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## Economic Impact of Bank Credit on Women Empowerment

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### Abstract

*The present paper is an attempt to examine the impact of micro credit on economic empowerment of respondents in the study area of Tirunelveli district. The research is based on primary and secondary data both. Secondary data was taken from research papers, journals, magazines and websites. For data analysis, percentage analysis, tabulation, averages, standard deviation, Garret ranking method, t-test, and multiple regression analysis tools are used. The field survey was conducted by personal interview method during the period from August 2017 to November 2017. The study inferred that rural woman used micro level loans for starting small business units in their living area apart from petty shops, idly shops, tailoring, fish vending, dairy, animal husbandry, etc. It helps them to improve socially and economically in the society. It is found that majority of the respondents revealed for nature of using of microfinance as family expenses was ranked first followed by repayment of old loan. Establishment of self-employment was ranked third, education expenses ranked fourth and medical expenses was ranked fifth respectively. In the case of women bank credit borrowers, the coefficient of multiple*

*regressions ( $R^2$ ) was 0.681 indicating 68.1 percent variation in total income. The regression coefficient of variables namely earnings of women bank credit borrowers and their spouse's earnings were statistically significant at 5 percent level. One unit increase in these variables could increase the total family income by 0.136 percent and 0.031 percent respectively. Thus it may be concluded from the analysis that the contribution of women bank credit borrower towards family income is found high in the study area. Microcredit is playing a noteworthy role in easing poverty and rural development. Since women are the only family caretaker, appropriate importance should be given to the rural women and for empowering the rural women finance is essential. The study has proved that microcredit has reduced the incidence of poverty through an upsurge in income, advances the living standards, and empowered women by enhancing their involvement to household income, increasing the value of their assets and economic independence of the rural women.*

**Keywords:** *empowerment, micro finance, marketing, money lending, decision-making, economic independence*

## INTRODUCTION

Empowerment is a way of acquiring the ability and opportunity to participate in decision making and implementation of decisions with proper knowledge of self-dignity and self-confidence (Manimehalai, 2006). Empowerment of women is nothing but women who live their own life in which they think appropriate, on the basis of their condition of family circumstances, qualities and capabilities of those things, and consider themselves as the best judges (Meenakshi, 2006).

Economic empowerment of women, including reduction of female poverty require programmes that focus on identifying, developing and promoting alternative approaches to increase women's access to and control over the means of making a living on a sustainable and long term basis (Srivastava, 2002). During the recent past, the new type of institutions has been promoted to meet the credit needs of those groups who have been excluded from formal credit markets (Prakash, 2002).

Credit has directly and indirectly affected the education pattern (Jugale, 1992). Most of the rural women face the problems of indebtedness to money lenders, middlemen, shop keepers, relatives and friends. These non-institutional creditors in most cases perform the triple functions of marketing, money lending and merchandising, reinforcing

their monopolistic and monopolistic position in rural areas (ChamhuriSiwar, 1991). Micro-credit has broadened that arena of women's decision-making and improved women's well-being (Workshop Report, 2006).

Micro finance and the income generated through it help women to have greater say in decision making activities (Gurumoorthy, 2000). Micro finance thus helps women to become powerful and through these individuals, groups and communities are able to take control of their circumstances and achieve their goals (Kishanjit Basu, 2002). The present paper is an attempt to examine the impact of micro credit on economic empowerment of respondents in the study area of Tirunelveli district.

## OBJECTIVE OF THE STUDY

The specific objectives of the study are

1. To study the socio-economic conditions of the sample respondents in the study area.
2. To find out the nature of small business creation through micro-finance of the sample respondents.
3. To analyse the nature of uses of microfinance
4. To assess the contribution of women micro-finance borrowers' family income

## RESEARCH METHODOLOGY

The research is based on primary and secondary data both. The primary data was collected through a questionnaire designed exclusively for the study. The questionnaire was designed to collect information about the demographic profile of the respondents such as age, family size, education and family monthly income. Totally 120 women respondents were selected from two blocks such as Tirunelveli and Ambasamudram blocks in Tirunelveli District. 60 respondents were selected from two blocks by using simple random sampling method. A target of 200 respondents was set, but many of them provided incomplete questionnaire and therefore only 120 questionnaires were entertained for final analysis and data interpretation. Secondary data was taken from research papers, journals, magazines and websites. For data analysis, percentage analysis, tabulation, averages, standard deviation, Garret ranking method, t-test, and multiple regression analysis tools are used. The field survey was conducted by personal interview method during the period from August 2017 to November 2017.

## **REVIEW OF LITERATURE**

Shunmugam (2011) pointed out that; empowerment is control over material assets, intellectual resources and ideology. Empowerment is redistribution of power. Empowerment has become the key solution to

many social problems. Power may be personal and social. It is a sense of gaining control, sense of participating and sense of decision making. The components of women empowerment are awareness building, capacity building, decision making, administering equality between men and women and so on.

Zaman, et al. (2012) find out the level of empowerment of women in household decision making process in some purposively selected rural and urban areas of Bangladesh. It has considered 18 variables in household domain, namely, freedom of purchase saris, freedom of purchasing cosmetics, opinion for children's admission in school, opinion seeks for child birth, opinion for family planning, freedom of purchase children's clothing, treatment autonomy for children, treatment autonomy for own, freedom for expenditure, knowledge about inheritance law, freedom of expenditure for own, freedom of saving money, freedom of purchasing ornaments, free to move outside, opinion for land dispute, freedom to travel, freedom to purchase of properties for own, whether microcredit holder.

Sudarshan Reddy A. and Venkatesh Rao (1999) reported that the depletion of ground water and drought conditions were mainly responsible for the economic deterioration and consequent inability to repay the loans among 90 percent of the defaulters.

Ravichandran K. (2000) observed that the reliance on cooperative credit by wilful defaulters often revealed the tendency to resort to this source of finance as it was cheap and could easily be evaded repayment. The factors like literacy and political affiliations remained so interwoven that they caused wilful default.

Viswanath A.R. (2001) identified that defective agrarian structure, misutilisation of

loans, natural calamities and wilful defaults were the external factors that made unfavourable climate for the recovery.

### ANALYSIS OF DATA AND INTERPRETATION

The socio-economic characteristics of respondents were analysed and presented in the above table. A total of 120 women respondents were surveyed.

#### DISTRIBUTION OF SAMPLE WOMEN ACCORDING TO THEIR AGE

S. No.	Age	No. of Respondents	Percentage
1.	Below 25 years	12	10.00
2.	26 – 35 years	44	36.67
3.	36 – 45 years	47	39.17
4.	Above 45 years	17	14.16
Total		120	100

Source: Primary data.

From Table the age distribution of the 120 sample respondents shows that 10percent of the respondents are in the age group of below 25 years and 36.67percent are in the age group 26 to 35 years 39.17 percent of the total respondents constitute the age group of 36 to

45 years and those above 45 years constitutes 14.16 percent. It is observed from the Table that majority of the respondents belongs to the age group of 36-45 years who are more active change prone, liberal and innovative.

#### DISTRIBUTION OF SAMPLE WOMEN ACCORDING TO THEIR MARITAL STATUS

Sl. No.	Marital Status	No. of Respondents	Percentage
1.	Married	82	68.33
2.	Unmarried	27	22.50
3.	Widow	11	9.17
Total		120	100

Source: Primary data.

It has been inferred that majority of 68.33 percent of the sample women respondents are

married. 22.50 percent women are unmarried, 9.17percent are widowed. Hence, it is inferred

that micro bank credit is availed of mainly by the married women in the study area.

**DISTRIBUTION OF SAMPLE WOMEN ACCORDING TO THEIR EDUCATIONAL LEVEL**

Sl. No.	Educational level	No. of Respondents	Percentage
1.	Illiterate	13	10.83
2.	Primary	38	31.67
3.	High school	31	25.83
4.	Higher secondary	24	20.00
5.	Degree and above	14	11.67
Total		120	100

Source: Primary data.

It has been inferred that out of 120 samples, 10.83percent of the sample women are illiterate. 31.67 percent have studied up to primary level, 25.83 percent have completed high school level and 20.00percent have completed higher secondary. 11.67 percent of the sample women respondents has studied to a degree and above.

**DISTRIBUTION OF SAMPLE WOMEN ACCORDING TO THE TYPE OF FAMILY**

Sl. No.	Type of Family	No. of Respondents	Percentage
1.	Nuclear family	86	71.67
2.	Joint family	34	28.33
Total		120	100

Source: Primary data.

The table reveals that out of 120 sample women respondents. 71.67 percent have a nuclear family system and only 28.33percent have a joint family system. It can be inferred that majority of the sample respondents are having a nuclear family system in the study area.

**DISTRIBUTION OF SAMPLE WOMEN ACCORDING TO THEIR FAMILY SIZE**

Sl. No.	Family Size	No. of Respondents	Percentage
1.	Below 3	12	10.00
2.	3 – 5	90	75.00
3.	5 and above	18	15.00
Total		120	100.00

Source: Primary data.

A maximum of 75 percent of women borrowers have a family size of 3 – 5 members, followed by 15 percent having a family size of 5 and above. 10 percent have a

family size of below 3. It is observed that majority of them have a family size of 3 to 5 members.

**MONTHLY PERSONAL INCOME OF THE WOMEN BORROWERS**

Sl. No.	Monthly Personal Income (in Rs.)	No. of Respondents	Percentage
1.	Less than Rs.2,000	18	15.00
2.	Rs.2,001 – Rs.3,000	43	35.83
3.	Rs.3,001 – Rs.4,000	23	19.17
4.	Rs.4,001 and above	36	30.00
Total		120	100.00

Source: Primary data.

The table shows that out of 120 women borrowers a majority of 35.83 percent earn a monthly income of Rs.2,001 to Rs.3,000 followed by 30.00 percent earning Rs.4001

and above. 19.17percent of the women borrowers earn Rs.3001 to Rs.4000, 15percent earn less than Rs.2,000.

**NATURE OF SMALL BUSINESS CREATION THROUGH MICRO-FINANCE**

Sl. No.	Nature of small business	No. of Respondents	Percentage
1.	Tailoring	8	6.67
2.	Idly shop	21	17.50
3.	Petty shop	29	24.17
4.	Tea & coffee shop	14	11.67
5.	Pickles production	16	13.33
6.	Fish vending	15	12.50
7.	Dairy, Animal husbandry	17	14.66
Total		120	100

Source: Primary data.

The above table inferred that rural woman used micro level loans for starting small

business units in their living area apart from petty shops, idly shops, tailoring, fish vending,

dairy, animal husbandry, etc. It helps them to improve socially and economically in the society.

**NATURE OF USES OF MICROFINANCE**

Sl. No.	Nature of uses of microfinance	Mean Score	Rank
1.	Repayment of old loan	61.94	II
2.	Establishment of self-employment	58.61	III
3.	Education Expenses	49.52	IV
4.	Family Expenses	64.83	I
5.	Medical Expenses	42.17	V

Source: Compiled from Primary Data

It is found from Table that majority of the respondents revealed for nature of using of microfinance as family expenses was ranked first followed by repayment of old loan. Establishment of self-employment was ranked third, education expenses ranked fourth and medical expenses was ranked fifth respectively.

**ANALYSIS OF WOMEN BANK CREDIT BORROWERS CONTRIBUTION TOWARDS FAMILY INCOME**

In order to assess the contribution of women bank credit borrowers' family income, the following mathematical formulations were used for multiple regression analysis,

$$\text{Log } y = \beta_0 + \beta_1 \log X_1 + \beta_2 \log X_2 + u$$

Where,

Y = Total family income (in rupees)

X1 = Earnings of women bank credit borrowers (in rupees)

X2 = Earning of their spouses (in rupees)

U = Error term or unexplained variation of total family income associated with the left out variables.

$\beta_0$ ,  $\beta_1$  and  $\beta_2$  are the parameters to be estimated.

The above model was estimated separately for women work on different activities of the bank credit borrowers by the method of least squares. The estimated results are presented in the table.

### ESTIMATED REGRESSION RESULTS FOR WOMEN BANK CREDIT BORROWERS

Variables	Estimated Regression Coefficient	t – value
Intercept ( $\beta_0$ )	0.539	
$\beta_1$	0.136*	8.374
$\beta_2$	0.031*	9.842
$R^2$	0.681	
F – value	38.258	
No of Observations	120	

\*Indicates the coefficients are statistically significant at 5 percent level.

In the case of women bank credit borrowers, the coefficient of multiple regressions ( $R^2$ ) was 0.681 indicating 68.1 percent variation in total income. The regression coefficient of variables namely earnings of women bank credit borrowers and their spouse's earnings were statistically significant at 5 percent level. One unit increase in these variables could increase the total family income by 0.136 percent and 0.031 percent respectively. Thus it may be concluded from the analysis that the contribution of women bank credit borrower towards family income is found high in the study area.

#### CONCLUSION

Poverty is ubiquitous in the world. Micro-finance and business activities are the only great elucidation to poverty alleviation. Micro level credit uplifts and generates business process in rural area and makes rural woman business person. Rural woman becomes social and economic conditions improved through

micro credit accomplishments. Microcredit is playing a noteworthy role in easing poverty and rural development. Since women are the only family caretaker, appropriate importance should be given to the rural women and for empowering the rural women finance is essential. The study has proved that microcredit has reduced the incidence of poverty through an upsurge in income, advances the living standards, and empowered women by enhancing their involvement to household income, increasing the value of their assets and economic independence of the rural women.

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