

# A Study on Impact of Microfinance in Socio-Economic empowerment of Women in Virudhunagar District

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**Abstract:** Women's empowerment is a key factor in the world level development process. Poverty and Illiteracy acts as a hindrance to their empowerment. Social empowerment facilitates positive impact in decision making and involvement in family and societal activities. Economic empowerment facilitates increase in their ownership of assets and enhances their income. This study aims to investigate the impact of microfinance on empowerment of women in both the social and economic aspects. Microfinance is considered as an effective instrument in boosting their empowerment by providing an independent saving account and able to obtain loans without any collateral and provides training in financial and non-financial areas. It has a positive impact in the development of women's exposure to become an entrepreneur and able to work independently. Self Help Group and Joint Liability Groups serve as a crucial factor in the aspect of socio-economic development of women.

**Keywords:** Microfinance, Self Help Groups, Joint Liability Groups

## 1. INTRODUCTION

Now-a-days, Microfinance emerged as a significant instrument for enhancing financial inclusion and alleviating poverty, especially for under-privileged people globally. Women, in particular are greatly benefitted through Microfinance programs, which boost up their empowerment in both the social and economic aspects. The relationship between Microfinance and Women's empowerment attracts favorable positive interest from Government, Finance institutions and so on.

Microfinance Institutions offers various financial and non-financial services for under-privileged groups particularly women. Microfinance activities include Micro savings, Micro Insurance, Micro loans and credit and Non-financial services acts as a catalyst for empowerment of women. It encourages

women to buy financial products which cater to their needs and initiate them to grow business and strengthen their social and economic challenges. Microfinance initiates women to enrich skills, obtain financial literacy and become knowledgeable and independent in family and financial choices. Finally, Women possess social and economic autonomy.

## 2. NEED AND SIGNIFICANCE OF THE STUDY

Women face lot of critical issues in getting funds from traditional institutions. Microfinance removes the barrier and acts as an incentive for women's empowerment. Furthermore, it offers needy services to the women enabling them to make financial and non-financial decisions regarding their empowerment. It promotes social and economic freedom and improves their standard of living. As such, Microfinance is essential for increasing their development and act as an agent for their upliftment.

## 3. OBJECTIVES OF THE STUDY

1. To study the concept of Microfinance.
2. To assess the services offered by Microfinance.
3. To analyses the impact of Microfinance in the empowerment of women.

## 4. METHODOLOGY

The research tool employed consisted of a combination of structured direct and structured indirect questions derived from primary sources, with additional information sourced from secondary data.

### 3.1 Primary Data

The researcher collected the various information from the Microfinance women beneficiaries through Interview schedule.

### 3.2 Secondary Data

The researcher collected the secondary data from related websites, journals and books.

### 3.3 Sampling Design

The researcher deals with the Microfinance services in the aspects of Women empowerment in Virudhunagar district. The data was collected from 70 respondents by using descriptive sampling technique.

### 3.4 Tools for Analysis

The researcher has used the following statistical tool for analyzing the collected data.

- Percentage Analysis
- One-Way ANOVA
- Correlation

## 5. ANALYSIS AND INTERPRETATION

Table 5.1 – Demographic Profile of Respondents

Profile	Category	Percentage
Age	Less than 20 years	06
	20 to 30 years	34
	31 to 40 years	42
	41 to 50 years	18
	Total	100
Residential Place	Rural	55
	Urban	45
	Total	100
Educational Qualification	School Level	49
	Diploma / ITI	22
	Under Graduate	19
	Post Graduate	10
	Total	100
Marital status	Married	68
	Unmarried	32
	Total	100
Family Type	Nuclear family	66
	Joint family	34
	Total	100
Number of members earning income in the family	Less than Rs.10,000	39
	Rs.10,000 - Rs.20,000	36
	Rs.20,000 - Rs.30,000	18
	Above Rs.30,000	07
	Total	100

Source: Primary Data

The table depicts that most of the women beneficiaries (42%) are in the age group of 31 to 40 years, majority of the respondents (55%) are from urban areas, most of the women beneficiaries (49%) possess school level educational level, 68% of the

women beneficiaries are married, 66% of the women beneficiaries belongs to Nuclear family and 39% women beneficiaries belongs to number of members earning income in the family.

Table 5.2 – Services offered by Microfinance Institutions

Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Micro Savings	26	19	18	5	2

Micro Insurance	12	21	29	4	4
Micro Loans and Credit	20	24	16	7	3
Non-Financial Services	16	23	22	3	6

Source: Primary Data

The above table depicts the opinion of women beneficiaries in regard to services offered by Microfinance institutions.

Table 5.3 – Descriptive

Microfinance Activities	N	Mean	Std. Deviation	Std. Error Mean
Micro Savings	70	3.27	1.076	0.129
Micro Insurance	70	3.47	1.003	0.120
Micro Loans and Credit	70	3.33	0.959	0.115
Non-Financial Services	70	3.30	0.968	0.116

Source: Computed Data

The numbers of respondents are shown in Column N. The above table indicates the Mean and Std. Deviation and Std. Error Mean values.

Table 5.4 ANOVA Results

ANOVA						
Microfinance Activities		Sum of Squares	df	Mean Square	F	Sig.
Micro Savings	Between Groups	1.777	3	.592	6.034	.012
	Within Groups	78.065	66	1.183		
	Total	79.843	69			
Micro Insurance	Between Groups	4.358	3	1.453	5.025	.015
	Within Groups	65.085	66	.986		
	Total	69.443	69			
Micro Loans and Credit	Between Groups	1.521	3	.507	6.012	.011
	Within Groups	61.922	66	.938		
	Total	63.443	69			
Non-Financial Services	Between Groups	1.487	3	.496	7.028	.002
	Within Groups	63.213	66	.958		
	Total	64.700	69			

Source: Computed Data

The above table depicts that the F statistic score is 0.501 for Micro Savings, 1.473 for Micro Insurance, 0.540 for Micro Loans and Credit and 0.517 for Non-Financial Services. The p value for the above

statements are 0.012, 0.015, 0.011, 0.002 which is less than the standard threshold value of 0.05, it has been concluded that there is positive impact in Microfinance Services.

Table 5.5

Correlation Results for Microfinance Activities and Women Empowerment

Correlations						
		Micro Savings	Micro Insurance	Micro Loans and Credit	Non-Financial Services	Women Empowerment
Micro Savings	Pearson Correlation	1	.605**	.573**	.505**	.258*
	Sig. (2-tailed)		.000	.000	.000	.031
	N	70	70	70	70	70
Micro Insurance	Pearson Correlation	.605**	1	.454**	.598**	.117
	Sig. (2-tailed)	.000		.000	.000	.337

	N	70	70	70	70	70
Micro Loans and Credit	Pearson Correlation	.573**	.454**	1	.454**	.018
	Sig. (2-tailed)	.000	.000		.000	.883
	N	70	70	70	70	70
Non-Financial Services	Pearson Correlation	.505**	.598**	.454**	1	.166
	Sig. (2-tailed)	.000	.000	.000		.169
	N	70	70	70	70	70
Women Empowerment	Pearson Correlation	.258*	.117	.018	.166	1
	Sig. (2-tailed)	.003	.004	.000	0.000	
	N	70	70	70	70	70

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Pearson Correlation shows that there is a positive correlation between Microfinance activities and Women empowerment. Since p-value of 0.000 is less than 0.05, it is concluded that positive correlation is significant. Thus, microfinance activities enhance women empowerment.

we can say that ease access of credit facilities without any collaterals helps to start small business and improve their profitability. Further, Training programs and technical assistance provided by microfinance institutions helps to improve the efficiency and effectiveness of their business.

## 6. FINDINGS

- The main crucial factor that Microfinance helps women to access flexible financial instruments to uplift their empowerment.
- Women have freedom in all the aspects such as social and economic fields.
- The basic goal of microfinance is to provide financial services to the marginalized groups and helps to build entrepreneurial goals

## 7. CONCLUSION

It has been concluded that the Microfinance activities have a significant positive impact on the empowerment of women in the way of developing entrepreneurial skills and independent. The saving and lending programs improves the development of small scale business. The training services offered by these institutions increase the women performance to communicate and employ skills in their business activities. Furthermore, the study reveals that the Microfinance programs act as an effective instrument for the advancement of women career and growth.

From the above study, we may conclude that the financial and non-financial services provided by microfinance institutions acts as significant impact on empowerment of women. (to be changed) Thus,

## 8. REFERENCES

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