

Does Microfinance Empower Women from Economic, Social, and Political Perspectives ? : Empirical Evidence from Rural Gujarat

Ritesh Patel¹
Nikunj Patel²

Abstract

The objective of this study was to assess the impact of microfinance on rural women with respect to social, economic, and political empowerment. The study was carried out on 512 respondents belonging from Aravalli and Mehsana districts of North Gujarat. The districts and talukas were selected based on the highest and lowest rural women population. The villages were selected based on the highest rural women population. The study was conducted using the paired sample *t*-test. The study found that after joining the SHGs, the women were empowered significantly from the economic perspective ; they were somewhat empowered from the social perspective because on some of the criteria, the women were already empowered before joining the SHGs ; and the women were not empowered much on the political grounds after joining the SHGs. However, overall, the women were empowered after joining the SHGs.

Keywords : microfinance, rural, women empowerment, socioeconomic, Gujarat

JEL Codes : C12, D63, G21

Paper Submission Date : August 20, 2020 ; **Paper sent back for Revision :** December 29, 2020 ; **Paper Acceptance Date :** February 10, 2021 ; **Paper Published Online :** March 15, 2021

Among all the financial services, microfinance has its own place as it serves a specific segment of society. Microfinance services generally work in the form of self-help groups (SHGs) in the rural areas, where women are involved as members and group leaders. Normally, poor women are unable to take finance from banks or financial institutions quickly as they do not have any collateral security to take such funds. Moreover, they prefer to have a small credit amount for their business or other activities. Their need for money is again of a small amount in nature. In such a case for them, it becomes difficult to take finances from a bank or any other financial institution. Therefore, microfinance institutes are providing finance to the poor to carry on business and other activities. The concept of microfinance services emerged in Bangladesh in the year 1976 where Muhammad Yunus played a key role in its implementation.

Microfinance refers to the offering of financial services to poor and low-income people (Watkins, 2018). Microfinance is finance for the poor and managed by a group of people to meet their financial needs. Moser (1989) defined empowerment as the capacity of women to increase their own self-reliance and internal strength. This is identified as the right to determine choices in life and to influence the direction of change through the ability to

¹ Assistant Professor (Corresponding Author), Institute of Management, Nirma University, Gota, Ahmedabad - 382 481, Gujarat. (Email : ritesh@nirmauni.ac.in); ORCID iD : 0000-0003-1308-009X

² Assistant Professor, Institute of Management, Nirma University, Gota, Ahmedabad - 382 481, Gujarat. (Email : nikunj@nirmauni.ac.in)

DOI : <https://doi.org/10.17010/pijom/2021/v14i3/158154>

gain control over material and non-material resources. Microfinance supports entrepreneurial activities (Patel & Patel, 2020 ; Sharma & Goyal, 2020). Bhatt et al. (2020) found that microfinance is one of the prominent financial services in rural India.

Self-confidence and self-esteem also play an essential role in change. Empowerment signifies increased participation in decision - making and women feel themselves to be capable of making decisions. Some conceptualize empowerment by referring to the importance of social inclusion of women. The UNDP (1995) defined women empowerment as the expansion of women's capabilities that involves an enlargement of choices and hence increase in freedom. Microfinance has been found to empower women on socioeconomic and other parameters (Patel et al., 2018b).

Literature Review

The concept of microfinance and women empowerment is studied in many countries. Many researchers have found a positive impact of microfinance on women empowerment. Hunt and Kasynathan (2001) found that microfinance had a positive impact on women empowerment. Quadrat - I Elahi (2003) found that microfinance had a positive impact on the economic empowerment of women. Women's income increased with SHGs and they were able to take economic decisions. Kim et al. (2007) examined the socioeconomic empowerment of women (430 loan recipients) in South Africa. The outcomes of the study revealed that microfinance led to social and economic empowerment of women. Ssendi and Anderson (2009) studied the impact of microfinance on the economic empowerment of 120 women entrepreneurs in rural Tanzania and found that the microfinance programme brought about economic empowerment of women in term of improvement in their profitability.

Habib and Jubb (2012) studied the socio-political empowerment of women through microfinance on 297 households of Bangladesh. The outcomes of the study revealed that microfinance had a significant and positive impact on the socio-political empowerment of women. Laha and Kuri (2014) studied women empowerment from a socioeconomic perspective among various states of India. The outcomes of the study revealed that women were empowered in those states which had a high level of penetration of microfinance services. Ghosh et al. (2015) assessed women empowerment with respect to self-help groups in West Bengal and Mizoram. In the study of 51 respondents, it was found that microfinance empowered women economically and politically. The women entered into politics, but did not participate and work actively on the elected representatives due to lack of education. Al-Shami et al. (2016) conducted a study on 500 SHG members in Malaysia for women empowerment. The study found that microfinance increased the income, bargaining power, decision-making, and social status of women in their families. Rahman et al. (2017) studied women empowerment for the socioeconomic dimension on 364 households using paired sample *t*-test. The findings of the study revealed that microfinance had a positive impact on women empowerment and active participation could increase women empowerment. Patel et al. (2018a) observed a positive impact of microfinance on the social and economic empowerment of women.

Few studies observed a negative impact of microfinance on women empowerment. Barman et al. (2009) found that microfinance increased the debt burden on the borrowers and clients faced difficulties in the payment of loans. Such type of difficulties was mainly found in loans taken for unproductive financial requirements. Salia et al. (2018) found that microfinance had a negative outcome, such as spousal disputes, polygyny practices, and negligence of women in the households, etc.

Few studied found a mixed impact of microfinance on women empowerment. Kumar (2013) researched 600 women from three districts of Kerala in India. The outcomes of the study revealed a positive impact on women empowerment from microfinance services. However, it was not clear about the sustainability of such empowerment. Overall, the study found mixed evidence. Ganle et al. (2015) examined women empowerment through microfinance in rural Ghana on 230 respondents and found mixed outcomes. The results showed that in

some cases, the microfinance-based credit empowered women and improved their social status. However, in some cases, after taking credit, women witnessed issues such as little or no control on the funds, harassment and abuse due to indebtedness, inability to repay loans, etc.

Research Gap

Past studies in India on microfinance have focused on social-familial, political, and economic empowerment. The past studies did not take any specific stage-wise method to select the sample, as adopted in this study. This study was conducted by selecting the sample on four levels, that is, zonal level, district level, taluka level, and village level. Further, the selection of zone, taluka, and village was done as per the highest rural women population. The district was selected based on the highest and lowest rural women population. The study was performed by examining the women empowerment index based on certain variables.

Research Methodology

Scope and Data Collection Pattern

In rural areas, where the financial services are not easily available, unlike urban areas, people adopt microfinance as a financial service. The objective of this study is to assess the performance of microfinance in rural areas of North Gujarat. The study was conducted using a descriptive research design through interviews using a structured questionnaire in two districts namely, Aravalli and Mehsana of North Gujarat. The reason to select Aravalli and Mehsana is that, among all the districts, these two districts have the highest percentage of the rural female population and the lowest percentage of rural female population, respectively. From Aravalli, Bayad and Bhiloda talukas were selected as among all talukas, these two talukas have the highest percentage of rural women population. From the Mehsana district, Kadi and Mehsana talukas were selected as these two talukas have the highest percentage of rural women population. Further, the villages were selected based on the highest rural women population.

The respondents were selected based on two criteria : (a) the respondent should be from the Aravalli and Mehsana districts, and (b) the respondent should be a part of a SHG - based microfinance programme. Demai, Choila, Gabat, Mau, Kundolpal, Kishangadh, Gojhariya, Kherva, Linch, Nandasan, Kundal, and Rajpur villages were selected from Bayad, Bhiloda, Mehsana, and Kadi talukas. Bartlett II et al. (2001) and The Research Advisors (2006) provided an adequate sample size at a 95% confidence level with a 0.05 margin of error for above 100,000 population to be 384. However, for better representation, this study was conducted with a sample size of 512 respondents using the judgmental sampling method. Here, the sample size is taken using a sample determination method suggested by Kothari (2004). This study was conducted from October 2019 – March 2020.

Variables Used

Here, the Women Empowerment Index is constructed by considering the variables given by Hashemi et al. (1996) and Hoque (2005). The following criteria is used to decide the level of empowerment for all of the following variables : A respondent who secured score more than average was treated as “empowered” ; whereas, a respondent with a score less than the mean score or zero was considered as “Lacking empowerment.”

Role in Decision - Making

The involvement of women in decision-making is examined based on two decisions, that is, financial decisions and social decisions.

(1) Financial Decisions : The economic empowerment of women is measured by two factors, that is, decision on taking loan facility and use of the taken loan. If a woman took a decision of taking a loan for her household purposes and business purposes, she got one point, otherwise zero. If a woman could decide on the use of the taken loan, she got one point. Furthermore, the decision taken by women on the use of the loan is considered as an important factor on the dimension of decision-making. If a respondent was taking a financial decision on the usage of the loan (alone/with husband), she got one point. If the respondent was taking a loan from a SHG instead of moneylenders, she got two points.

(2) Social Decisions : The education of children is one of the important variables to measure human progress in a nation (Sinha, 1998). During the literature review, it was observed that many researchers took 'child's education decision' as a variable to study women empowerment, but looking at the present scenario, the decision of the education of a female child is taken. The male child is getting preference for education as compared to female child in Gujarat state. A respondent got one point, if she was taking social decisions such as :

- ✍ The decision regarding education of children,
- ✍ The decision regarding the education of female children,
- ✍ Participation of women in the decisions about family matters or problems,
- ✍ Decision on children's marriage,
- ✍ Decision on medical treatment.

(3) Household Decisions : A respondent got one point for each of the following variables, if she was able to take decisions regarding :

- ✍ What item to cook,
- ✍ Getting health care services for family,
- ✍ Staying with parents and family members,
- ✍ Decision on household budget.

Physical Mobility

If a respondent could move to the village market, Gram Panchayat, the bank, the collector's office, nearby hospitals, and relative's house alone, she got two points and one point in case she was traveling with the help of someone. If she had the freedom to work outside the home, she got one point. If she could decide on visiting relatives, she got one point. If she could go to festivals and ceremonies alone without the permission of her husband/family, she got one point.

Economic Situation

A respondent got one point each for : earning through a job or labour work, having cash in hand (up to ₹ 500), having a bank or post office account, and doing transactions with the bank or post office once in a year. A respondent got two points each for : running a business venture, controlling her income independently, and having cash in hand of more than ₹ 500. If she was doing regular savings, she got one point.

Involvement in Political and Other Forums

A respondent got one point each, if she :

- ✚ Had voted for any political body in the last election on her own,
- ✚ Was involved in any political campaign,
- ✚ Had contested any one election in the last 2 years as a ward member,
- ✚ Had attended the Gram Sabha meetings in the last 2 years, and
- ✚ Was a member of any village/government committee.

A respondent got two points if she had contested the election for the post of Sarpanch or equivalent position in any cooperative society. A respondent got three points, if she had contested election for the Zilla Parishad (District Council) member or District Council President.

Self - Confidence

A respondent got one point if she was able to perform the below given tasks :

- ✚ Handle a sum of money,
- ✚ Perform basic calculations,
- ✚ Go for medical treatment for self/children without the support of anyone,
- ✚ Deal with members of the cooperative society,
- ✚ Resolve a family dispute,
- ✚ Purchase a product from the market.

Public Interaction

A respondent got one point each for interaction with Sarpanch, PDS dealer, Anganwadi worker, ANM health worker, teacher, banker, post-office personnel, and government officer in last 2 years. If a respondent did not have any interaction with such persons in the past 2 years, she got zero points.

Ability to Make Small Purchases

A respondent got one point each, if she purchased small items (cooking oil, spices, vegetables, etc.) for her daily food preparation ; small items for oneself (hair oil, soap, bangles, etc.). She got one more point if she purchased all

these things without the permission of her husband. She got one more point if she made any purchases from her earned money.

Ability to Make Large Purchases

A respondent got one point if she purchased kitchen vessels (colander, ladle, rolling pin, and tamis), two points for purchasing clothes of children, and three points for purchasing own clothes. She got one more point if she purchased all these things without the permission of her husband. She got one more point if she made any such purchases from her earned money.

Participation in Public/Civic Protests

A respondent got one point if she had participated (alone or along with others) in any action involving :

- ✧ Protesting or stopping a man from beating his wife,
- ✧ Protesting or stopping a man from divorcing or abandoning his wife,
- ✧ Ensuring fair wages for work performed by herself/family members/other workers in the village,
- ✧ Ensuring payment of the correct prices for products sold or purchased,
- ✧ Protesting against the misuse of relief goods,
- ✧ Approaching government officials to solve problems.

Development Programme

If a respondent was having awareness about the development programmes run by the government, she got one point. If a respondent was participating in the development programme run by the government, she got one additional point. If she was aware about the legal rights of women, she got one point.

Able to Run a Small Business

If a respondent was running a small business/ Gruh Udhyog in the joint, she got one point. She got one additional point for running a small business/ Gruh Udhyog on her own. If a respondent was running a business for more than 3 years, she got one additional point.

Participation in Social Functions

A respondent got one point if she had participated (alone or along with others) in any action involving :

- ✧ If she was a member of village education committee (SMC),
- ✧ If she was a member of water users association,
- ✧ If she was a member of the festival committee,
- ✧ If she felt she had to increase her social network (networking),
- ✧ If she had participated in the literacy campaign,

- ↳ Distribution of medicines through local health centres,
- ↳ Participated in community and village meetings.

Further, a respondent got one point for each : if she had access to family assets, felt secure and strong, had a preference for the girl child, and enjoyed improved status and increase in respect within the household.

Data Analysis and Results

Profile of the Respondents

Table 1 shows the demographic profile of the respondents. The respondents belonged to different age groups, ranging from less than 20 years to more than 60 years. The respondents were from different educational backgrounds. The majority (68.35%) of the respondents were illiterate or had studied up to primary education ; 24.41% of the respondents had an education until high school. Among 512 respondents, 484 respondents (94.53%) were Hindus and 28 respondents (5.47%) were Muslims. The monthly income ranged from ₹ 1,000 to

Table 1. Demographic Profile of the Respondents

| Variable | Classification | Respondents | % |
|-------------------------------------|----------------------|-------------|--------|
| Age | Less than 20 years | 10 | 1.95 |
| | 21– 25 years | 32 | 6.25% |
| | 26–30 years | 68 | 13.28% |
| | 31–35 years | 65 | 12.70% |
| | 36–40 years | 99 | 19.34% |
| | 41–45 years | 107 | 20.90% |
| | 46–50 years | 63 | 12.30% |
| | 51–55 years | 37 | 7.23% |
| | 56– 60 years | 18 | 3.52% |
| | More than 60 years | 13 | 2.54% |
| Educational Background | Illiterate | 103 | 20.12% |
| | Can sign only | 42 | 8.20% |
| | Up to fifth standard | 95 | 18.55% |
| | Primary | 110 | 21.48% |
| | High School | 125 | 24.41% |
| | Graduate | 29 | 5.66% |
| | Post-Graduate | 8 | 1.56% |
| Religion | Hindu | 484 | 94.53% |
| | Muslim | 28 | 5.47% |
| Monthly Family Income (in ₹) | Less than 1, 000 | 0 | 0 |
| | 1, 000 – 5, 000 | 12 | 2.34% |
| | 5, 001 –10, 000 | 142 | 27.73% |
| | 10, 001 –20, 000 | 187 | 36.52% |
| | 20, 001 –30, 000 | 104 | 20.31% |
| | 30, 001 –40, 000 | 52 | 10.16% |
| | More than 40, 000 | 15 | 2.93% |
| Marital Status | Married | 455 | 88.87% |

| | | | |
|--|--------------|-----|--------|
| | Unmarried | 20 | 3.91% |
| | Widow | 36 | 7.03% |
| | Divorce | 1 | 0.20% |
| Family Structure | Joint Family | 426 | 83.20% |
| | Nuclear | 86 | 16.80% |
| Number of Family Members | 1 | 4 | 0.78% |
| | 2 | 8 | 1.56% |
| | 3 | 39 | 7.62% |
| | 4 | 96 | 18.75% |
| | 5 | 122 | 23.83% |
| | More than 5 | 243 | 47.46% |
| Number of Earning Members in Family | 1 | 185 | 36.13% |
| | 2 | 256 | 50.00% |
| | 3 | 52 | 10.16% |
| | More than 3 | 19 | 3.71% |
| Social Group | General | 76 | 14.84% |
| | OBC | 271 | 52.93% |
| | SC | 122 | 23.83% |
| | ST | 43 | 8.40% |

more than ₹ 40,000. With respect to marital status, 455 respondents (88.87%) were married, 20 respondents (3.91%) were unmarried, 36 respondents (7.03%) were widows, and only one respondent (0.20%) was divorced. Out of 512 respondents, 426 respondents (83.20%) had a joint family structure and 86 respondents (16.80%) belonged to the nuclear family structure. The number of family members of the respondents ranged from one member to more than five members. With respect to earning members, 185 (36.13%), 256 (50%), 52 (10.16%), and 19(3.71%) respondents had 1, 2, 3, and more than 3 earning members in their family, respectively. The respondents belonged to General, OBE, SC, and ST categories.

Reliability Analysis

Table 2 shows the reliability analysis results. Here, the Cronbach's alpha values of 0.857 (Economic Empowerment), 0.958 (Social Empowerment), 0.855 (Political Empowerment), and 0.971 (Overall) are more than the required level of 0.6 (Cronbach, 1951). Further the values of 0.958 and 0.971 reveal the Cronbach's alpha result as 'excellent.' The value of 0.857 and 0.855 reveal the Cronbach's alpha result as 'good.' (Cronbach, 1951 ; Hair et al., 1998). The overall results of reliability analysis reveal that the data is fit for further analysis.

Table 2. Reliability Analysis

| Dimension | Cronbach's Alpha | Number of Statements |
|-----------------------|-------------------------|-----------------------------|
| Economic Empowerment | 0.857 | 32 |
| Social Empowerment | 0.958 | 92 |
| Political Empowerment | 0.855 | 20 |
| Overall | 0.971 | 319 |

Paired Sample *t* - test

(1) Economic Empowerment

Table 3 shows the results of paired sample *t*-test for the economic empowerment of women with respect to before and after joining the SHGs. After joining the SHGs, the women were empowered economically on a majority of the criteria, which are as follows :

✎ The women were able to take loans from SHGs, which empowered them for deciding on loans and use of the loan facility. The women preferred to take loans from SHGs instead of moneylenders.

Table 3. Paired Sample *t* - test : Economic Empowerment

| Statement | Before Joining SHG | | After Joining SHG | | t-Value | Sig. |
|--|--------------------|-------|-------------------|-------|---------|-------|
| | Mean | S.D. | Mean | S.D. | | |
| I am taking a decision on taking loan facility. | 4 | 1.253 | 1.37 | 0.993 | 39.18 | 0.000 |
| I am taking a decision on the use of the taken loan. | 4.05 | 1.188 | 1.71 | 0.935 | 38.43 | 0.000 |
| I am taking a decision on the use of the taken loan (alone/ with husband). | 4.01 | 1.200 | 1.51 | 0.909 | 39.89 | 0.000 |
| I am taking a loan from SHG instead of money lenders. | 4.26 | 0.440 | 1.51 | 0.500 | 94.50 | 0.000 |
| I able to earn through a job or labour work. | 3.8 | 1.489 | 2.02 | 0.645 | 25.82 | 0.000 |
| I have cash in hand (up to ₹ 500). | 3.63 | 1.426 | 1.35 | 0.762 | 33.33 | 0.000 |
| I have cash in hand (more than ₹ 500). | 3.90 | 1.479 | 2.63 | 1.449 | 17.45 | 0.000 |
| I have a bank or post office account. | 3.45 | 1.699 | 1.04 | 0.194 | 32.04 | 0.000 |
| I am doing transactions with the bank or post office once in a year. | 3.66 | 1.464 | 1.17 | 0.374 | 38.13 | 0.000 |
| I am running a business venture. | 3.85 | 0.772 | 3.83 | 0.815 | 1.625 | 0.105 |
| I am able to control my own income independently. | 3.79 | 1.430 | 2.02 | 1.136 | 30.87 | 0.000 |
| I can handle a sum of money. | 3.33 | 1.497 | 1.67 | 1.161 | 24.17 | 0.000 |
| I can perform basic calculations. | 2.98 | 1.518 | 1.60 | 1.139 | 20.95 | 0.000 |
| I am able to purchase a product from the market. | 3.08 | 1.512 | 1.64 | 1.108 | 22.25 | 0.000 |
| I can ensure payment of the correct prices for products sold or purchased. | 2.23 | 1.277 | 2.22 | 1.269 | 1.606 | 0.109 |
| I am able to do regular savings. | 4.01 | 1.366 | 1.17 | 0.542 | 45.28 | 0.000 |

- After joining the SHGs, the women were able to earn through labour or job work, which led to an increase in their monthly income.
- After joining the SHGs, the women were managing the transactions, which empowered them in managing cash in hand, handle a sum of money, and perform basic calculations.
- As the SHG transactions were done through the bank, the women were able to link to their bank account for their routine transactions. Hence, joining SHGs empowered the women on connecting with banks or post-office accounts and performing the transactions.
- Joining the SHGs also developed a savings habit among women, and hence, the women were able to save a regular amount (every month).

(2) Social Empowerment

Table 4 shows the paired sample *t*-test for the social empowerment of women with respect to before and after

Table 4. Paired Sample *t* - test : Social Empowerment

| Statement | Before Joining SHG | | After Joining SHG | | t-Value | Sig. |
|--|--------------------|-------|-------------------|-------|---------|-------|
| | Mean | S.D. | Mean | S.D. | | |
| I am able to take decisions regarding the education of children. | 3.62 | 1.447 | 2.05 | 1.561 | 21.898 | 0.000 |
| I am able to take decisions regarding the education of daughter. | 3.61 | 1.454 | 2.14 | 1.528 | 20.856 | 0.000 |
| I am participating in the decision making about family matters or problems. | 3.77 | 1.53 | 2.35 | 1.666 | 20.770 | 0.000 |
| I take decisions on cooking. | 2.33 | 1.192 | 2.28 | 1.197 | 2.589 | 0.010 |
| I am able to take decisions on getting health care services for family. | 1.68 | 1.214 | 1.67 | 1.206 | 1.416 | 0.158 |
| I am able to take decisions on staying with parents and family members. | 1.25 | 0.614 | 1.24 | 0.588 | 1.636 | 0.103 |
| I am able to take decisions on household budget. | 3.11 | 1.902 | 3.09 | 1.904 | 1.864 | 0.063 |
| I am able to go to places like village market, Gram Panchayat, bank, Mamlatdar or collector's office, nearby hospital with the help of someone. | 1.71 | 1.270 | 1.71 | 1.271 | 0.894 | 0.372 |
| I am able to go to places like village market, Gram Panchayat, bank, Mamlatdar or collector's office, nearby hospital without the help of someone. | 3.79 | 1.339 | 3.77 | 1.362 | 1.184 | 0.237 |
| I can go for medical treatment for family without the support of anyone. | 3.32 | 1.541 | 3.32 | 1.562 | 0.649 | 0.517 |
| I am able to deal with members of the cooperative society. | 3.32 | 1.762 | 2.03 | 1.628 | 16.758 | 0.000 |

| | | | | | | |
|---|------|-------|------|-------|--------|-------|
| I can resolve a family dispute. | 2.68 | 1.024 | 2.67 | 1.023 | 1.000 | 0.318 |
| I have public interaction with Sarpanch, PDS dealer, Anganwadi worker, ANM health worker, teacher, banker, post-office personnel, government officer in last 2 years. | 4.00 | 1.369 | 2.76 | 1.787 | 17.316 | 0.000 |
| I am able to purchase small items (cooking oil, spices, vegetables, etc.) for daily food preparation. | 2.22 | 1.116 | 2.21 | 1.118 | 0.832 | 0.406 |
| I am able to purchase small items for myself (hair oil, soap, bangles, etc.). | 2.06 | 0.962 | 2.05 | 0.959 | 1.155 | 0.249 |
| I am purchasing all such items from my earned money (for small items). | 2.15 | 1.733 | 2.14 | 1.736 | 0.894 | 0.372 |
| I purchase all such items without the permission of my husband (for small items). | 2.37 | 1.626 | 2.37 | 1.633 | 0.727 | 0.467 |
| I am able to purchase large items -kitchen vessels (colander, ladle, rolling pin, and tamis). | 1.94 | 1.092 | 1.80 | 1.002 | 5.455 | 0.000 |
| I am able to purchase clothes of children. | 2.48 | 1.379 | 2.43 | 1.387 | 2.607 | 0.009 |
| I am able to purchase my own clothes. | 2.02 | 0.642 | 2.02 | 0.647 | 0.774 | 0.439 |
| I am purchasing all such items from my earned money (for large items). | 2.93 | 1.400 | 2.88 | 1.435 | 2.426 | 0.016 |
| I am purchasing all such items without permission of my husband (for large items). | 2.57 | 1.447 | 2.52 | 1.463 | 2.232 | 0.026 |
| I protest against the misuse of relief goods. | 3.88 | 1.630 | 3.87 | 1.638 | 0.774 | 0.439 |
| I am able to approach government officials to solve problems. | 2.53 | 1.545 | 1.99 | 1.383 | 10.533 | 0.000 |
| I am aware about the development programme run by the government. | 2.96 | 1.856 | 1.03 | 0.157 | 23.440 | 0.000 |
| I participated in the development programme run by the government. | 4.32 | 1.365 | 3.00 | 1.969 | 16.544 | 0.000 |
| I am aware about the legal rights of women. | 2.91 | 1.872 | 2.90 | 1.877 | 1.147 | 0.252 |
| I am running a small business/ Gruh Udhog on my own. | 4.48 | 0.625 | 4.46 | 0.712 | 1.110 | 0.268 |
| I am running a small business/ Gruh Udhog in partnership. | 4.74 | 0.438 | 4.74 | 0.466 | 0.632 | 0.528 |
| I am running a small business/ Gruh Udhog from last 3 years. | 4.36 | 0.590 | 4.35 | 0.636 | 1.061 | 0.289 |
| I am a member of village education committee. | 3.89 | 0.608 | 3.81 | 0.749 | 2.304 | 0.022 |
| I am member of Water users association. | 4.48 | 0.705 | 4.41 | 0.827 | 2.722 | 0.007 |
| I am member of festival committee. | 4.03 | 0.607 | 4.02 | 0.627 | 1.343 | 0.180 |
| I want to increase my network. | 4.52 | 0.791 | 1.01 | 0.108 | 99.570 | 0.000 |
| I participate in literacy campaign. | 4.22 | 0.824 | 4.22 | 0.836 | 1.416 | 0.158 |
| I participate in the distribution of medicines through local health centres. | 4.12 | 0.968 | 4.11 | 0.982 | 1.343 | 0.180 |

| | | | | | | |
|---|------|-------|------|-------|--------|-------|
| I participate in community and village meetings. | 3.67 | 1.262 | 3.66 | 1.271 | 1.044 | 0.297 |
| I have freedom to work outside home. | 2.59 | 1.315 | 1.73 | 1.065 | 15.259 | 0.000 |
| I can take a decision on visiting relatives. | 2.55 | 1.158 | 1.88 | 1.117 | 13.372 | 0.000 |
| I go to festivals & ceremonies alone without permission of my husband / family. | 3.96 | 1.581 | 2.19 | 1.250 | 26.172 | 0.000 |
| I am able to take a decision on children's marriage. | 4.08 | 1.356 | 2.48 | 1.343 | 25.914 | 0.000 |
| I am able to take a decision on medical treatment. | 2.82 | 1.193 | 2.81 | 1.194 | 1.388 | 0.166 |
| I have access to my family assets. | 4.02 | 1.179 | 2.39 | 1.184 | 21.934 | 0.000 |
| I feel secure and strong in my family. | 2.85 | 1.536 | 1.83 | 1.231 | 16.172 | 0.000 |
| I can show my preference for the girl child. | 2.44 | 1.563 | 1.64 | 1.220 | 13.993 | 0.000 |
| I feel improved status and increase in respect within the household. | 4.06 | 1.343 | 2.21 | 1.016 | 26.624 | 0.000 |

joining the SHGs. We are discussing the parameters on which the women were empowered after joining the SHGs below. The parameters on which there was no significant difference after joining the SHGs are not discussed.

After joining the SHGs :

- The respondents' ability to decide on the (a) education of children and (b) education of daughter increased significantly.
- The respondents' participation in the decision making about family matters or problems also increased significantly after joining the SHGs.
- The respondents' ability to decide on cooking enhanced significantly after joining the SHGs, that is, women were able to decide regarding what to cook independently.
- After joining the SHGs, the respondents' ability to deal with members of the cooperative society increased significantly.
- After joining the SHGs, the respondents' ability to interact with government officials increased significantly.
- The respondents' ability to purchase large items for cooking and ability to purchase clothes of children increased significantly. Furthermore, the respondents were able to purchase all such items from their own earned money and without the permission of the husband.
- The respondents' ability to approach government officials to solve problems increased significantly. After joining the SHGs, the respondents' awareness and participation in the development programmes run by the government increased significantly.
- The respondents' presence as members in the village education and water users' committees increased significantly after joining the SHGs. However, the respondents' presence as members of the festival committee did not increase significantly.

✎ The respondents' networking increased significantly after joining the SHGs. This is because after joining the SHGs, the respondents came in contact with other members of the SHGs.

✎ After joining the SHGs, the respondents' freedom to work outside the home also increased significantly. This is because after joining the SHGs, the respondents were involved in various activities for earning money, and hence, they had the freedom to work outside the home. After joining the SHGs, the respondents' ability to decide on visiting relatives and the freedom to go to festivals and ceremonies also increased significantly.

✎ The respondents' ability to decide on the marriage of children also increased significantly after joining the SHGs. However, the respondents' ability to decide on medical treatment did not increase significantly after joining the SHGs.

✎ The respondent also felt safer in their families. Furthermore, the respondents could show preference for the girl child and they also experienced a significant improvement in their status and respect in the family and society after joining the SHGs.

(3) Political Empowerment

Table 5 shows the paired sample *t*-test of political empowerment of women with respect to before and after joining the SHGs. After joining the SHGs :

Table 5. Paired Sample *t* - test : Political Empowerment

| Statement | Before Joining SHG | | After Joining SHG | | <i>t</i> -Value | Sig. |
|--|--------------------|-------|-------------------|-------|-----------------|-------|
| | Mean | S.D. | Mean | S.D. | | |
| I voted in the last election on my own. | 1.18 | 0.560 | 1.17 | 0.530 | 1.184 | 0.237 |
| I was involved in the political campaign. | 3.68 | 0.825 | 3.67 | 0.800 | 0.822 | 0.412 |
| I contested an election in the last 2 years as ward member. | 3.97 | 0.485 | 3.96 | 0.510 | 1.292 | 0.197 |
| I attended the Gram Sabha meetings in the last 2 years. | 3.84 | 0.693 | 3.74 | 0.738 | 2.098 | 0.036 |
| I am member of village/government committee. | 4.20 | 1.060 | 3.66 | 1.235 | 9.333 | 0.000 |
| I contested the election for the post of Sarpanch or equivalent position in any cooperative society. | 4.54 | 0.679 | 4.52 | 0.761 | 1.213 | 0.226 |
| I contested the election for Zilla Parishad (District council) member or District Council President. | 4.62 | 0.584 | 4.62 | 0.615 | 0.457 | 0.648 |
| I participated in protesting or stopping a man from beating his wife. | 3.23 | 1.410 | 3.22 | 1.413 | 0.904 | 0.366 |
| I participated in protesting or stopping a man from divorcing or abandoning his wife. | 3.15 | 1.485 | 3.14 | 1.488 | 1.388 | 0.166 |
| I ensured fair wages for work performed by myself/family members/other workers in the village. | 2.67 | 1.487 | 2.65 | 1.469 | 1.172 | 0.242 |

➤ The respondents' presence in the Gram Sabha meetings as well as village or government committees increased. Furthermore, the women's ability to contest elections for the post of Sarpanch or equivalent position in any cooperative society, Zilla Parishad (District Council) member, or district council president also increased. However, the women were not empowered on certain criteria such as voting in the election, involvement in political campaigns, contesting an election as ward member, protest etc. This was due to the women being already involved actively in all such activities before joining the SHGs.

➤ After joining the SHGs, the women were empowered on economic grounds significantly. There was moderate empowerment in the women on social grounds. This is because the women were already empowered on certain parameters before joining the SHGs. The women were not empowered much on the political ground after joining the SHGs.

Conclusion and Implications

The objective is to assess the impact of microfinance on rural women with respect to social, economic, and political empowerment. The study was carried out on 512 respondents belonging to Aravalli and Mehsana districts of North Gujarat. The women joined the SHGs due to multiple reasons such as financial constraints, savings, and loans. The women took loans for various purposes such as medical treatment, social occasions, children's education, animal husbandry, and asset building. Women were involved in various activities such as agriculture, tailoring, handicraft, small shop, Gruh Udyog, and animal husbandry. After joining the SHGs, the involvement of the respondents in the decision-making increased significantly. The reason for the increase in the involvement in the decision-making was due to an increase in the earnings and loan taking ability of the respondents.

Based on the outcomes of the study, the implications are suggested for government and SHG members. More SHG based microfinance programmes should be promoted in the rural areas as microfinance empowers women. Those women who were not affiliated with any SHG should be made a part of SHGs (either as leader or member), which can empower them and uplift their status in the family and society as a whole. The SHG meetings should be done regularly as the active involvement of women in the SHGs affects their empowerment positively. SHG loans should be given to women for running various activities such as agriculture, tailoring, handicraft, small shop, Gruh Udyog, and animal husbandry as women in the rural areas of North Gujarat run these activities. Those women who were not taking any financial assistance from the SHGs to run any activities should be motivated to do some business activities by taking a loan from a SHG. Therefore, they can be empowered economically, socially, and their living standard can be uplifted. Efforts should be made for the stabilization and sustainability of the members in the SHGs.

Limitations of the Study and Scope for Further Research

The present study has a geographical limitation as it was limited to two districts of North Gujarat area, Aravalli and Mehsana districts. The study covers 512 respondents from 12 villages of six talukas. In the future, researchers can consider other regions of Gujarat state such as Kutchh, Saurashtra, Middle Gujarat, and South Gujarat to examine the impact of microfinance services on women empowerment from the decision making perspective.

Authors' Contribution

Dr. Ritesh Patel generated the idea of assessing the impact of microfinance on women empowerment. Both the

authors - Ritesh Patel and Nikunj Patel - worked on the data collection with two research associates. Both authors collectively wrote the manuscript.

Conflict of Interest

The authors certify that they have no affiliations with or involvement in any organization or entity with any financial interest, or non-financial interest in the subject matter, or materials discussed in this manuscript.

Funding Acknowledgement

This paper is an output from the Indian Council of Social Science Research, New Delhi (ICSSR) funded research project. The ICSSR has funded this research project under the IMPRESS Scheme. The title of the research project is : “Assessing the impact of microfinance services on empowerment of females living in rural areas of North Gujarat.” We hereby acknowledge the support of ICSSR (IMPRESS Scheme) in funding this research work.

References

- Al-Shami, S. S., Razali, M. M., Majid, I., Rozelan, A., & Rashid, N. (2016). The effect of microfinance on women's empowerment: Evidence from Malaysia. *Asian Journal of Women's Studies*, 22(3), 318 – 337. <https://doi.org/10.1080/12259276.2016.1205378>
- Barman, D., Mathur, H. P., & Kalra, V. (2009). Role of microfinance interventions in financial inclusion : A comparative study of microfinance models. *Vision : The Journal of Business Perspectives*, 13(3), 51– 59. <https://doi.org/10.1177%2F097226290901300305>
- Bartlett II, J. E., Kotrlik, J. W., & Higgins, C. C. (2001). Organizational research: Determining appropriate sample size in survey research. *Information Technology, Learning, and Performance Journal*, 19(1), 43– 50.
- Bhatt, N., Patel, R., & Kaur, A. (2020). A study of ICT adoption and its impact on selected MFIs of Gujarat. *Indian Journal of Finance*, 14(2), 7– 20. <https://doi.org/10.17010/ijf/2020/v14i2/150553>
- Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. *Psychometrika*, 16(3), 297– 334.
- Ganle, J. K., Afriyie, K., & Segbefia, A. Y. (2015). Microcredit : Empowerment and disempowerment of rural women in Ghana. *World Development*, 66, 335– 345. <https://doi.org/10.1016/j.worlddev.2014.08.027>
- Ghosh, R., Chakravarti, P., & Mansi, K. (2015). Women's empowerment and education : Panchayats & women's self-help groups in India. *Policy Futures in Education*, 13(3), 294– 314.
- Habib, M., & Jubb, C. (2012). Role of microfinance in political empowerment of women : Bangladesh experience. *OIDA International Journal of Sustainable Development*, 5(5), 99– 110.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (1998). *Multivariate data analysis*. Prentice Hall.
- Hashemi, S. M., Schuler, S. R., & Riley, A. P. (1996). Rural credit programs and women's empowerment in Bangladesh. *World Development*, 24(4), 635– 653. [https://doi.org/10.1016/0305-750X\(95\)00159-A](https://doi.org/10.1016/0305-750X(95)00159-A)

- Hoque, S. (2005). Micro-credit and empowerment of women: Evidence from Bangladesh. *The Asian Economic Review*, 47(3), 411–420.
- Hunt, J., & Kasynathan, N. (2001). Pathways to empowerment ? Reflections on microfinance and transformation in gender relations in South Asia. *Gender & Development*, 9(1), 42–52. <https://doi.org/10.1080/13552070127738>
- Kim, J.C., Watts, C.H., Hargreaves, J. R., Ndhlovu, L.X., Phetla, G., Morison, L. A., Busza, J., Porter, J. D., & Pronyk, P. (2007). Understanding the impact of a microfinance-based intervention on women's empowerment and the reduction of intimate partner violence in South Africa. *American Journal of Public Health*, 97(10), 1794–1802.
- Kothari, C. R. (2004). *Research methodology : Methods and techniques*. New Age International (P) Ltd.
- Kumar, S. S. (2013). Access, use and repayment of micro-credit in Kerala - An analysis. *Journal of Rural Development*, 32(3), 263–280.
- Laha, A., & Kuri, P. K. (2014). Measuring the impact of microfinance on women empowerment : A cross country analysis with special reference to India. *International Journal of Public Administration*, 37(7), 397–408. <https://doi.org/10.1080/01900692.2013.858354>
- Moser, C. O. (1989). Gender planning in the Third World : Meeting practical and strategic gender needs. *World Development*, 17(11), 1799–1825. [https://doi.org/10.1016/0305-750X\(89\)90201-5](https://doi.org/10.1016/0305-750X(89)90201-5)
- Patel, R., & Patel, N. (2020). Impact of microfinance on women empowerment : A study from the decision - making perspective. *Indian Journal of Finance*, 14(8 – 9), 52 – 68. <https://doi.org/10.17010/ijf/2020/v14i8-9/154948>
- Patel, R., Patel, M., & Patel, N. (2018a.). Impact of microfinance on poor women: Lessons from North Gujarat. *Prabandhan: Indian Journal of Management*, 11(2), 14–29. <https://doi.org/10.17010/pijom/2018/v11i2/121393>
- Patel, R., Patel, M., & Patel, N. (2018b.). Impact of microfinance of women empowerment : A study of rural Gujarat. *Indian Journal of Finance*, 12(8), 22–35. <https://doi.org/10.17010/ijf/2018/v12i8/130742>
- Qudrat - I Elahi, K. (2003). Microfinance, empowerment, and Sudra women in India. *Development in Practice*, 13(5), 570–572.
- Rahman, M. M., Khanam, R., & Nghiem, S. (2017). The effects of microfinance on women's empowerment : New evidence from Bangladesh. *International Journal of Social Economics*, 44(12), 1745 – 1757. <https://doi.org/10.1108/IJSE-02-2016-0070>
- Salia, S., Hussain, J., Tingbani, I., & Kolade, O. (2018). Is women empowerment a zero sum game ? Unintended consequences of microfinance for women's empowerment in Ghana. *International Journal of Entrepreneurial Behavior & Research*, 24(1), 273 – 289. <https://doi.org/10.1108/IJEBr-04-2017-0114>
- Sharma, S., & Goyal, D. P. (2020). Entrepreneurial marketing strategies for small businesses : An exploratory study of start-up companies in India. *Indian Journal of Marketing*, 50(8–9), 48–65. <https://doi.org/10.17010/ijom/2020/v50/i8-9/154691>

Sinha, S. (1998). Micro-credit : Impact, targeting and sustainability. *IDS Bulletin*, 29(1), 34–42.

Ssendi, L., & Anderson, A. R. (2009). Tanzanian micro enterprises and micro finance : The role and impact for poor rural women. *The Journal of Entrepreneurship*, 18(1), 1–19. <https://doi.org/10.1177%2F097135570801800101>

The Research Advisors. (2006). *Sample size table*. <http://www.researchadvisors.com/tools/SampleSize.htm>

UNDP. (1995). *Human Development Report*. Oxford University Press.

Watkins, T. A. (2018). *Introduction to microfinance*. World Scientific Publishing Company.

CONTENT NOTES

- (1) A Gram Panchayat is a local institution working at the village level; it consists of “Punch” that is ward members elected in a Gram Panchayat election.
- (2) Gram Sabha is the meeting of all the voters of all the revenue villages under a Gram Panchayat.
- (3) Sarpanch is head of Gram Panchayat elected in the election. Sarpanch along with other members forms the Gram Panchayat.
- (4) PDS stands for Public Distribution System. The food grains are distributed to poor Indians under various schemes of Government of India through the system.
- (5) An Anganwadi worker is a woman working on the Government of India programme in the village.
- (6) A Gruh Udyog is a small business run by women where they produce consumption products in the house.

About the Authors

Dr. Ritesh Patel has 10 years of experience in teaching and research. His areas of interest include investment analysis & portfolio management, financial services, and financial management. He has published many papers in Scopus and Web of Science indexed & ABDC ranked journals. He has also published a case with Ivey Publishing, Richard Ivey Business School, Canada. He also won the Best Research Paper award at various international and national conferences.

Dr. Nikunj Patel holds an MBA in finance and PhD in the field of stock market efficiency. Currently, he is working with the Institute of Management, Nirma University, Ahmedabad, Gujarat. He has 15 years of standing in his academic career.