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ROLE OF MICROFINANCE ON WOMEN EMPOWERMENT: A CASE STUDY OF ALIGARH DISTRICT, UTTAR PRADESH

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Short Profile

Mohd. Ashraf Ali is working as a Professor at Department of Commerce Aligarh Muslim University, Aligarh.

ABSTRACT:
In India, there is a strong preference for the male child as sons are perceived to be future bread-earns and also the old age security for parents. A girl child faces discrimination from birth till death. They were not allowed to have a share in the property of their parents. There is systematic discrimination against women economically and socially and therefore empowerment of women is the only panacea to this problem. The Government of India has made several enactments like The Dowry Prohibition Act 1961 from time to time to address the problem of discrimination against the women. Similarly, National Agricultural Bank for Rural Development (NABARD) launched Self Help Group-Bank Linkage Programme in 1992 to alleviate poverty and empower women. This programme proved successful in achieving women empowerment. The present paper measures the impact of microfinance (Self Help Group-Bank Linkage Programme) on women empowerment in Aligarh District of Uttar Pradesh. The target study includes all women who have taken loan after joining SHGs from banks. A sample of 105 respondents in purposively selected from the villages of Aligarh District. Data is collected through a well designed questionnaire and Simple Linear Regression has been used as the statistical tool to measure the impact. The analysis of the data shows that there is a significant impact of microfinance on women empowerment among rural respondents of Aligarh District.

KEYWORDS
microfinance, women empowerment, Aligarh District, Self Help Groups.

INTRODUCTION :

Microfinance

Microfinance is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services. It refers to the entire range of financial and non-financial services, including skill upgradation and entrepreneurship development, rendered to the poor for enabling them to overcome poverty. NABARD (1999) has defined microfinance as the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards. In India, microfinance is provided through the SHG-bank Linkage Model (SHG-BLM) and Microfinance Institutions Model (MFI). The SHG-bank Linkage Model of NABARD is dominant in the country. In this model, people have to form a Self Help Group and then bank provide them loans.

What is Self Help Group (SHG)?

An SHG is a group (registered or unregistered) of about 10 to 20 people usually women from a similar class, region, from a homogeneous class, who come together for addressing their common problems. Firstly, all the members have to save a certain amount for at least six months with the bank and then bank provide loan to the group on the basis of their saving capacity. In this way, a number of women have formed groups and take loan from banks and become employed and empowered. It has been found in a number of studies that microfinance proved successful in empowering women.

Objectives of the Study: The main objective of the study is to examine the impact of microfinance on women empowerment in Aligarh District. Besides, in order to achieve the main objective, following sub-objectives have also been framed.

1.To examine the impact of microfinance on political empowerment in Aligarh District.
2.To find out the impact of microfinance on socio-cultural empowerment in Aligarh District.

Hypotheses of the Study: In order to attain the above objectives, following null hypotheses have been formulated.

H01: There is no significant impact of microfinance on women empowerment of the respondents in Aligarh District.
H01.1: There is no significant impact of microfinance on political empowerment of the respondents in Aligarh District.
H01.2: There is no significant impact of microfinance on socio-cultural empowerment of the respondents in Aligarh District.

RESEARCH METHODOLOGY

Sources of Data: The study is undertaken in rural areas of Aligarh District. Both primary and secondary

data are used. However, major emphasis is laid on Primary data which is collected from a field survey in the study region. Secondary data is collected from websites, journals, reports and other documents.

SAMPLING METHOD

a)Two blocks namely Khair and Gangiri have been selected.
b)Ten villages from these two blocks have been selected.
c)Thirty SHGs and twenty SHGs have been selected from Khair and Gangiri blocks respectively. It means a total of fifty SHGs have been selected.
d)Ninety respondents and sixty respondents have been selected from Khair and Gangiri blocks respectively. It means a total of 150 respondents have been selected for distributing questionnaires.
e)Sixty and forty-five respondents from Khair and Gangiri blocks respectively have been finally selected from 150 respondents. Finally, the sample size for the present study is 105 respondents.

Method of Data Collection: The period of data collection is three months i.e. from January, 2015 to March, 2015. A structured questionnaire was prepared by the researcher and used for collecting data from the women members of SHG.

Sample Size: For making analysis, 105 samples have been finally selected from 150 questionnaires received from the rural women (table 3).

Statistical tools used: Pearson correlation coefficient, Simple Linear Regression and percentage analysis has been used to analyze and interpret the data.

Table 1: Sample Size

Blocks	Villages Selected	Total SHGs	Member from each SHG	Total Respondents	Questionnaires		
					Distributed	Rejected	Final
Khair	6	30	3	90	90	65	65
Gangiri	4	20	3	60	60	40	40
	10	**50**		**150**	**150**	**45**	**105**

Demographic Profile of the Respondents

Table 2.1: Age of the Respondents

Age of the Respondents	Blocks		
	Khair	Gangiri	Aligarh
26-35	33	22	55
36-45	29	16	45
Above 45	3	2	5
Total	**65**	**40**	**105**

Source: Primary Data

Table 2.1 shows the age of the respondents. 55 respondents belong to the age group of 26-35 years while 45 belong to the age group of 36-45 years. Only five respondents have the age of more than 45 years.

Table 2.2: Family status of the Respondents

Family status of the Respondents	Blocks		
	Khair	Gangiri	Aligarh
Joint	35	26	61
Nuclear	30	14	44
Total	**65**	**40**	**105**

Source: Primary Data

Table 2.2 highlights the family status of the sample respondents in Aligarh District. 61 respondents belong to joint family while 44 belong to nuclear family.

Table 2.3: Educational Status of the Respondents

Educational Status of the Respondents	Blocks		
	Khair	Gangiri	Aligarh
Illiterate	16	9	25
Primary	40	26	61
Secondary	9	5	14
Total	**65**	**40**	**105**

Source: Primary Data

Table 2.3 depicts the educational status of the respondents in Aligarh District. It has been found that majority of the respondents have primary education. 25 respondents reported that they are illiterate while 14 respondents have secondary education.

Table 2.4: Condition of the House of the Respondents

Condition of the House of the Respondents	Blocks		
	Khair	Gangiri	Aligarh
Pucca	37	25	62
Semi-pucca	21	11	32
Kucha	7	4	11
Total	**65**	**40**	**105**

Source: Primary Data

Table 2.4 shows the condition of the house of the respondents in Aligarh District. 62 women lived in pucca houses and 32 women have semi-pucca houses. Only eleven respondents have kucha houses.

Table 2.5: Source of Drinking Water of the Respondents

Source of Drinking Water of the Respondents	Blocks		
	Khair	Gangiri	Aligarh
Self Hand Pump	43	28	71
Government Hand Pump	22	12	34
Total	65	40	105

Source: Primary Data

Table 2.5 documents the source of drinking water of the respondents in Khair and Gangiri blocks of Aligarh District. The main source of drinking water in villages is hand pump of the respondents. However, 34 respondents do not have hand pump and use Government hand pump as the source of drinking water.

Table 2.6: Source of Cooking Fuel Used by the Respondents

Source of Cooking Fuel Used by the Respondents	Blocks		
	Khair	Gangiri	Aligarh
Dung and Wood	62	38	100
LPG	3	2	5
Total	65	40	105

Source: Primary Data

Table 2.6 shows the source of cooking fuel used by the respondents in Khair and Gangiri blocks of Aligarh District. The main source of cooking fuel in villages is dung and wood. Therefore, 100 respondents use dung and wood as the source of cooking fuel. The remaining five respondents use LPG as the source of cooking fuel.

Table 2.7: Source of Income of the Respondents

Source of Income of the Respondents	Blocks		
	Khair	Gangiri	Aligarh
Agriculture	37	23	60
Labour	21	13	34
Others	7	4	11
Total	**65**	**40**	**105**

Source: Primary Data

Table 2.7 highlights source of income of the respondents. 60 respondents depend on agriculture whereas 34 were working as labourers. Besides, eleven women engaged in other activities.

Testing of Hypotheses

Hypothesis 1

H01: There is no significant impact of microfinance on women empowerment of the respondents in Aligarh District.

The impact of microfinance on women empowerment in Aligarh District has been measured by applying linear regression. The independent variable is microfinance and dependent variable is women empowerment. The null hypotheses is that there is no significant impact of microfinance on women empowerment of the respondents and the alternative hypothesis states that there is a significant impact of microfinance on women empowerment of the respondents in Aligarh District.

Table 3: Correlation Matrix of Microfinance and Women Empowerment

Model-1		Women Empowerment	Microfinance
Pearson Correlation	Women Empowerment	1.000	0.911
	Microfinance	0.911	1.000
Sig. (1-tailed)	Women Empowerment	.	0.000
	Microfinance	0.000	.

Table 3 shows the coefficient of correlation between the two variables microfinance and women empowerment. The value of coefficient of correlation as shown by above correlation matrix is 0.911. It indicates a very high and positive relationship between microfinance programme and women empowerment.

Table 4: Regression Analysis of Microfinance and Women Empowerment

Model	R	R Square	Adjusted R Square	Standard Error
1	0.896[a]	0.804	0.804	0.51609

a. Predictors: (Constant), Microfinance

Table 4 shows the regression analysis of microfinance and women empowerment. R square shows the amount of variation in one variable (women empowerment) that is accounted by another variable (microfinance). The above table shows the value of R square is 0.804. It means that 80.4 percent variation in respondent's women empowerment is explained by the microfinance programme and the rest of the variation (1-R2) is an unexplained variation in women empowerment of the respondents due to variables that has not been considered in this model.

Table 5: Coefficients of Microfinance and Women Empowerment

Model-1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	0.097	0.084		0.651	0.535
microfinance	0.865	0.035	0.741	71.017	0.000

a. Dependent Variable: Women Empowerment

Table 5 shows the values of unstandardized and standardized beta coefficients and t value. An unstandardized beta coefficient gives a measure of contribution of each variable to the model. A larger value indicates that a unit change in the predictor variable has a larger impact on the criterion variable. The results show that the value of unstandardized beta coefficients is 0.865 which is an indication of positive impact of microfinance and women empowerment. Besides, this impact is strong and statistically significant as the value significant value is 0.000 which is less than 0.05 at 95 percent confidence interval. Therefore, the null hypothesis is rejected and it can be said that there is a significant impact of microfinance on women empowerment of the respondents in Aligarh District.

Sub-Hypothesis 1

H01.1: There is no significant impact of microfinance on political empowerment of the respondents in

Aligarh District.

The impact of microfinance on political empowerment in Aligarh District has been measured by applying simple linear regression. The independent variable is microfinance and dependent variable is political empowerment. The null hypotheses is that there is no significant impact of microfinance on political empowerment of the respondents and the alternative hypothesis states that there is a significant impact of microfinance on political empowerment of the respondents in Aligarh District.

Table 6: Correlation Matrix of Microfinance and Political Empowerment

Model-2		**Political Empowerment**	Microfinance
Pearson Correlation	Political Empowerment	1.000	0.926
	Microfinance	0.926	1.000
Sig. (1-tailed)	Political Empowerment	.	0.000
	Microfinance	0.000	.

Table 6 shows the coefficient of correlation between the two variables microfinance and political empowerment. The value of coefficient of correlation as shown by above correlation matrix is 0.926. It indicates a very high and positive relationship between microfinance programme and political empowerment.

Table 7: Regression Analysis of Microfinance and Political Empowerment

Model	R	R Square	Adjusted R Square	Standard Error
2	0.926[a]	0.858	0.856	.30609

a. Predictors: (Constant), Microfinance

Table 7 shows the regression analysis of microfinance and political empowerment. R square shows the amount of variation in one variable (political empowerment) that is accounted by another variable (microfinance). The above table shows the value of R square is 0.858. It means that 85.8 percent variation in respondent's political empowerment is explained by the microfinance programme and the rest of the variation (1-R2) is an unexplained variation in political empowerment of the respondents due to variables that has not been considered in this model.

Table 8: Coefficients of Microfinance and Political Empowerment

Model-2	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	-0.332	0.062		-5.361	0.000
microfinance	0.972	0.016	0.926	66.207	0.000

a. Dependent Variable: Political Empowerment

Table 8 shows the values of unstandardized and standardized beta coefficients, and t value. An unstandardized beta coefficient gives a measure of contribution of each variable to the model. A larger value indicates that a unit change in the predictor variable has a larger impact on the criterion variable. The results show that the value of unstandardized beta coefficients is 0.972 which is an indication of positive impact of microfinance and political empowerment. Besides, this impact is strong and statistically significant as the value significant value is 0.000 which is less than 0.05 at 95 percent confidence interval. Therefore, the null hypothesis is rejected and it can be said that there is a significant impact of microfinance on political empowerment of the respondents in Aligarh District.

Sub-Hypothesis 2

H01.2: There is no significant impact of microfinance on socio-Cultural empowerment of the respondents in Aligarh District.

The impact of microfinance on socio-cultural empowerment in Aligarh District has been measured by applying simple linear regression. The independent variable is microfinance and dependent variable is socio-cultural empowerment. The null hypothesis is that there is no significant impact of microfinance on socio-cultural empowerment and the alternative hypothesis states that there is a significant impact of microfinance on socio-cultural empowerment of the respondents in Aligarh District.

Table 9: Correlation Matrix of Microfinance and Socio-Cultural Empowerment

Model-3		Socio-Cultural Empowerment	Microfinance
Pearson Correlation	Socio-Cultural Empowerment	1.000	0.883
	Microfinance	0.883	1.000
Sig. (1-tailed)	Socio-Cultural Empowerment	.	0.000
	Microfinance	0.000	.

Table 9 shows the coefficient of correlation between the two variables microfinance and socio-cultural empowerment. The value of coefficient of correlation as shown by above correlation matrix is 0.883. It indicates a very high and positive relationship between microfinance programme and socio-cultural empowerment.

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Table 10: Regression Analysis of Microfinance and Socio-Cultural Empowerment

Model	R	R Square	Adjusted R Square	Standard Error
3	0.883[a]	0.844	0.844	0.43077

a. Predictors: (Constant), Microfinance

Table 12 shows the regression analysis of microfinance and socio-cultural empowerment. R square shows the amount of variation in one variable (socio-cultural empowerment) that is accounted by another variable (microfinance). The above table shows the value of R square is 0.844. It means that 84.4 percent variation in respondent's socio-cultural empowerment is explained by the microfinance programme and the rest of the variation (1-R2) is an unexplained variation in socio-cultural empowerment of the respondents due to variables that has not been considered in this model.

Table 11: Coefficients of Microfinance and Socio-Cultural Empowerment

Model-3	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	-0.700	0.087		-8.042	0.000
microfinance	0.922	0.023	0.883	50.710	0.000

a. Dependent Variable: Socio-Cultural Empowerment

Table 11 shows the values of unstandardized and standardized beta coefficients, significant value and t value. An unstandardized beta coefficient gives a measure of contribution of each variable to the model. A larger value indicates that a unit change in the predictor variable has a larger impact on the criterion variable. The results show that the value of unstandardized beta coefficients is 0.922 which is an indication of positive impact of microfinance and socio-cultural empowerment. Besides, this impact is strong and statistically significant as the value significant value is 0.000 which is less than 0.05 at 95 percent confidence interval. Therefore, the null hypothesis is rejected and it can be said that there is a significant impact of microfinance on socio-cultural empowerment of the respondents in Aligarh District.

Table 12: Summary of Hypotheses Testing

	HYPOTHESES		**Results**
1	**There is no significant impact of microfinance on Women Empowerment of the respondents in Aligarh District.**		**Rejected**
	i	There is no significant impact of microfinance on the political empowerment of the respondents in Aligarh District.	Rejected
	ii	There is no significant impact of microfinance on the socio-cultural empowerment of the respondents in Aligarh District.	Rejected

Table 12 shows the summary of the entire hypothesis tested to examine the impact of microfinance on Women Empowerment in Aligarh District. All the null hypotheses have been rejected meaning thereby acceptance of alternative hypotheses. Therefore, it can be said that there is a significant impact of microfinance on Women Empowerment of the respondents in Aligarh District.

CONCLUSION

In this paper, we have examined the impact of microfinance on Women Empowerment of the respondents in Aligarh District. The respondents chosen for the study were 105 and analysis has been made by comparing their conditions before and after joining SHGs. Firstly, a demographic profile has been presented and thereafter simple linear regression has been used to reveal the impact of microfinance on Women Empowerment of the respondents in Aligarh District. The result shows that there is a significant impact of microfinance on Women Empowerment of the respondents in Aligarh District.

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