

# Microfinance and Women Empowerment in Hosur

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**Abstract:** Globally millions of women suffering severely due to exorbitant interest rate on loan borrowed from money lenders to run their entrepreneurial activities for their survival due to lack of resources and opportunities to access financial resources from formal financial institutions before the intervention of microfinance in the women's life. This study Microfinance on Women Empowerment in Hosur at Mathigiri conducted with the objective to know the satisfaction of woman on microfinance services and their economic empowerment due to access of microcredit. The present study based on descriptive statistics using primary and secondary data. The study discovered that accessing microcredit given relief to poor women from their financial odds and hardships faced and then empowered economically. Finally the study concluded that woman is satisfied with services rendered by Microfinance Institutions in Hosur.

**Keywords:** Microfinance, Women Empowerment

## 1. Introduction

Microfinance fostered hope for unemployed women financially they are weak and unskilled poor women folk in India at the grass root level to start new and small income generating activities to survive independently they to depend on their family members to provide all the necessary requirements to run the small business. Microfinance Institutions provide strong financial assistance for the purpose of starting income generating activities to get better living standard for women and their empowerment in the society.

Microfinance is nothing but small amount which is given as loan to women with the intention to seek better livelihoods from their business ideas and knowledge; thereby they could find way to get rid off from their poverty. In microfinance, mainly unemployed women build a small group of fifteen to twenty people, mobilise cash from the group members, and use the combined funds for their small enterprise and its related business activities (Radhaakrishnan V R., 2021).

Kumar Dey, S. (2015) says that the poor in semi - urban and metropolitan regions, microfinance is the "supply of credit, savings and other financial services and goods of very meagre amounts to enable them to raise their income levels and institutional efforts of semi - urban credit and to enhance living standards. "

International Labour Organisation (ILO, 2005) stated that "Microfinance is the sustainable delivery of financial services to the underprivileged. The many forms of credit, savings, guarantees, insurance, transfer payments, remittances, and other financial operations are required and demanded by the working poor. The impoverished and those who are shut out of market transactions are the target audience for microfinance. By stressing that ultimately, microfinance institutions must be sustainable, or self - financing, it tries to enlarge and deepen the market.

Rahul Sarania (2015), emphasize that the empowerment of women is crucial for the economic development of a nation and building a base for social change. In order to improve the socio - economic conditions of the population of any country, it has become prerequisite to empower women by enhancing and ensuring their role to the optimal level.

Alsop and Heinsohn (2005) stated that the ability to make wise decisions, or the capability to convert decisions into the intended actions and results, is what is meant by empowerment.

World Development Report (2001) stated that the empowerment as the process of "enhancing the capacity of poor people to influence the state institutions that affect their lives, by strengthening their participation in political processes and local decision - making. And it means removing the barriers—political, legal and social—that work against particular groups and building the assets of poor people to enable them to engage effectively in markets"

## 2. Research Methodology

### Objectives

- To know the socio - economic profile of the respondents.
- To find out the use of microfinance in improving economic status of the respondents.
- To know the satisfaction level of microfinance availed respondents.
- To suggest measures to increase empowerment level of women in the study area.

**Type of Study:** Descriptive Research Design

**Sampling Design:** Purposive Sampling

**Sample Size:** 95 woman beneficiaries from five different areas of Mathigiri in Hosur Block

**Method of Data Collection:** Primary Data collected based on a pretested interview schedule and also utilized Secondary Data in the study.

**Data Analysis:** Simple percentage analysis, chi - square and ANOVA were used to analyse the data.

### 3. Data Analysis

- Regarding the age the study found that more than two fifth (44.2 %) of respondents are between the age of 31 – 40 years, followed by 33.7 percent of respondents who are between the age of 41 – 50 years, 11.6 percent of respondents who are between the age of 20 – 30 years, and the remaining (10.5 %) of respondents who are between the age of 51 – 60 years who are influenced by microfinance on women's empowerment.
- Regarding the education the study discovered that more than half (56.8%) of the respondents had completed secondary education, followed by 13.7 percent of respondents who were qualified for higher secondary education, 12.6 percent of respondents who had completed only primary education, and 9.5 percent of respondents who had earned a graduate degree, while only 4.2 percent of respondents were illiterate and the remaining (3.2%) of them had completed other qualifications like ITI and Diploma.
- Regarding the marital status (95.8%) of the respondents who were married are benefited from microloan programmes and the remaining (4.2%) of respondents who are single and accessed loan.
- Regarding the type of family more than half of the respondents (57.9%) live in nuclear families, compared to 42.1 percent of women who live in joint families. Therefore, it was shown through this survey that the majority of the women lived in and belonged to nuclear families.
- The occupation of the respondents indicated that more than half (52.6%) of the respondents work as independent contractors, followed by 18.9 percent of respondents are working in business establishments, 16.8 percent of respondents who are homemakers, 10.5 percent of respondents who work in labour - intensive industries and an only (1.1%) of respondent who work in the government sector.
- The study reveals about savings habit of the respondents that more than half of the respondents (62.1%) have regular saving habits, while 37.9 percent of the respondents did not.
- The present research study shows that respondent's satisfaction of services rendered by Microfinance Institutions roughly (43.2%) are happy with the services, followed by 27.4 percent of respondents who are neither happy nor unhappy, and 23.2 percent of respondents who are extremely happy with the services provided by micro financial institutions. 2.1 percent of respondents are dissatisfied with the services provided by micro financial institutions, while 4.2 percent of respondents are extremely dissatisfied with it.
- The overwhelming majority of respondents (95.8%) stated that microloans obtained from financial institutions have positively improved their day - to - day

financial situation. And only 4.2 percent of the respondents claimed that taking out loans had not at all improved their daily financial situation.

- The overwhelming majority of respondents (98.9%) have made contributions to their families after using loans for useful purposes. While 1.1 percent of the respondents were unable to support their family households.
- Regarding the accessibility of loan the study informed that more than half (58.4%) of the respondents requested loans to launch new businesses; 15 percent of the women requested loans for their own and their family members' educational needs. 8.8 percent of the respondents who were female took out loans to pay off high interest loans from other financial institutions, 6.2 percent of the respondents who were took out loans for other purposes like travel, performing small rituals, etc., and 5.3 percent of the respondents who were took out loans to pay for festival costs. 4.4 percent of respondents took out loans to cover household expenses and emergency situations, and the remaining (1.8%) of respondents borrowed money from microfinance firms to cover medical - related costs.

### 4. Suggestions

- There is need for regular evaluation about the utilisation of Loan amount, it makes sense if customers use the money effectively and don't waste it on frivolous things.
- MFIs can educate their clients about numerous business prospects as well as provide them with training in addition to microcredit.
- If financial education or financial literacy only teaches people how to handle money in their businesses, how to spend and save from their business profits, why are MFIs offering financial services like loans, insurance, and entrepreneurship training and development programmes alongside these? What is the percentage of interest? Help them to always be financially savvy or informed is unquestionably necessary.

### 5. Conclusion

Microfinance is the one among the approach for women empowerment which plays crucial role to empower poor households economically through its money lending and services in the field. Microfinance lent to woman considerably transforms the poor women to economic empowerment in their livelihood. The study's final finding is that women who are satisfied with their access to microloans were motivated to start new small businesses related to services like Tailoring, Tiffin centres, Petty shops, etc., and that this income helped them support their families' needs and wants as well as contribute to household management.

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