



Research Article

EMPOWERING WOMEN THROUGH MICRO FINANCE IN SIKKIM: AN IMPACT ANALYSIS

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ABSTRACT

With growing importance of making society equitable, the women empowerment plays a pivotal role in this regard. In India due to women's higher ratio of unemployment than men, women are still undervalued. According to World Bank report it confirms that women's have a higher level of unemployment which at macro level found that 70 % of the world's poor are women. Sikkim is the north eastern state of India, which has four districts east, north, south and west and is surrounded by three countries Tibet, china and Bhutan. It being the Himalayan area is lacking behind the banking sector due to hard to reach areas where people in rural areas still cannot access the financial services. Women here, especially in rural areas are very hardworking but besides being so hardworking due to lack of opportunity and knowledge it has higher rate of poverty. Micro financing is one such intervention that aims at reduction of poverty by providing basic financial services to the underserved section of the society at affordable terms. One of the important objective & the effort of the government here is to ease the credit constraint of households or to provide them with capital to initiate an activity, thereby increasing their income and consumption. Micro financing or microcredit programmes aims the poor, especially women, to engage them in income-generating activities.

An attempt has been made in this paper to focus on the determinants of microfinance programme, its impact towards empowering women in Sikkim, India.

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INTRODUCTION

Women are still considered to be most underprivileged and discriminated strata of the society not only in India but the world over. After so many efforts of government and non government organization, they have been highly ignorant clients of the financial sector. In the recent times, microfinance has been playing as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance the formal and semi formal sectors like commercial banks, NGOs etc. are taking much interest in providing microfinance to women considering it to be a profitable commercial activity.

Microfinance has played an important role in women empowerment. Micro finance through Self Help Group (SHG) are effective in reducing poverty, empowering women and creating banking awareness, which finally results in sustainable development of the nation. Women are also participating in the microfinance movement by availing the microfinance services being provided by the various financial channels. The main aim of microfinance is to empower women. Microfinance comes with a principle of banking the unbankables,

especially to poor people, creating awareness about saving a/c, loans, interest rate etc, and also provide the financial services to low-income clients who are not served by the regular bank due to their poor condition and unable to offer sufficient collateral, especially women who traditionally lack access to banking and related services. Women make up a large proportion of microfinance beneficiaries.

Traditionally, women in developing or underdeveloped countries like India have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision making, thus encouraging gender equality.

According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of microfinance. The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. Observations and experience shows that women are a small credit risk, repaying their loans and tends more often to benefit the whole family. In another aspect it's also viewed as a method giving the women more status in a socioeconomic way and changing the current conservative relationship between gender and class. Even World Bank report confirms that societies that discriminate on the basis of gender pay the

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cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for all people. At a macro level, it is because 70 percent of the world's poor are women. Women have a higher unemployment rate than men in virtually every country and make up the majority of the informal sector of most economies. They constitute the bulk of those who need microfinance services. Giving women access to microcredit loans therefore generates a multiplier effect that increases the impact of a microfinance institution's activities, benefiting multiple generations.

Objectives

The broad objectives of the study are to understand the economic and empowerment impacts of microfinance on women households in Sikkim. The specific objectives are:

- a. To examine the factors influencing economic status of women living in Sikkim.
- b. To evaluate the effectiveness of microfinance on empowerment of women.

Research Hypothesis

H1: There is a significant relationship exist between formation of group and Income generating activities, employment and saving etc.

H2: There is a significant impact of micro-financing program on women empowerment

H3: Participation in micro-financing program improves economic security (ES).

Data Analysis: This chapter contains the quantitative data analysis results of impact of micro-finance towards the women empowerment in the state of Sikkim. The primary data are obtained through a well-framed questionnaire circulated among the women's of North, South, East and West of Sikkim. The questionnaire comprises of personal and subject details as per the objective of the study to be filled by the respondents.

The statistical analysis of primary data provides a snapshot of the subject and the area under study. This will allow to clearly and quickly recognize areas of strength and the areas for improvement. Without the survey results, the lengthy time-consuming process of identifying these opportunities may have left us at a disadvantage in the subject.

The survey data set was analyzed using the Statistical Package for Social Sciences (SPSS) 23.0 and Analysis of Moment Structure (AMOS) 21.0 for Windows. The data set was checked for coding errors and logical inconsistencies. Frequencies, Mean, Standard Deviation (SD), factor analysis, SEM and Multiple Regression with t-test, ANOVA (F-test) were generated to understand the responses to the key questions.

Demographic Details (N = 200)

The primary data is obtained through a well-framed questionnaire circulated among different women's from all the four regions (North, South, East and West) of Sikkim's in India. The frequency and percentage analysis is applied to identify different categories of respondents and their backgrounds.

The table below presents the demographic profile of the respondents on the basis of religion, caste, type of family, marital status, age, educational qualification and occupation.

Table 1 Demographic Profile of the Women respondents (N = 200)

Particulars	Frequency	Percent	Cumulative Percent
Religion of the household			
Hindu	105	52.5	52.5
Buddhist	76	38.0	90.5
Christian	17	8.5	99.0
Others	2	1.0	100.0
Total	200	100.0	
Caste			
Schedule Caste	4	2.0	2.0
Schedule Tribe	125	62.5	64.5
OBC	56	28.0	92.5
Others	15	7.5	100.0
Total	200	100.0	
Type of Family			
Nuclear	154	77.0	77.0
Joint	42	21.0	98.0
Extended	4	2.0	100.0
Total	200	100.0	
Marital status			
Married	173	86.5	86.5
Unmarried	13	6.5	93.0
Divorced	10	5.0	98.0
Widow	4	2.0	100.0
Total	200	100.0	
Age			
Below 20 yrs	0	0.0	0.0
21 to 35 yrs	57	28.5	28.5
36 to 50 yrs	125	62.5	91.0
50 yrs and above	18	9.0	100.0
Total	200	100.0	
Education			
Illiterate	30	15.0	15.0
Primary	85	42.5	57.5
Secondary	55	27.5	85.0
Higher secondary	30	15.0	100.0
Total	200	100.0	
Occupation			
Self-employed in agriculture	78	39.0	39.0
Self-employed in nonfarm enterprise	44	22.0	61.0
Student	0	0.0	61.0
Causal worker	14	7.0	68.0
Salaried worker	49	24.5	92.5
Domestic worker	0	0.0	92.5
Unemployed	9	4.5	97.0
Unwilling to work, retired	4	2.0	99.0
Not able to work	2	1.0	100.0
Total	200	100.0	

Source: developed from the survey data

Factor Analysis (Indicators of Women Empowerment)
Analysis of internal homogeneity of the items by factor
Analysis (Indicators of Women Empowerment)

The factor analysis was applied to twenty nine variables related to indicators of women empowerment in the state of Sikkim. The KMO value of factor analysis is 0.791 which indicates that factor analysis is reliable to be done for these 29 variables which is also cross validated by significant value of Bartlett's test of sphericity i.e. 0.000.

Table 2 KMO and Bartlett's Test (Indicators of women empowerment)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			0.791
Bartlett's Test of Sphericity	Approx. Chi-Square		4323.966
	Df		406
	Sig.		0.000

Source: developed from the survey data

Kaiser (1974) recommends accepting values greater than 0.5 as acceptable (values below this should lead to either collect more data or rethink which variable to include). Furthermore, values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great and values above 0.9 are superb. For these data the value is 0.894, which falls into range being great. So, we should be confident that factor analysis is appropriate for these data.

Table 3 Total Variance Explained (Indicators of women empowerment)

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	6.645	22.914	22.914	6.645	22.914	22.914	5.608	19.339
2	4.380	15.102	38.016	4.380	15.102	38.016	3.854	13.289	32.629
3	3.866	13.330	51.345	3.866	13.330	51.345	3.784	13.047	45.676
4	2.624	9.048	60.393	2.624	9.048	60.393	2.919	10.066	55.742
5	1.602	5.525	65.918	1.602	5.525	65.918	2.357	8.129	63.871
6	1.344	4.635	70.554	1.344	4.635	70.554	1.770	6.104	69.975
7	1.052	3.627	74.180	1.052	3.627	74.180	1.219	4.205	74.180
8	0.986	3.399	77.580						
9	0.941	3.246	80.825						
10	0.648	2.235	83.060						
11	0.570	1.966	85.026						
12	0.504	1.737	86.762						
13	0.431	1.486	88.248						
14	0.423	1.460	89.708						
15	0.379	1.305	91.014						
16	0.326	1.123	92.137						
17	0.295	1.018	93.156						
18	0.274	0.944	94.099						
19	0.258	0.889	94.988						
20	0.238	0.821	95.810						
21	0.228	0.785	96.595						
22	0.215	0.740	97.335						
23	0.168	0.580	97.915						
24	0.147	0.506	98.421						
25	0.135	0.466	98.887						
26	0.114	0.394	99.281						
27	0.104	0.360	99.640						
28	0.060	0.208	99.849						
29	0.044	0.151	100.000						

Extraction Method: Principal Component Analysis.

Source: developed from the survey data

The factor analysis was done for all the 29 variables which are the indicators of women empowerment. All these variables are reduced to seven different factors which explained around 74.180% of the total variance. The first factor with their loading pattern indicates that a general factor is running throughout all the items explaining about 19.339% per cent of the variance. The second factor explains about 13.289%, third factor 13.047%, fourth factor 10.066%, fifth factor 8.129%, sixth factor 6.104% and seventh factor 4.205% of the total variance. The entire seven factors explain about 74.180% of the total Variance.

Summary of findings

The findings of this study revealed that microfinance is a powerful tool in enhancing women empowerment for its all indicators like household economic decision making, economic security, family decision making, mobility, legal awareness, govt. participation and social participation.

Demographic Profile of the respondents

- Majority of the women’s respondents belongs to Hindu (52.50%) and Buddhist (38.0%). Few of the respondents are belongs to Christian (8.50%) and others (1.0%).
- In caste of the respondents, majority of the women’s belongs to Schedule tribe (62.50%) and OBC (28.0%). Few of the respondents are coming to others (7.50%) and Schedule caste (2.0%).
- Majority of women’s belongs to nuclear family (77.0%) and joint family (21.0%). Few of the respondents are coming into extended family (2.0%). Similarly, majority of the women respondents are married (86.50%). Few of the respondents are unmarried (6.50%) and widow (2.05%).
- In occupation, majority of the respondents are self-employed in agriculture (39%), then coming salaried worker (24.50%) and self-employed in nonfarm enterprise. Few of the respondents are casual worker (7.0%) and unemployed (4.50%).

Group formulation

- The number of women members in the group coming majority to ‘5 - 10’ 79.50 percent (159 no.s) and then coming to ‘10 - 15’ as 20.5 percent (41 no.s). This reveals that majority of group size is 5 to 10.
- ‘who suggested women’s to join in the group’ majority of the response is coming to ‘self’ 41.0 percent (82 no.s) then coming suggested by friends/ relatives 25.0 percent (50 no.s) and 14.0 present (28 no.s) by NGO’s workers. This reveals that by self-motivation majority of the women joining in the group.
- Majority of the women’s 37.0 percent (74 no.s) are active member then coming 32.50 percent (65 no.s) as ordinary member. Few of the respondents 17.0 percent (34 no.s) are cashier/ secretary and president of the group.
- In frequency of meeting conducted by the group members, majority of the response says to ‘weekly’ 46.50 percent (93 no.s) then coming to ‘monthly’ 43.50 percent (87 no.s). Few of the respondents (women) say about fortnightly 6.0 percent (12 nos) and 2.50 percent (5 no.s) as never. This shows, majority of the group meeting is happening weekly and monthly.
- The number of members attend the meeting, frequency result shows, majority of the response is ‘all’ 93.0 percent (186 no.s) then coming ‘few’ 7.0 percent (14 no.s). This reveals that maximum of the meeting attended by all members of the group. The ‘group members’ calls the meeting maximum times i.e. 86.50 percent (173 no.s) then coming ‘mixed’ as 13.50 percent (27 no.s).
- The agenda decision of the meeting is prepared by ‘majority of members’ 74.50 percent (149 no’s) then coming by president 18.50 percent (37 no.s). In few cases, by some member 4.50 percent (9 no.s) and by NGO 2.50 percent (5 no.s). This reveals that majority of the agenda in meeting decided by members and president of the group.
- ‘who takes decision in the meeting’ majority of the response is coming to ‘all members’ 85.50 percent (171 no.s). Few of the meeting decision taken by mixed (6.50

percent), president (3.50 percent) and by NGO (3.0 percent).

- 'how is the decision taken' in the group, majority of the response is coming to 'by consensus' 73.50 percent (147 no.s) and then coming by 'Mixed' 18.50 percent (37 no.s). Sometimes, decision taken by 'voting' 3.50 percent (9 no.s) and by NGO 3.0 percent (7 no.s).
- In comparison between nature of training and impact of training by group members. The mean value of impact of training (84.50) is coming higher than nature of training (60.10). The significant value of t-test is coming 0.062 (one tail) and 0.124 (two tail). In both the case the significant value is coming more than 0.05. This reveals that there is no significant difference between two. Similarly, the correlation (pearson) coefficient is coming 0.584. This reveals that there is a correlation between nature of training and impact of training. This shows hypothesis is coming is coming true i.e. *there is a significant correlation exist between nature of training and impact of training.*
- The different helps getting by women for rules and regulation, group records, balance in bank, outstanding loan and objective of the group. The options are given as increase or remain same after participation in the group. In all the variables, the response of 'Yes' is coming more than 'No'. The frequency value of 'Yes' is coming highest in rules and regulation (95.50%) then coming group records (94%). Similarly, it is coming above 90% of balance in bank (93.0%), outstanding loan (90.50%) and objective of the group (93.0%).
- Out of five variables, the variables balance in bank (0.013) and objective of the group (0.001) is coming significant since the significant value of these variables are coming less than 5 percent. The variables 'Rules and regulation', 'Group records' and 'Outstanding loan' is not coming significant relationship with knowledge process and group activities. Since significant value is coming more than 5 percent.
- In RQ: Does a statistical significant relationship exist between formation of groups and increase of related variables (Income generating activities, Employment, Saving, Knowledge about bank, Knowledge about Health and sanitation, Knowledge about Nutrition and health of child, Participation in government programmes, Interaction with outsiders, Status in the family, Mobility, Literacy level, Access of credit, Asset building and Family relation). Out all the variables, the variable – income generating activities, employment and knowledge about health and sanitation is not coming significant since the significant value of F-test is coming more than 0.05. Rest of the variables are coming significant at 1 percent and 5 percent level.

Impact of Micro-finance on Women Empowerment

- The indicators of women empowerment, reliability of the variables related to was ensured through item analysis. The combined Cronbach's alpha value of all the items is coming more than 0.8 which reveals that the items used in the questionnaire are internally homogenous and consistent. Therefore, the variables in the questionnaire are significantly contributing the study.

- Through factor analysis, twenty nine variables of indicators are reduced to seven factors. The path analysis reveals that - Regression weights of the SEM model is structurally fitted. All the contributing variables are statistically significant and contributing to women empowerment since the p (probability) label/significant value is coming *** (0.000). Out of all the variables, variables – the factor HED (Household Economic decisions)(1.250) and FD (Family decisions)(1.290) contributing maximum towards women empowerment in Sikkim, contributing maximum towards the dependent factor i.e. factors influencing women empowerment in the state of India.
- Related to psychological variables for microfinance beneficiaries - the percentage of positive response is coming higher in number. All the variables (Self-confidence, Mental strength, Sense of future planning, Awareness in child education, Self-reliance, Sense of security and Improvement in health care) percentage of response is coming more than 50 percent. The result of the table reveals that highest percentage of response is coming to self-confidence (83%) then coming to mental strength (80%) and self-reliance (75%).

Recommendations

- Only participation in microfinance program does not lead to increase in women empowerment but when it is coupled with participation in seminars, workshops and training then it helps women in enhancing their empowerment. These training programs not only provide self-employment training but also facilitate good decision-making.
- All the indicators which have been used to measure women empowerment in this study are not further studied for which indicators are more important in enhancing women empowerment. Future studies may target on this issue. This study is conducted in only one state of India. It opens the door to conduct similar studies in other states of India and in other countries to reflect impact of culture diversity on women empowerment.

Demographic variables are considered controlled variables for this study but they have important role in explaining women empowerment. Therefore, future researches should consider role of demographic variables while explaining women empowerment.

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