Further, table 5 shows that the calculated value of Chi-square (χ^2) is 64.25 which is greater than the table value (18.31) at 5 per cent level of significance. Therefore, null hypothesis is rejected and it can be concluded that higher the education, higher will be the participation of the respondents in decision making process in personal and family matters.

Table: 4
Educational level of the Respondents and Decision making Power

Decision-making	Education of the Respondents											
	Illiterate		Primary		Junior High		High School		H.S		Graduate	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Always	5	7.69	13	18.57	13	54.17	10	62.50	5	62.50	3	100
Sometimes	10	15.38	22	31.43	7	29.17	3	18.75	3	37.50	-	-
Never	50	76.93	35	50.00	4	16.66	3	18.75	0	-	-	-
Total	65	100	70	100	24	100	16	100	8	100	3	100

Source: Field survey, 2018

Table:5
Result of the Chi-Sq (χ^2) Test

χ^2	Degree of freedom	5% level of significance		Decision
	10	Observed value	Table value	Ho is rejected
		64.25	18.31	

From the table 6 it is found that 50 per cent of the respondents' husbands who are illiterate always take decision regarding family matters, personal matters and saving and only 28.33 per cent of respondents never take decisions. The heads of the family who have completed primary education, i.e., 60 per cent of respondents always had decisions whereas only 8.89 percent of respondents never participate. It was observed that the respondents, who completed their Junior High, High School, H.S. and graduation level of education, majority of them, i.e., 67. Per cent, 62.50 per cent, 67 per cent and 100 per cent, respectively always participate, i.e., high participation in decision making process while minimum number of

respondents have less participation. The higher the education rate gives the women more space for their opinion in the family matters, personal matters, and income savings. From table 7 it is seen that calculated value of Chi-square (χ^2) (23.01) which is greater than the tabulated value (18.31) at 5 per cent level of significance. Therefore, null hypothesis is rejected and it can be concluded that education of the household head has a significant impact on decision making process of the respondents, i.e., the higher the education level of the head of the family, more the women participate in the decision making process.

Table: 6
Respondents' Husbands Education and Decision Making Power

Decision-making	Education of the Head of the Family											
	Illiterate		Primary		Junior High		High School		H.S.		Graduate	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Always	30	50.00	27	60.00	24	66.67	15	62.50	8	66.67	9	100
sometimes	13	21.67	14	31.11	9	25.00	5	20.83	4	33.33	0	-
Never	17	28.33	4	8.89	3	8.33	4	16.67	0	-	0	-
Total	60	100	45	100	36	100	24	100	12	100	9	100

Source: Field survey, 2018

Table:7
Result of the Chi-Sq (χ^2) Test

χ^2	Degree of freedom	5% level of significance		Decision
	10	Observed value	Table value	Ho is rejected
		23.01	18.31	

8. Conclusion

From the above result and discussion it is observed that microfinance has been able to bring a drastic change regarding decision making capacity in the life of the rural poor women in the study area. It plays an important role regarding household decision making power of the women. Not only that, it has also helped women to get greater access to financial and economic resources, greater social networks, greater bargaining power with their husbands and greater freedom of mobility. It is also found that after joining the SHGs the women have been able to

take freely financial decision at personal as well as family level. Their dependency on their husbands reduces to a great extent. In the present study, education of the husband and wife both are found to be very important factor for decision making power of the women. The higher the education level of women or their husband, the more the women participate in decision making power. Thus, it can be concluded that microfinance, indeed, is a very important tool for decision making power of the rural poor women in the study area.

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