



THE ROLE OF MICROFINANCE IN EMPOWERING RURAL WOMEN IN EAST CHAMPARAN, BIHAR

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Abstract

Microfinance is financial assistance given to the poor, jobless, or organisations, notably women, to help them improve their income and quality of life. Microfinance is crucial to ending poverty and providing jobs. Giving women power to achieve anything in life is empowerment. Social empowerment, political empowerment, education empowerment, economic and financial empowerment, and psychological empowerment are needed to empower women. Experience, knowledge, and conduct of women may be used to quantify women's empowerment, which is tough. Microfinance has empowered rural women in East Champaran, Bihar, by providing financial resources and business prospects. Microfinance organisations make modest loans without collateral to the needy, mainly women, in a location where regular banking services are typically unavailable. These loans have helped women create small enterprises, farm, and invest in income-generating initiatives, improving household incomes and economic independence. As women develop confidence, financial literacy, and communal decision-making skills through self-help groups (SHGs), collective empowerment has occurred. Microfinance has reduced poverty, promoted gender equality, and improved rural women's social and economic position in East Champaran. Microfinance may empower women in the region, but high interest rates and little financial knowledge must be addressed.

Keyboard: *Microfinance, Women empowerment, Rural women, Programme & Scheme*

INTRODUCTION

People in India who live below the poverty line constantly struggle to meet their basic requirements, which include, but are not limited to, food, clothing, and shelter. They are incapable of overseeing the mobilisation of resources to expand their homes and businesses. Microfinance accelerates the process of creating assets, incomes, and economic empowerment by offering financial services that help the impoverished leverage their projects. However, prestigious financial organisations steer clear of meeting the demands of low-income households and women-headed households. They are routinely refused credit for any reason. As a result, those who are below the poverty line typically rely on unorganised sources of funding like moneylenders. The main issue that many individuals encounter is not so much the exorbitant conditions of

loans as it is the lack of access to credit itself (Kim 1995). Reaching the lowest of the poor in society becomes extremely difficult when financial institutions' methods of operation diverge from the economic traits and funding requirements of low-income families. However, in order to save administration expenses, lenders prefer to deal with large loans in small numbers, even if many self-employed families require small loans. Furthermore, low-income consumers are always viewed by lenders as high-risk due to their high operational information monitoring expenses.

Thus, financial products and services offered to low-income and impoverished clients in order to assist them increase their income and, consequently, their level of life are referred to as microfinance. According to Holcombe and Xu (1997), a successful microfinance has three key components: sustainability, outreach, and effect. Sustainability is the capacity of a program to endure over time, ideally without continuous subsidies. Reaching a large number of consumers and focussing on the underprivileged is known as outreach. The most crucial phrase Impact, the ultimate goal of microfinance services, is the program's capacity to help low-income households and individuals escape and stay out of poverty.

One strategy for socioeconomic advancement is microfinance. The key to lowering poverty and encouraging self-employment among the impoverished is microfinance. Life insurance, bank accounts, payment services, financial advising, microleasing, micro-insurance, money-transfer to help the very or extremely poor start or grow their businesses, non-life insurance products, saving products, credit products, insurance products, and remittance products are just a few of the many financial products and services that microfinance provides. Thus, financial products and services offered to low-income and impoverished clients in order to assist them increase their income and, consequently, their level of life are referred to as microfinance.

Concept of Microfinance:

In order to bridge the gap between the supply and demand of finances in the lower echelons of the Indian economy, the National Bank of Agriculture and Rural Development (NABARD) introduced the idea of microfinance in the 1990s. In order to help the impoverished in rural, semi-urban, and urban regions increase their income levels and enhance their quality of life, NABARD defines microfinance as the "provision of thrift, credit, and other financial services and products of very small amount" (Indira Mishra, 2019). The national level microfinance apex organisations that offer financial services to women in India are Rashtriya Mahila Kosh and the National Credit Fund for Women. Microfinance is defined as a collection of services that include the following activities: (a) Microcredit is a type of small loan that is primarily used for livelihood and income-generating activities. (b) Microwaving: little sums of money saved by borrowers themselves (Archana Sinha, 2014). Therefore, microfinance is the term used to describe small-scale financial services that low-income individuals receive from financial institutions. These financial services, which are offered to clients to satisfy their regular financial needs, include credit, savings, insurance, leasing, money transfers, and more. The only requirements are that the customers be impoverished and that the transaction value be minimal.

Concept of Empowerment:

"Authority or power given to someone to do something" is how the dictionary defines empowerment. Various people use the phrase empowerment in various contexts. Empowerment is a lifestyle that may be

achieved via both external resources and personal strength. Self-motivation, self-worth, self-esteem, and awareness are components of internal strength. Education, health, legal protection, basic rights, employment opportunities, a safe environment, and so on are examples of external amenities. People, cultures, and nations have different definitions of empowerment. The notion of empowerment was initially introduced during the 1985 International Women's Conference in Nairobi. According to the conference's conclusion, empowerment is the process of redistributing power and control over resources in a way that benefits women via constructive involvement. In general, empowerment refers to giving people the freedom to think and behave as they like, to make their own decisions, and to realise their full potential as equal and complete members of society. Empowerment is the process of giving someone the strength or ability to confront life's obstacles and get over obstacles, inequities, and limitations. Empowerment is a dynamic, multifaceted process that should help them reach their greatest potential in all areas of life.

OBJECTIVE

1. To understand the socio-economic status of rural women in East Champaran,
2. Examine the impact of microfinance on rural women empowerment in Bihar's Areraj and Paharpur.

RESEARCH METHODOLOGY

Every single study must have a research technique as an essential component. In other words, it is the basis upon which the research is designed, formulated, and carried out. The methodology of the inquiry serves as the basis for the investigation's overall configuration. For the reason that it provides exhaustive information on the objectives of the study as well as the methodology that will be utilised to accomplish those objectives, it is vital.

A multi-stage sampling strategy was utilised for the research project. Only rural women who took part in microfinance projects in the East Champaran, districts of Areraj and Paharpur in the state of Bihar were considered for inclusion in the research. A total of 212 individuals were reached through the schedule in order to participate in the research project, which was carried out in each of the two districts' six blocks.

DATA USED AND COLLECTED

Primary and secondary sources of information have been utilised for the aim of this study. Primary data has been gathered from the region of study, while secondary data has been gathered from a variety of sources, including NABARD, the Bharat Microfinance Report, published and unpublished research papers, and so on.

The percentage approach has been utilised in order to get an understanding of the socioeconomic status of rural women, and the chi-square test has been utilised in order to investigate the influence that microfinance has on the empowerment of rural women.

Socio - Economic Condition Of Rural Women

The socio-economic profile of the rural women who are participants in the microfinance program would be achieved via the collection of fundamental information about the respondents. A person's age, educational qualification, caste, marital status, religion, the size of their family, the head of their family, employment, and economic level are all factors that contribute to this identification.

Table No. 1 Age of the Respondent

| Sr. No. | Age of the Respondents | East Champaran | | Total |
|---------|------------------------|------------------------|------------------------|--------------------------|
| | | Areraj | Paharpur | |
| 1 | 18-35 | 64 (51.2) [60.4] | 61 (48.8) [57.6] | 125 (100.0) [59.0] |
| 2 | 36-50 | 39 (49.4) [36.8] | 40 (50.6) [37.7] | 79 (100.0) [37.3] |
| 3 | 51 & above | 3 (37.5) [2.8] | 5 (62.5) [4.7] | 8 (100.0) [3.7] |
| | Total | 106 (100.0) | 106 (100.0) | 212 (100.0) |

The distribution of respondents of varying ages is presented in Table No. 1. According to the data presented in the table above, the majority of respondents (59%) belong to the age group age of 18 to 35 years, followed by the age group age of 36 to 50 years (37.3%), and just 3.7% of respondents belong to the age group age of 51 and above. Young and middle-aged women make up the majority of the female population, in contrast to older women.

Table No. 2 Caste of the Respondent

| r. No. | Caste of the Respondents | East Champaran | | Total |
|--------|--------------------------|------------------------|------------------------|-------------------------|
| | | Areraj | Paharpur | |
| 1 | General | 36 (48.0) [34.0] | 39 (52.0) [36.8] | 75 (100.0) [35.4] |
| 2 | OBC | 49 (51.0) [46.2] | 47 (49.0) [44.3] | 96 (100.0) [45.3] |
| 3 | SC | 18 (52.9) [17.0] | 16 (47.1) [15.1] | 34 (100.0) [16.0] |

| | | | | |
|---|--------------|----------------------|----------------------|-----------------------|
| 4 | ST | 3 (42.9) [2.8] | 4 (57.1) [3.8] | 7 (100.0) [3.3] |
| | Total | 106 (100.0) | 106 (100.0) | 212 (100.0) |

A breakdown of the respondents according to their caste is presented in Table No. 2. The following table provides an overview of the way in which the microfinance program has affected individuals belonging to various forward and backward castes. According to the findings of the study, 35.4% of rural women belong to the advanced class, while 64.6% of rural women belong to the backward class. Furthermore, 16% and 3.3% of rural women belong to the SC and ST categories, respectively.

Table No.3 Marital Status of Respondents

| Sr. \o. | Category of the Respondents | East Champaran, | | Total |
|---------|-----------------------------|-------------------------|-------------------------|--------------------------|
| | | Areraj | Paharpur | |
| | Married | 82 (50.9) [77.41] | 79 (49.1) [74.51] | 161 (100.0) [75.9] |
| | Unmarried | 08 (53.3) [73] | 07 (46.7) [6.6] | 15 (100.0) [7.1] |
| | Widow | 14 (46.7) [13.2] | 16 (53.3) [15.1] | 30 (100.0) [14.2] |
| | Divorce | 2 (33.3) [1.9] | 4 (66.7) [3.8] | 6 (100.0) [2.8] |
| | Total | 106 (100.0) | 106 (100.0) | 212 (100.0) |

The distribution of respondents according to their marital status is presented in Table No. 3. From the data presented in the table above, it can be seen that the majority of the female members are married. As a matter of fact, the number of women who are not married is significantly lower in comparison to the number of married women. The information that was gathered from the survey reveals that out of 212 respondents, 161 women members are married, which accounts for 75.9% of the total, followed by 30 widow members, which accounts for 14.2% of the total. There are a relatively small percentage of women who are divorced or have never been married.

Table No. 4 Educational Qualification of Respondent

| Sr. No. | Level of Education | East Champaran, | | Total |
|---------|---------------------|-------------------------|-------------------------|-------------------------|
| | | Areraj | Paharpur | |
| 1 | Primary Education | 22 (47.8) [20.81] | 24 (52.2) [22.61] | 46 (100.0) [21.7] |
| 2 | Secondary Education | 17 (51.5) 116.01 | 16 (48.5) 115.11 | 33 (100.0) [15.6] |
| 3 | Maine | 13 (48.1) 112.3] | 14 (51.9) [13.2] | 27 (100.0) [12.7] |
| 4 | Intermediate | 6 (54.5) [5.7] | 5 (45.5) [4.7] | 11 (100.0) [5.2] |
| 5 | Graduation | 2 (40.0) [1.9] | 3 (60.0) [2.8] | 5 (100.0) [2.4] |
| 6 | PG & above | 1 (33.3) [0.9] | 2 (66.7) [1.9] | 3 (100.0) [1.4] |
| 7 | Illiterate | 45 (51.7) [42.4] | 42 (48.3) [39.7] | 87 (100.0) [41.0] |
| | Total | 106 (100.0) | 106 (100.0) | 212 (100.0) |

The distribution of respondents according to their current level of education is presented in Table 3.4. As was said previously, the level of education is one of the most crucial indicators for the empowerment of rural women in any country. During the census that took place in 2011, the percentage of females who were literate was 56.73% in the Areraj district and 54.67% in the Paharpur district. These figures are higher than the state's female literacy ratio of 51.5 percent. Based on the data shown in the table above, it can be observed that around 59% of rural women are literate, whereas approximately 41% of rural women are illiterate. However, the majority of the responders in this category, which accounts for 21.7% of the total, have only completed their basic school and are only able to sign. A total of 28.3 percent of the respondents belong to the other two groups, both of which have finished secondary education and matriculation and are competent to read and write. And just 3.8% of those who participated in the survey have completed higher education. On the bright side, this is a positive indicator for the progression of civilisation. The younger responders have a higher level of education than the older ones.

Table No.5 Religion of the Respondent

| Sr. No. | Category of the Respondents | East Champaran, | | Total |
|---------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | | Areraj | Paharpur | |
| 1 | Hindu | 87 -48.3 [82.1] | 93 -51.7 [87.7] | 180 -100 [84.9] |
| 2 | Muslim | 12 -57.1 [11.3] | 9 -42.9 [8.5] | 21 -100 [9.9] |
| 3 | Christian | 0 0 [0.0] | 0 0 [0.0] | 0 0 [0.0] |
| 4 | Sikh | 7 -63.6 [6.6] | 4 -36.4 [3.8] | 11 -100 [5.2] |
| | Total | 106 (100.0) | 106 (100.0) | 212 (100.0) |

The distribution of respondents by religion is displayed in Table No. 5. India is a flexible nation. There is no obligation on anyone to adhere to a certain faith. Each religion has its own set of rituals to adhere to. The aforementioned data indicates that the majority of female responders are Hindus, followed by Muslims and Sikhs. In both districts, there are no Christian members. Of the 212 responders, 180 members are Hindu (84.9%), followed by 21 Muslims (9.9%) and 11 Sikhs (5.2%).

Table No. 6 Distribution of Respondent by Size of Their Family

| Sr. No. | Caste of the Respondents | East Champaran | | Total |
|---------|--------------------------|------------------------|-------------------------|--------------------------|
| | | Areraj | Paharpur | |
| 1 | 2 to 5 | 17 (43.6) [16.0] | 22 (56.4) [20.8] | 39 (100.0) [18.4] |
| | 6 to 8 | 63 (53.8) [59.4] | 54 (46.2) [50.9] | 117 (100.0) [55.2] |
| | 9 to 10 | 19 (42.2) [17.9] | 26 (57.8) [24.5] | 45 (100.0) [21.2] |
| | 11 & above | 7 (63.6) [6.6] | 4 (36.4) [3.8] | 11 (100.0) [5.2] |

| | | | | |
|--|-------|-------------|-------------|-------------|
| | Total | 106 (100.0) | 106 (100.0) | 212 (100.0) |
|--|-------|-------------|-------------|-------------|

The distribution of respondents by family size is displayed in Table No. 6. Indian culture places a strong emphasis on family. Women do the majority of household chores, and because of time restrictions, they are unable to engage in other activities. According to the above data, 59.4% of respondents in the Areraj district have a family size of six to eight people, 17.9% have a family size of nine to ten, 16% have a family size of two to five, and just 6.6% have a family size of eleven or more. 50.9% of respondents in Paharpur have a family of six to eight people, 24.5% have a family of nine to ten, 20.8% have a family of two to five, and just 3.8% have a family of eleven or more. Of the 212 respondents, 117 (55.2%) have a family size of 6–8 members, 45 (21.2) have a family size of 9–10 members, 39 (18.4%) have a family size of 2–5 members, and only 11 (5.2%) have a family size of 11 or more. Participants in microfinance programs are urged to use family planning and are taught the benefits of having a modest family.

Table No. 3.7 Headship of the Family

| Sr. No. | Occupation of the Respondents | East Champaran | | Total |
|---------|-------------------------------|-----------------------|-----------------------|-----------------------|
| | | Areraj | Paharpur | |
| 1 | Cultivation | 56 -53.3 [52.8] | 49 -46.7 [46.2] | 105 -100 [49.5] |
| 2 | Business | 9 -52.9 [8.5] | 8 -47.1 [7.5] | 17 -100 [8.0] |
| 3 | Labourer | 34 -46.6 [32.1] | 39 -53.4 [36.8] | 73 -100 [34.4] |
| 4 | Others | 7 -41.2 | 10 -58.8 | 17 -100 |

The Headship of the Family is displayed in Table No. 7. Women leading families demonstrates the shift of authority from males to women. However, the information gathered from the responders and displayed in the table is somewhat disheartening in this instance. About 97.2% of respondents said that males held the family's headship, while 2.8% said that women held such position.

Table No. 8 Occupation of the Respondents

| Sr. No | Occupation of the Respondents | East Champaran, | | Total |
|--------|-------------------------------|-----------------|----------|-------|
| | | Areraj | Paharpur | |
| | | | | |

| | | | | |
|--|-------------|------------------------|------------------------|--------------------------|
| | Cultivation | 56 (53.3) [52.8] | 49 (46.7) [46.2] | 105 (100.0) [49.5] |
| | Business | 9 (52.9) [8.5] | 8 (47.1) [7.5] | 17 (100.0) [8.0] |
| | Labourer | 34 (46.6) [32.1] | 39 (53.4) [36.8] | 73 (100.0) [34.4] |
| | Others | 7 (41.2) [6.6] | 10 (58.8) [9.4] | 17 (100.0) [8.0] |
| | Total | 106 (100.0) | 106 (100.0) | 212 (100.0) |

The occupations of the respondents are displayed in Table No. 8. The economic action carried out to produce income is called occupation. The majority of women in rural areas work in agriculture. 105 (49.5%) of the 212 respondents were rural women who worked in agriculture, followed by 73 (34.4%) who were labourers and 17 (8.0%) who were engaged in business and other activities. As can be seen from the above table, the majority of rural women continue to work as labourers and remain reliant on agricultural employment.

The non-parametric Chi Square test has been used to determine the effect of microfinance on rural women's empowerment in the districts of Areraj and Paharpur. The study was conducted in two parts: a combined analysis was conducted for the first part because it dealt with some fundamental problems of empowerment, and a separate analysis was conducted for the second part because it dealt with some significant concerns of empowerment.

It is anticipated that microfinance programs will empower rural women by granting loans or funds through various microfinance schemes. However, the results reveal a different story. In Bihar's Areraj and Paharpur, microfinance has little effect on women's empowerment for a number of reasons, some of which have been covered here: Members of the microfinance program are not making appropriate use of their funds, they are not interested in participating in any training or skill development programs, the majority of them are either illiterate or only have a primary education, they are primarily dependent on agricultural or manual labour, and they have no interest in starting a new business, etc. In order to persuade rural women to join in microfinance programs and to advertise their schemes through the holding of seminars, microfinance institutions must take the next step.

CONCLUSION

According to the findings of the study, it was determined that microfinance has a significant role in empowering women in terms of social and psychological employment, but it does not play a significant role in terms of economic empowerment. After conducting an analysis of the many programs and schemes

that have been implemented by the government, it has been discovered that there are a great number of programs and schemes that are assisting rural poor women and members of the marginalised segment of society in their efforts to eradicate poverty. In addition to this, the government or other non-governmental organisations (NGOs) ought to place equal emphasis on the education of women and provide a variety of training programs for women. On the other hand, the assistance is still required in order to eradicate poverty and strengthen the hands of women.

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