

**A Study on Micro Finance: It's Impact on Alleviating Poverty and
Empowerment of Women in India with Special Reference to Selected
Urban Bangalore Slums**

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1. Abstract

Women in our society are deprived of equal treatment in terms of basic necessities like right to food, healthcare and decision making power. Before we go ahead with understanding how women in our society are empowered, we should how women in our Indian the society are disempowered. Disempowering is a process in which the power or the authority of an individual or a group in making crucial decisions and shapes their lives accordingly. There are various reasons which lead to disempowering of women such as lack of education, lack of employment, lack of basic financial resources etc. Micro finance is introduced by the government for the people especially women who belong to the weak social and economic community, and who are unable to meet their required financial needs. Over a decade, micro financing or micro crediting has been evolved as a lifeline for the poor across country.

2. Introduction

2.1 Microfinance and Women Empowerment:

Microfinance as a socio-economic tool of modern days for any society aims in providing the poor women with credit facilities in order to raise their standard of living. The main instrument of the microfinance aspect is to provide small credits to underprivileged people including women. Out of the 896 million (2012 World Bank stats) people who live in absolute poverty around the world, 70 percent of people are women and children. This stats show that women's rights are denied, opportunities are curtailed. Empowerment of women means to let women survive and let them live a life with dignity, humanity, respect, self-esteem and self-reliance. This will help them to make their own decisions and contribute to the development of the nation. World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes".

2.2 Microfinance and Poverty Alleviation:

Micro credit aims at supplying credit at a micro level for the people who are living in absolute poverty and who has no reach to the formal financial products. Micro finance assists people who live below the poverty line by providing them micro credit in order to build business on their own, protect themselves against the risks.

The reports of the “11th National Development Plan” of our country tells that around 300 million people in our country live below poverty line and the proportion poor people was been able to cut down by 27% during the year 2004, but still nearly there are almost 1/3rd of the population of our country people lives below the poverty line till date.

2.3 Areas selected for the Study:

There were totally 5 urban slums which were selected for the purpose of conducting this study:

- a. Sudhamnagar – Bangalore 560027
- b. Chinnappa Garden – Bangalore 560046
- c. Vinobhanagar – Bangalore 560030
- d. Ejipura – Bangalore 560047
- e. Sarvajna Nagar – Bangalore 560008

2.4 Micro Finance and Poverty Alleviating Schemes Launched By Government of India:

2.4.1 MUDRA Scheme:

This scheme was launched by the Prime Minister of India Mr. Narendra Modi on 8th of April 2015. MUDRA stands for “Micro Unit Development and Refinance Agency”. The main motive of this scheme is to fund the Micro Finance Institutions (MFIs), which would in turn provide loans to small and weaker sections of businesses. MUDRA scheme has an initial corpus of Rs.20000 crores, and it has a credit guarantee corpus of Rs.3000 crores. The initial corpus for the MUDRA scheme shall be provided by the banks from their priority sector lending shortfall. The tag line of the scheme is “Funding the Unfunded”. MUDRA scheme will change the attitudes of small entrepreneurs who were exploited in the hands of money lenders. Under this scheme Small businesses can a borrow loan up to Rs.50000, and the businesses that are little bigger can avail up to Rs.5 lakhs, the highest amount of loans available to Micro, Small and Medium Enterprises (MSME) sector would be up to Rs.10 lakhs. A MUDRA card will be provided to the MSME affiliated entrepreneurs for further credit up to Rs.20000.

2.4.2 Jan Dhan Yojana:

This scheme was launched by government of India during August 2014. This aims to provide all people living in the country have a bank account. This scheme offers a savings account with no minimum balance. The Rupay ATM cum debit card comes within built accident and life covers of Rs.1 lakhs and Rs.30000 respectively. People who belong to weaker section of the society and work under an unorganized sector can opt for this scheme. According to the data issued by the Ministry of finance till September 2014 around 40 million bank accounts have been opened under this scheme.

3. Review of literature

Sara Wali Qazi, Dr. Manzoor Isran, et.al in the article “**Women Empowerment Through Microcredit: Step Towards Alleviating Feminization of Poverty**” The study explains and evaluates the individuals ie, (Women’s) experiences with micro financing facility for the purpose of empowering women. In the study the researchers have done a qualitative with an inductive approach and interpretative philosophy which allow the existence of multiple subjective perspective and authors have selected women who have availed microcredit from Micro Finance Institution for research purpose.

Dr. Ashwin G, Mr. Kiran J, et.al in the article “**Impact of Microfinance Services on Rural Women Empowerment: An Empirical Study**” The results of the study indicates that four of the five factors ie,(socio-economic status upgradation, women’s position in the family, autonomy for life choices, and positive approach towards child development) have an effective impact on up lifting rural women.

K.Rajendran and Dr.R.P.Raya in the article “**Impact of Micro finance on the Capacity Building of Rural Women-A Study in Vellore District (Tamil Nadu, India)**” it is explained that micro finance has improved the awareness on children education, health and hygiene and the respondents gained self-confidence, courage and their skills were upgraded.

Dr. Jyotish Prakash Basu in the article “**Microfinance and Women Empowerment :An Empirical Study with special reference to West Bengal**” it is explained that how a woman’s tendency to invest in safer investment projects can be linked to her desire to raise her bargaining position in the households and women empowerment is examined with respect to control of savings, control of income, control over loans, control over purchasing capacity and family planning in some sample household in Hooghly district of West Bengal.

A.P Patil and Benjamin F in the article “**Micro Credit as an catalyst to women empowerment : Evidences and observation**” attempts to explain the empowerment impact of Micro credit in North eastern region in general and specifically concentrates on state of Megahalaya as a micro case. Evidences of economic empowerment are observed in form of increased income, asset accumulation, more participation in economic and decision of household etc. In the article clients have got more access to several social amenities and derived more respect in family and outside.

Dr. Dhiraj Jain and Ms. Bhagyashree Jain in the article “**Does Microfinance Empower Rural Women? -An Empirical Study in Udaipur District, Rajasthan**” it is explained how women’s are empowered through the help of micro finance in Udaipur District. The results of the article demonstrate that on an average, there is a significant increase in women empowerment of women of the self-help group’s members. The article concludes that however social backwardness, indebtedness and presence of other microcredit programs in the same or nearby villages have a significant positive influence on women’s participation in the program and there is a high level of political empowerment among women as compared to economic empowerment and there was a poor level of social empowerment.

Dr. Shuchi Loomba in the article “**Role of Microfinance in Women Empowerment in India**” it is explained that micro finance improved the literacy levels of the respondents and also improved their awareness on child education. Maximum number of respondents accepted that microfinance has brought economic development directly and indirectly and thus happiness and peace in the family.

4. Statement of the problem

In today’s context problem of poverty and women disempowerment still cannot be solved by the most of the developing and under developed nations across the globe. Though the government of India is launching a lot of poverty alleviating and micro finance schemes and programmes, people who benefit out these measures are very few. This current study is a live example of this present scenario in India. This research focused on to study how micro finance is and can be used as an effective tool for eradication of poverty and empowerment of women in the selected urban Bangalore slums. This study is focused on creating awareness among the women who live in selected Urban Bangalore Slums, about the concept of Micro

finance and the initiatives which has been under taken by the government of India to Support the people living 'Below the poverty line'.

5. Objectives of the study

- To create awareness among women who live in the urban Bangalore slums on the concept of micro finance.
- To familiarize the Micro finance and Poverty alleviating schemes introduced by the government of India among women living in the urban slums of Bangalore.
- To examine the relationship between the Socio-economic factors and the people living Below Poverty Line (BPL).

6. Research Methodology

6.1 Tools for the data collection:

Data collection instruments under this area of study include structured questionnaire, personal interview, and information from the internet, articles, journals prepared by the research scholars.

6.2 Sample size/Frame:

The sample size in the study has been limited to 125 women respondents within the city of Bangalore ie, 25 samples each from 5 different areas.

7. Statistical Analysis and Interpretation

7.1 RELATIONSHIP BETWEEN BELOW/ ABOVE POVERTY LINES AND MONTHLY INCOME OF THE INDIVIDUAL:

Table Number 7.1

POVERTY LINE /MONTHLY INCOME	Below Rs.20000	Above Rs.20000	TOTAL
APL	14	14	28
BPL	85	12	97
TOTAL	99	26	125/125

Table Number 7.2 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	6.610 ^a	1	.019		
Continuity Correction^b	6.766	1	.035		
Likelihood Ratio	5.693	1	.023		
Fisher's Exact Test				.028	.023
Linear-by-Linear Association	6.758	1	.015		
N of Valid Cases	125				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.82.

b. Computed only for a 2x2 table. Level of Sig .05.

Ho- There is no significance difference between poverty lines and monthly income earned by each member of the family.

H1- There is significance difference between poverty lines and monthly income earned by each member of the family.

Interpretation:

From the above (table no 7.1 and 7.2) it is clear that the asymptotic significance ie, .019 is lesser than the level of significance ie, .05 which concludes explaining that there is significant relationship between poverty lines and monthly income earned by each member of the family based on the level of confidence. This means that the more the income levels of Individuals in a family more they stay away from poverty.

Therefore, the alternative hypothesis H1is accepted and the null hypothesis H0 is rejected.

7.2 RELATION BETWEEN POVERTY LINES AND MONTHLY EXPENDITURE OF THE INDIVIDUAL:

Table Number 7.3

POVERTY LINE / MONTHLY EXPENDITURE	Below Rs.10000	Above Rs.10000	TOTAL
APL	8	20	28
BPL	12	85	97
TOTAL	20	105	125/125

Table Number 7.4 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.243 ^a	1	.039		
Continuity Correction ^b	3.123	1	.077		
Likelihood Ratio	3.809	1	.051		
Fisher's Exact Test				.074	.043
Linear-by-Linear Association	4.209	1	.040		
N of Valid Cases	125				

a. 0 cells (00.0%) have expected count less than 5. The minimum expected count is 4.48.

b. Computed only for a 2x2 table. Level of Sig .05.

Ho- There is no significance difference between poverty lines and monthly expenditure incurred by each member of the family.

H1- There is significance difference between poverty lines and monthly expenditure incurred by each member of the family

Interpretation:

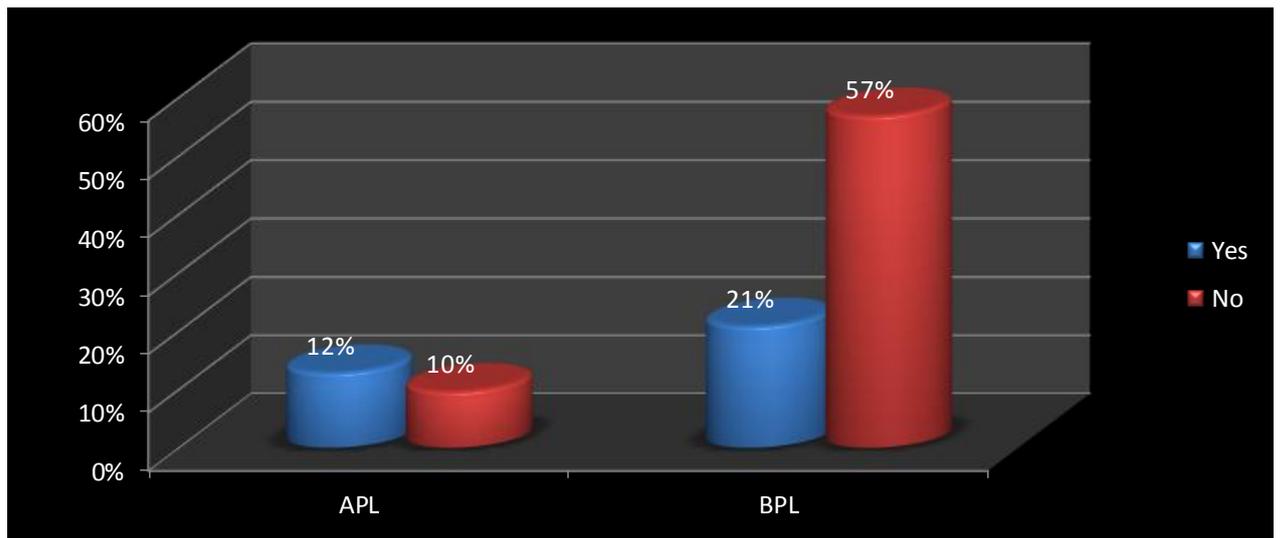
From the above (table no 7.3 and 7.4) it is clear that the asymptotic significance ie, .039 is lesser than the level of significance ie, .05 which concludes explaining that there is significant relationship between poverty lines and monthly expenditure incurred by each member of the family based on the level of confidence. This means that more the expenditure level of individuals in a family higher the poverty level that will prevail. Therefore, the alternative hypothesis H1 is accepted and the null hypothesis H0 is rejected.

7.3 RELATION BETWEEN POVERTY LINES AND JAN DHAN YOJAN SCHEME:

Table Number 7.5

POVERTY LINE / JAN DHAN YOJAN	YES	NO	TOTAL
APL	5	9	28
BPL	18	43	97
TOTAL	23	52	125/125

Graph Number 7.1



Interpretation:

From the above table no (7.5 and graph no 7.1) we can interpret that among the 125 respondents surveyed during the research, totally 78% of the people belong to below poverty line (BPL) category and 22% of people belong to the above poverty line (APL) category.

The people who are not aware of the Jan Dhan Yojana by government of India and who come under BPL are 57% followed by people who aware of the Jan Dhan Yojana by government of India with 21%.

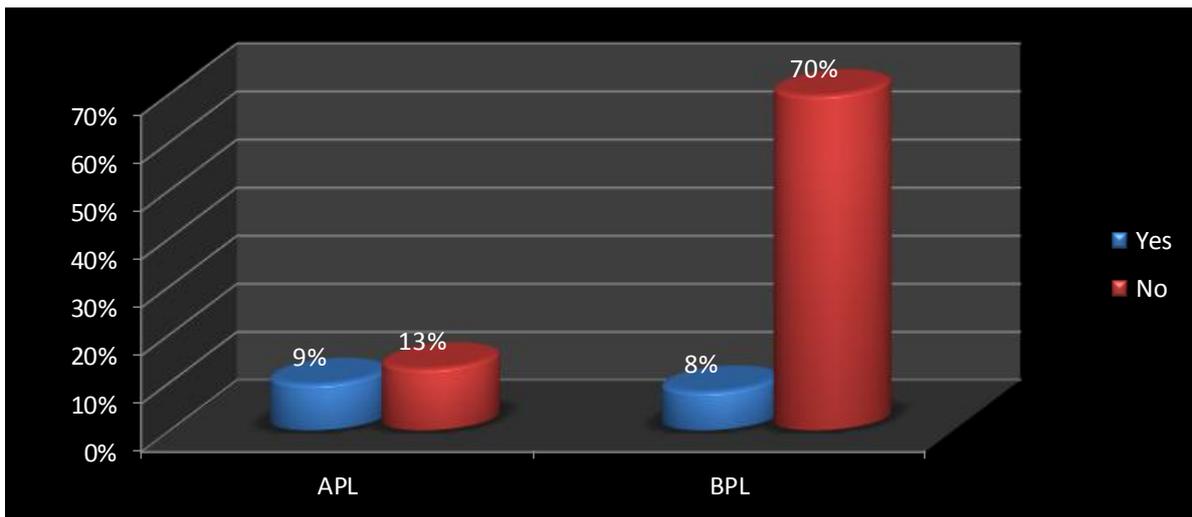
Similarly it is inferred that the people who are aware of the Jan Dhan Yojana by government of India and who come under APL are 12% followed by people who are not aware of the Jan Dhan Yojana by government of India with 10%.

7.4 RELATION BETWEEN POVERTY LINE AND MUDRA SCHEME:

Table Number 7.6

POVERTY LINE / MUDRA SCHEME	YES	NO	TOTAL
APL	12	16	28
BPL	10	87	97
TOTAL	22	103	125/125

Graph Number 7.2



Interpretation:

From the above table no (7.6 and graph no 7.2) we can interpret that among the 125 respondents surveyed during the research, totally 78% of the people belong to below poverty line (BPL) category and 22% of people belong to the above poverty line (APL) category.

The people who are not aware of the MUDRA scheme by government of India and who come under BPL are 70% followed by people aware of the MUDRA scheme by government of India with 28%.

Similarly it is inferred that the people who are not aware of the MUDRA scheme by government of India and who come under APL are 13% followed by people aware of the MUDRA scheme by government of India with 9%.

7.5 RELATION BETWEEN POVERTY LINES AND NUMBER OF YEAR IN OCCUPATION

Table Number 7.7

POVERTY LINE / no of yrs in OCCUPATION	Below 5 Years	Above 5 Years	Total
APL	17	11	28
BPL	35	62	97
TOTAL	52	73	125/125

Table Number 7.8 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	3.990 ^a	1	.046	.052	.038
Continuity Correction^b	3.166	1	.075		
Likelihood Ratio	3.933	1	.047		
Fisher's Exact Test					
Linear-by-Linear Association	3.958	1	.047		
N of Valid Cases	125				

a. 0 cells (0.00%) have expected count less than 5. The minimum expected count is 11.42.

b. Computed only for a 2x2 table. Level of Sig .05.

Ho- There is no significance difference between poverty lines and number of years individual is in occupation.

H1- There is significance difference between poverty lines and number of years individual is in occupation.

Interpretation:

From the above (table no 7.7 and 7.8) it is clear that the asymptotic significance ie, .046 is lesser than the level of significance ie, .05 which concludes explaining that there is significant relationship between poverty lines and number of years individual who is in occupation based on the level of confidence. This means that more number of years the individuals are working the more they stay away from poverty. Therefore, the alternative hypothesis H1 is accepted and the null hypothesis H0 is rejected.

7.6 RELATION BETWEEN POVERTY LINES AND EARNINGS OF EACH MEMBER OF FAMILY

Table Number 7.9

POVERTY LINE / EARNING OF EACH MEMBER IN FAMILY	BELOW Rs.5000	ABOVE Rs.5001	TOTAL
APL	9	19	28
BPL	76	21	97
TOTAL	85	40	125/125

Table Number 7.10 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	3.710 ^a	1	.039	.048	.033
Continuity Correction^b	2.866	1	.065		
Likelihood Ratio	3.693	1	.043		
Fisher's Exact Test					
Linear-by-Linear Association	3.758	1	.045		
N of Valid Cases	125				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.96.

b. Computed only for a 2x2 table. Level of Sig is .05.

Ho- There is no significance difference between poverty lines and earnings of each member of the family.

H1- There is significance difference between poverty lines and earnings of each member of the family.

Interpretation:

From the above (table no 7.9 and 7.10) it is clear that the asymptotic significance ie, .039 is lesser than the level of significance ie, .05 which concludes explaining that there is significant relationship between poverty lines and earnings of each member of the family based on the level of confidence. This means that the more the earnings of Individuals in a family more they stay away from poverty. Therefore, the alternative hypothesis H1is accepted and the null hypothesis H0 is rejected.

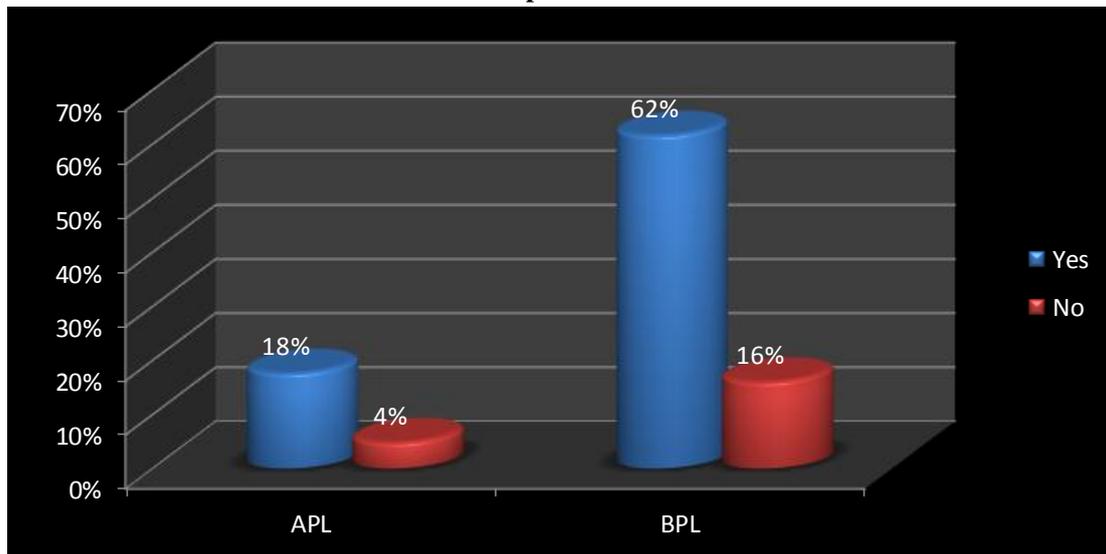
7.7 RELATION BETWEEN POVERTY LINES AND INDIVIDUAL HAVING BANK ACCOUNT

Table Number 7.11

POVERTY LINE / PEOPLE HAVING BANK ACC	YES	NO	TOTAL
APL	22	6	28
BPL	77	20	97
TOTAL	99	26	125/125

8

Graph Number 7.3



Interpretation:

From the above (table no 7.11 and graph no 7.3) we can interpret that among the 125 respondents surveyed during the research, totally 78% of the people belong to below poverty line (BPL) category and 22% of people belong to the above poverty line (APL) category.

The people who have a bank account and who come under BPL are 62% followed by people who do not have bank account with 16%. Similarly it is inferred that the people who have a bank account and who come under APL are 18% followed by people who do not have bank account with 4%.

8. Summary of findings/suggestions

Findings:

- It is revealed from the study that among respondents living below poverty line and above poverty line, higher the monthly income of the individual more the chances of individuals falling under the above poverty line category.
- It identified that among respondents living below poverty line and above poverty line, higher the expenditure of the individual more the chances of individuals falling under the below poverty line category.
- It is found that most of the respondents who live below the poverty line are not aware of the Jan Dhan Yojana scheme, whereas most of the respondents who live above poverty line are aware of Jan Dhan Yojana scheme launched by government of India.
- It is identified that most of the respondents, who live below the poverty line and above poverty line, are not aware of the MUDRA scheme launched by government of India.
- It is found that among respondents living below poverty line and above poverty line, longer the years of service in occupation better the standard of living of the individuals.
- It is observed that among respondents living below poverty line and above poverty line, the more the earnings of each member of the family higher they belong to above poverty line.
- It is found that most of the respondents who live below the poverty line and above poverty line have bank account.

Suggestions:

- The government of India must provide training and development which is very much necessary for expanding women's knowledge on Micro finance and their ability to improve their lives. This will enable them to expand their knowledge and take advantage of the various opportunities made available in micro finance by the state and central government.
- Although this research explains that micro finance and poverty alleviation schemes launched by government of India could have empowered women and alleviated poverty, the results of this study are not substantial. This means that people who are benefiting from these schemes are very few. The government of India must take necessary steps to promote and create awareness (through newspapers, television etc.) of these schemes in

order to make sure that the schemes launched are utilized effectively by poor people all over the country.

- Lastly I would like to suggest that there is need of platform for implementing new and innovative technologies in field of micro finance banking. The government must try to review the current policies on micro finance and make necessary changes in accordance with the changing scenario of women in our society.

9. Conclusion

Micro Finance is a dominating socio-economic tool which is used all over the world to empower women and alleviate poverty. Empowerment is a mandatory situation which has to prevail for enabling women to seek justice and equality. Without economic strength, women will not able to exercise their guaranteed rights. It is, therefore, necessary to seek participation of women as equal partners with men in all fields of work, equal access to all positions of employment, equal opportunities for work related training and full protection of women at work place. The study reveals that the concept of micro finance still has to be promoted in the urban Bangalore slums so that all people living in these areas have knowledge of micro finance concept. Microfinance should go ahead of all the other financial services to show a stronger reduction on poverty. It should be used as a tool to develop the skills of poor borrowers to enhance their productivity and income. The study explains that though the government of India has been introducing various micro finance and poverty alleviating schemes, people who are benefiting out of these schemes are very few due to lack of knowledge and awareness.

Micro-finance is one of the ways of building the capacities of the poor and developing them to self-employment activities by providing financial services like credit, savings and insurance. Growth of microfinance activities over the few decades has been effective tool in bringing about impressive growth in empowering women by enabling them to overcome the hurdles of insufficient funds. Since there is a positive relation between graduates and above poverty line people, longer the occupancy and above poverty line, from this it is concluded that effort taken by government in providing employment opportunity and educating the people to non-formal education system will go a long way in uplifting the socio-economic status of this urban slums in Bangalore. One can conclude that this study suggests that, all over our country different institutes and colleges of social sciences and economic sciences

should include Micro finance as a subject of study so as to develop the concept of micro finance.

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