# Impact of Microfinance on Women Empowerment: A Case Study in Cooch Behar District of West Bengal

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*ABSTRACT:* In our country around 49 per cent of the total population is women and they are engaged in different activities. In a male dominated society, women have always been underestimated and discriminated in most aspects of life. Economically, socially and politically they are disempowered. The traditional duties of managing households create obstacles in their social and economic empowerment. Over the years various efforts have been made by many government and non government organizations to promote women empowerment especially in rural areas. One such effort is the microfinance intervention. The objective of this study is to assess the role of microfinance for empowering the poor women particularly of the women in rural areas of West Bengal. For this an empirical study was carried out in Cooch Behar district of West Bengal. The primary data was collected from Dinhata-I block of Cooch Behar district, West Bengal. The result of the study revealed that only 6 per cent of the participants, out of a total of 160 respondents, are highly empowered, and only about 22.5 per cent of them have been found to be less empowered.

## INTRODUCTION

In our country around 49% of the total population is women and they are engaged in different activities (Census of India, 2011). No doubt they play important role in the society. In a male dominated society women have always been underestimated and discriminated in most aspects of active life and livelihood. Traditionally, women have been marginalized. They are rarely financially independent, and often they are the more vulnerable members of the society. Economically, socially and politically they are largely disempowered. Further, the traditional duties of managing households by women create obstacles in their social and economic empowerment. Over the years various efforts have been made by many government and non government organizations to promote women empowerment especially in rural areas of India. One such effort of empowering women is through the microfinance intervention.

In the recent times, microfinance through self-help groups (SHGs) has been considered as a powerful tool for empowering poor women particularly, the rural poor women. Apart from the informal sector of finance the formal and semi formal sectors like commercial banks, non government organizations (NGOs) etc are taking much interest in providing microfinance to women considering it to be a profitable commercial activity.

Different scholars and authorities view the concept of empowerment differently. The dictionary meaning of the word 'empower' is "to give power or authority to someone". It is an intrinsic quality of a

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person, which cannot be bestowed by a third party. In a nutshell, empowerment is a process which enables one to gain power, authority and influence over others.

According to Batliwala ('94) empowerment is a process of challenging existing power relations and of gaining greater control over the sources of power. The author has described that 'empowerment is the enhancement of power'. Kabeer (2001) defined empowerment as "the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them". The women empowerment means to let women survive and let them live a life with dignity, humanity, respect, self esteem and self reliance. According to Pillai ('95:23-24), "women empowerment is an active, multidimensional process which enables women to realize their full identity and powers in all spheres of life." Power is neither a commodity to be transacted nor can it be given away as alms. "Power has to be acquired and once acquired it needs to be exercised, sustained and preserved". As described by Kabeer (2001) there are two essential elements of women empowerment, i.e. process and agency. "A process is defined as the series of events that produce gradual change. The process of women empowerment leads to expansion in their ability to have resources and to make strategic life choices. The agency element of women empowerment describes that women themselves are the significant actors in the process of change. It is the process through which choices are made" Kabeer (2001). Empowerment cannot be offered by a third party rather it has to be claimed by those who would become empowered. Women will be empowered when they will have full control over their own life.

The objectives of this study are as follows: (i) to measure empowerment of the rural women in the selected area of study, and (ii) to explore the various factors of women empowerment.

## METHODOLOGY

The present study is based on the primary data collected from Cooch Behar district of West Bengal. We have chosen Dinhata-I block from Cooch Behar district purposively. The main purpose of selecting this block is that in this district this block has good performance in relation to SHG activities. After that from this block 32 SHGs under Swarna Jayanti Gram Swarojgar Yojana (SGSY) have been selected in such a way that all the groups have got project loan and these groups have been working for ten years or more at a stretch. Then we have taken five participants from each group randomly. Altogether 160 participants have been taken as a sample from the study area. Data have been collected by door to door visit and women were interviewed through structured questionnaire. Multiple linear regression model has been used to analyze the effect of different factors on women empowerment and role of microfinance in women empowerment.

### Operational Definition

Women empowerment is the dependent variable which is measured by five indicators which are as follows:

*Personal income:* Personal income of the respondents is measured in terms of money generated monthly. Both farm and non-farm income sources have been considered in measuring monthly personal income of the respondents.

*Employment:* It is measured in terms of number of days per annum. How many days per annum a respondent is engaged in farming and non-farming activities, this was assumed to be employment days.

*Access to resources:* It refers to the right, scope, power or permission to use and/or get benefits from ten selected resources that were divided into mainly two types. These are: a) household resources — equal consumption of nutritious food, handling and spending money, and b) social resources — educational opportunities, land and credit. Access to resources of a woman is measured on scoring of the selected five issues.

*Participation in family decision making:* It refers to the extent of women's ability to participate in formulating and executing decisions regarding domestic, financial and political matters. Participation in family decision of a woman is measured on scoring of the selected five issues.

### Composite Empowerment Index

In the present study we have taken four indicators combining both quantitative as well as qualitative data

in order to get a complete idea of women empowerment. These indicators are personal income, employment, access to resources, and participation in decision making. In order to quantify the level of women empowerment a Composite Empowerment Index (CEI) has been prepared. The quantitative part represents five categories (e.g. 1 = very low; 5 = very high), which have been done on the basis of total obtained score for each empowerment indicator from the survey. The qualitative dimension is formed to rank the key four indicators from total scores assigned by some focus group participants where 4 represent 'very important' and 1 represents 'least important'. The rank order is made based on total scores attaining from ranking of the individual indicator in focus group. Maxwell ('95) followed this procedure to measure food insecurity by developing a cumulative food security index. Parveen and Leonhauser (2004) also followed the same process to measure women empowerment by developing a cumulative empowerment index. The CEI for the purpose of present study is constructed based on the cumulative food security index of Maxwell ('95) and the cumulative empowerment index of Parveen and Leonhauser (2004). Based on the above indicators, economic empowerment of women has been measured by constructing CEI as given below.

TABLE 1

*Measurement of Composite Empowerment Index (CEI)*

| Indicators | Quantitative rank | Qualitative rank | CEI Range: 10-50 |
|---|---|---|---|
| Personal Income | 1 to 4 | 4 | (1-5)x 4=4-20 |
| Employment | 1 to 4 | 3 | (1-5)x3=3-15 |
| Access to resources participation | 1 to 4 | 2 | (1-5)x2=2-10 |
| Family decision making | 1 to 4 | 1 | (1-5)x1=1-5 |

*Source:* Author's own compilation

### Composite Empowerment Index

Thus, we see that calculated CEI varies from 10 to 50. The respondents whose total score ranges between 10-20 are classified as less empowered. The respondents who score between 21-30, 31-40 and 41-50 are classified as medium, high and very high empowered category respectively. The results of the CEI are shown in Table 2.

TABLE 2

*Composite empowerment index (CEI) of the participants in Dinhata-I block of Cooch Behar district*

| Levels of empowerment | CEI score | Participants | Percentage of empowerment |
|---|---|---|---|
| Very high empowered | 41-50 | 10 | 06.2 |
| High empowered | 31-40 | 58 | 36.3 |
| Medium empowered | 21-30 | 56 | 35.0 |
| Less empowered | 10-20 | 36 | 22.5 |
| Total | | 160 | 100 |

*Source*: Field survey, 2016

Thus Table 2 shows that only 6 per cent of the participants are found to be 'very highly empowered'. It is seen that 36 per cent of the participants come under 'high empowered' group, and 35 per cent are in 'medium empowered' group. Of the 160 participants, only 22.5 per cent of the participants fall under a 'less empowered' category.

### Determinants of Women's Empowerment Independent Variables

Five factors were used as predictors in order to check for their significance as women's empowerment determinants. Their operational definitions and measurement techniques are as follows (Table 3).

TABLE 3

*Description of the independent variables*

| Variables | Measuring scale | Definition |
|---|---|---|
| Personal income | Continuous | Average monthly income (in Rs.) of the participants |
| Employment | Continuous | Employment days per annum of a woman |
| Education | Continuous | Formal schooling (number of years) of the participant |
| Age | Continuous | Age of the participants (years) |
| Spatial mobility | Scoring | Extent of physical movement (travel or visit) with permission of husband or senior member of the household |

*Source:* Author's own compilation

### RESULTS AND DISCUSSION

#### Socio-economic Profile

Socio-economic profile of the respondents is shown in the Table 4. From the table it is observed

TABLE 4

*Socio-economic profile of the participants in*
*Dinhata-I block of Cooch Behar district*

| Variable | Participants | | Variable | Participants | |
|---|---|---|---|---|---|
| | Abs. | % | | Abs. | % |
| Personal income: | | | Employment: | | |
| Up to Rs 600 | 23 | 14.37 | Unemployed | 16 | 10.00 |
| Rs.600-900 | 16 | 10.00 | Up to 50 days | 6 | 3.75 |
| Rs.600-1200 | 34 | 21.25 | 50-100 days | 26 | 16.25 |
| Rs.1200-1500 | 45 | 28.13 | 100-140 days | 42 | 26.25 |
| Above Rs. 1500 | 42 | 26.25 | Above 140 days | 70 | 43.75 |
| | | | | | |
| Age: | | | Education: | | |
| 18-25 | 8 | 05.00 | Illiterate | 38 | 23.75 |
| 26-45 | 45 | 28.13 | Primary | 42 | 26.25 |
| Above 45 | 107 | 66.87 | Secondary | 68 | 42.50 |
| | | | Above secondary | 12 | 7.50 |
| | | | | | |
| Spatial mobility: | | | | | |
| Low mobility | 39 | 24.38 | | | |
| Medium mobility | 87 | 54.37 | | | |
| High mobility | 34 | 21.25 | | | |

*Source*: Field survey, 2016

that majority of the participants belong to the income group of Rs. 1200-1500 per month. It is also evident that 66.87% of the participants belong to age-group of 45-60 years. Regarding education of the participants, it is observed that around 24% of the participants are illiterate. As far as spatial mobility is concerned, it is found that 21.25% of the women have high mobility, and about 24.38% women have low mobility in the area under discussion.

### Regression Analysis

To investigate the directional and magnitude impact of the independent variable on (CEI) as proxy of women empowerment in the study area, a multiple linear regression model is used. The regression equation can be written as:

$$CEI = \beta_0 + \beta_1 AGE + \beta_2 EDU + \beta_3 EMPL + \beta_4 INCM + \beta_5 MOBTY + e$$

Where:

CEI = Composite Empowerment Index

AGE = Age of the participant in years

EDU = Education level of the participant

EMPL = Employment in person days in post-SHG

INCM= Participants average monthly income in rupees

MOBTY = Level of mobility of the participants

$\beta_0$ = Constant term

$\beta_1$, $\beta_2$, $\beta_3$, $\beta_4$, $\beta_5$ = Regression co-efficients

e = Error term

TABLE 5

*Model summary of the study*

| Model | R | R square | Adjusted R square | Std. error of the estimate |
|---|---|---|---|---|
| | 0.843 | 0.711 | 0.702 | 4.39989 |

a Predictors: (Constant), MOBTY, EMPL, INCM, AGE, EDU

The model summary has been given in Table 5. It reports the strength of the relationship between the model and the dependent variable. R indicates correlation between the observed and predicted value of the dependent variable. Larger value of R indicates stronger relationship and also indicates that the model fit the data well. R square is the proportion of variation in the dependent variable explained by regression model. Higher value of R square (more than 0.700, Modi *et al.*, 2014) indicates that model is having good predictive ability. In our study the value of R square is 0.711, thus indicates that model is having good predictive ability.

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