

Impact of Microfinance on Women Empowerment, Poverty Alleviation and Employment Security in Rural Areas of Rajasthan

Prof. M.L.Chhipa¹, Swatantra Sharma², Rajrsh Kr Dubey³

Former VC, MaharshiDayanandSaraswati University, Ajmer, Rajasthan, India¹

Research Scholar, Department of Economics, M D S University, Ajmer, Rajasthan, India²

Director, PERI, Lucknow, Uttar Pradesh, India³

Abstract: The gender inequality existing in the demographic composition of a society is portrayed by the socio-economic conditions of the female population, their literacy rate, poverty, employment opportunity, life expectancy etc. Rajasthan is the largest state in India in terms of area and ranks eighth in terms of population. In 2001, the population of Rajasthan has been counted at 56,507,188 which have increased to 68,621,012 in 2011. It is a universally acceptable economic prescription that, for a populous country like India, ready to enjoy the Demographic dividend, gender equality is a main objective that must be achieved in order to achieve sustainable overall economic growth. In this paper we make a humble effort to study the problems associated with gender inequality in the demographic composition of Rajasthan and the potentiality of microfinance institutions in reducing the gap of gender inequality and ensuring women empowerment. The endeavor is descriptive and analytical in nature. It is simple but pragmatic. We have made the study based on secondary data collected from the various publications of Directorate of Economics and Statistics and the provisional population totals Census of India, 2011 and the Census reports of 1971,1981,1991,2001 and Rajasthan Microfinance Report, 2011. We endeavor to make certain humble suggestions and policy measures to bring about gender equality through the use of Microfinance Institutions in Rajasthan.

Keywords: Microfinance; Self Help Groups (SHG); Women Empowerment; Employment Security; Poverty Alleviation

I. INTRODUCTION

India is blessed to enjoy the fruits of Demographic Dividend in the years to come. But, this asset has to be very judiciously and cautiously handled. There are numerous impediments on the path. India has to take care of certain fronts like the gender equity and gender empowerment. A nation where the female population accounts for 48.46 percent of the total population, cannot afford to neglect the issues related to gender inequity and gender empowerment. The gender inequality existing in the society is portrayed by the socio-economic conditions of the female population, their literacy rate, poverty, employment opportunity, life expectancy etc. Rajasthan is the largest state in the country with a geographical area of 3.42 lakh square kilometers and ranks eighth in terms of population. It occupies about 10% of the total area of India. The state has a population of 6.8 cr., which is about 5.67% of the country's population. The state is predominantly rural (with 75% people residing in rural areas and 25% in urban areas). In this paper we make a humble effort to study the problems associated with gender inequality in the state of Rajasthan and the potentiality of microfinance institutions in reducing the gap of gender inequality and ensuring women empowerment. The objectives of the study are to study the demographic composition of Rajasthan and the problem of gender inequality in Rajasthan. To explore the prevalence of gender inequality in the arena of education, health and employment in Rajasthan. To explore the potential in the microfinance institutions to reduce gender inequality and promoting women empowerment in the state of Rajasthan.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 3, Issue 2, February 2014

II. METHODOLOGY

The endeavor is descriptive and analytical in nature. It is simple but pragmatic. The study is mainly based on secondary sources. We have made the study based on secondary data collected from the various publications of Directorate of Economics and Statistics and the provisional population totals Census of India, 2011 and the Census reports of 1971, 1981, 1991, 2001, Rajasthan Microfinance Report 2011.

Previous Studies on gender inequality and role of microfinance institutions.

Ahmad (1999) through a case study on Thrift Groups in Assam highlighted that women are coming to the administration directly for their just rights and to address their grievances boldly. It proved that Self Help Groups are successful in North East India even in the midst of insurgency. Puhazhendhi (1999) analyzed the functioning of SHG's, performance, sustainability, empowerment of women, economic impact on the members, future potentials etc. He observed that SHG's in Tamil Nadu are performing well towards social change and transformation. The emerging trends are leading to positive direction of empowerment of members and promotion of micro finance.

Manimekalai and Rajeshwari (2004) in their paper highlighted that the provision of micro-finance by the NGO's to women SHG's has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization.

Deepty Bansal (2010), in her Ph.D thesis, "Impact of Microfinance on Poverty, Employment and Women Empowerment in Rural Punjab" has tried to find the impact of microfinance programme on poverty alleviation, employment generation and women empowerment of the programme participants. The study is based on the hypotheses that microfinance programme generates employment, reduces poverty and empower the women participants of the programme. The MFIs may play an important role to reach the poor especially in those areas where bank branch network has not reached. Therefore, government should provide a supportive environment to encourage NGOs and MFIs to participate in delivering microfinance in Punjab.

Veena Kumari (2010) conducted a research on Women Empowerment and Development through Micro Finance in India to study relationship between microfinance availability and economic development and to measure women empowerment through microfinance which suggests that microfinance institutions and SHGs are new means to reduce the poverty in general and empowerment of women in particular.

Gagan Bihari Sahu, Surjit Singh (2011), studied the impact of microfinance on women's empowerment. Microfinance has got women together and also empowered them in a basic sense, very little is known about what it has achieved in terms of closing the gender gap on aspects such as: Women's ownership of and control over assets, women holding custody of income, women gaining access to domestic and community economic/other resources, women's economic versus other roles, women's indebtedness, women's economic, social and political empowerment, duration of membership and women's empowerment.

The Gender composition and disparity in the state of Rajasthan

Sex ratio is an indicator for cross sectional analysis to measure gender balance. According to the provisional population totals of Census 2011, Out of a total population of 1,210,193,422 persons 623,724,248 are males and 586,469,174 females. Accordingly, the sex ratio of India is 940. The sex ratio is highest since 1971. The Sex Ratio in Rajasthan has increased from 905 in 1901 to 926 in 2011 (Table 1). But, when we compare Rajasthan with the national average, we find Rajasthan to be far behind.

Table-1: Sex Ratio of India and Rajasthan 1901-2011

Census Year	1901	1911	1921	1931	1941	1951	1961	1971	1981	1991	2001	2011
India	972	964	955	950	945	946	941	930	934	927	933	940
Rajasthan	905	908	896	907	906	921	908	911	919	910	921	926

Source: Census Reports.

Gender Inequality: Literates and Illiterates by Gender

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 3, Issue 2, February 2014

An encouraging feature of Census 2011 is that out of the total 217,700,941 literates added during the decade (2001-2011), females (110,069,001) outnumber males (107,631,940). A reverse trend was noticed during 1991-2001. The decadal increase in number of literates among the males is 31.98 percentage point while the corresponding increase in case of females is 49.10 percentage points.

A notable feature is that out of the total decrease 31,196,847 in the number of illiterates, the females (17,122,197) outnumber males (14,074,650). The above two changes are an apparent indication of the fact that gender gap in literacy is shrinking in the country. This rise of literacy among the females will definitely go a long way to bring about the other positive changes in order to bridge the gender gap and bring about all round development in the society. But, the scenario is not that encouraging in Rajasthan. Rajasthan with 52.66 percent of female literacy rate has recorded a lower female literacy rate.

Table-2: Literacy Rates among Male and Female Population in India / Rajasthan

Year	1991		2001		2011	
	Males	Females	Males	Females	Males	Females
Rajasthan	55	20.4	75.7	43.9	80.51	52.66
INDIA	64.1	39.3	75.3	53.7	82.14	65.46

Source: Census Reports.

Table-3: School Education in Rajasthan (2008-09)

Year	Pre-Primary and Primary		Upper Primary (Middle)		Sec. &Sr.Sec.	
	Boys	Girls	Boys	Girls	Boys	Girls
2004-05	3,144,807	2,676,473	3,176,122	2,330,027	2,061,259	982,639
2005-06	3,026,462	2,678,333	3,346,814	2,526,339	2,157,262	1,094,308
2006-07	3,040,266	2,676,421	3,353,088	2,579,795	2,249,008	1,204,718
2007-08	2,861,614	2,419,519	3,502,319	2,812,363	2,419,777	1,325,049
2008-09	2,810,457	2,347,369	3,428,614	2,795,211	2,658,475	1,501,009

Source: Directorate of Economics and Statistics, Rajasthan, Jaipur

As per Table-3, it reflects a clear picture of the enrollment in the schools among the boys and the girls. In Rajasthan, the dropout rate among the girls is higher. This could be due to certain socio-economic conditions and compulsions.

**Table-4: Distribution of Persons per thousand by Activity Status in Rajasthan
(62nd Round of NSS- Central Sample).**

S.N.	Rural									
	Activity Category	Current Weekly			Principal Usual			Principal + Subsidiary		
		Particulars	Male	Female	Persons	Male	Female	Persons	Male	Female
1	Employed	504	324	417	514	282	402	524	403	465
2	Unemployed	18	7	13	11	5	8	6	0	3
3	Labor Force (1+2)	522	331	430	525	287	410	530	403	468
4	Out of Labor Force	478	669	570	475	713	590	470	596	531

Job Opportunity and status of activity among female population in Rajasthan

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 3, Issue 2, February 2014

Table 4 and Table 5 provide the information about the Distribution of Persons per thousand by Activity Status in Rajasthan in Rural and Urban areas. Rajasthan needs to take care of the gender disparity in terms of employment. The gender gap is more pronounced in the urban areas.

**Table-5: Distribution of Persons per thousand by Activity Status in Rajasthan
(62nd Round of NSS- Central Sample)**

S.N.	Urban									
	Activity Category	Current Weekly			Principal Usual			Principal + Subsidiary		
	Particulars	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
1	Employed	595	103	309	500	92	305	502	116	318
2	Unemployed	23	3	14	19	2	11	19	2	11
3	Labor Force (1+2)	518	106	323	519	94	316	521	118	329
4	Out of Labor Force	481	895	678	481	907	684	479	882	671

Source: NSS Report No.(522) 62nd round, Part-1 on employment and Unemployment situation in India, July 05-June 06.NSSO, New Delhi

The Department of Employment was established in 1956 at the Central Govt. level under the ILO Convention 88. Later on, the employment services were transferred to the respective State Governments and since then, the Department of Employment has been catering to the needs of the job seekers through various activities and schemes. The Department in Rajasthan is performing its functions through its 50 Employment Exchanges spread overall districts of Rajasthan which includes District Employment Exchanges at all the 32 district headquarters.

Political Participation

Data on parliaments across the world show that India, the largest democracy, lags much behind other countries including its neighbors Pakistan and Bangladesh when it comes to participation of the females in politics. With only 10.8 per cent of women representation in the Lok Sabha and 9.0 per cent in the Rajya Sabha, India ranks 99 in the world, according to the comparative data by the Inter-Parliamentary Union. Rajasthan should be proud of its pioneering move being the first Indian state to introduce Panchayati Raj System and also being prime mover for a move towards integrating women into local governance.

Table- 6: Performance of Women Candidates in General Elections in States/Union Territories (2009)

State/Union Territory	No. of Seats	Contestants	Elected	Security forfeited
	2	3	4	5
Rajasthan	25	31	3	23

Table-7: Results: Rajasthan State Assembly Elections 2008

State	Rajasthan
Year Election Held	2008
No. of Seats for which Elections Held	200
No. of Female Winners	28

Source: http://eci.nic.in/eci_main1/ElectionStatistics.aspx

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 3, Issue 2, February 2014

Table 8: Women's Participation in Polls in States/Union Territories (2009)

State/Union Territory	Women Electors	Women Voters	Poll %	
			Women	Total
Rajasthan	17,520,650	7,844,124	44.77	48.34

Table-9: Women Panchayat Representatives in the Three Tiers during 2008

State/Union Territory	Gram Panchayat		Intermediate Panchayat		District Panchayat	
	Women	Total	Women	Total	Women	Total
Rajasthan	40,044	113,713	2,108	5,494	391	1040

All the tables 6, 7, 8,9 it is clear that the political parties in Rajasthan need to create a conducive environment for active female participation.

IV. MICROFINANCE IN RAJASTHAN

In Rajasthan, Around 2007, Microfinance Institutions (MFIs) started their journey and by March 2011, combined clients of MFIs had touched 6.92 lakhs and the outstanding credit to MFIs has touched Rs.505 crores. The Micro Financial Sector Development and Regulation Bill 2011 requires all Microfinance Institutions (MFIs) to be registered with Reserve Bank of India and have a minimum net owned funds of Rs.5,00,000. The RBI has issued guidelines in consonance with the approved Bill by the Cabinet. Products and services offered by MFIs are primarily credit led and insurance led. Credit led products typically have loan sizes of Rs.6000 to Rs.10,000 and increase with every loan cycle. MFIs also tie up with insurance companies to provide life insurance. For repeat loans, credit records and attendance at the weekly meetings of the members are studied and based on this criterion the repeat loan is given out. Interest rates reported by MFIs vary from 15-28 per cent on reducing balance basis. However, this reporting does not include flat loan processing fee charged to clients at time of initiation of the loan. Moreover, this also does not include the certain amount of deposit that is kept as collateral with some MFIs. The impact assessment of microfinance programmes in Rajasthan and elsewhere clearly indicates the change in income level of beneficiaries; reduction of dependence on moneylenders; increase in expenditure/investment on children's education, health, agricultural inputs, increase in production and most important the increased awareness and self-confidence among women and poor.

Table-10: Performance of Microfinance Institutions in Rajasthan

Name of large MFIs in Rajasthan	MFIs as of March, 2010		MFIs as of March, 2011		Interest rate per year
	Number of Clients	Loan Outstanding in Rs.(in Lacs)	Number of Clients	Loan outstanding in Rs. (in Lacs)	
Ujjivan	32,499	19.57	54,663	39.35	
Sahayata	1,39,179	60.98	Not Shared		28.13% (Reducing)
Pustikar	6,987	75.22	8,261	88.94	15% Reducing for SHG Loans 17% Reducing for Individuals
Arth	11,073	8.12	15,028	11.68	25.93% (reducing)
SKS	2,66,093	159.00	2,31,401	98.49	24.55% (Reducing)
Basix	38,646	38.99	62,155	49.86	24% (Reducing)
Share, Asmitha	1,00,000	100.00	Not Shared		
Others	50,000	50.00	NA		
Total	6,62,611	527.10	6,92,842	505.06	

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 3, Issue 2, February 2014

A study report published in “Rajasthan Microfinance Report, 2011”, states that there has been 97 percent increase of members in availability of loan, 95 percent increase of members in access to formal institutions, 97 percent increase of members in access to Pro-Poor programme, 99 percent increase of members in Habit of savings- Thrift, 95 percent increase of members in health status, 96 percent increase of members in educational level, 96 percent decrease of members in dependency on money lenders.

Micro Finance due to its potential merits of timely supply of financial services and flexibility of products can provide a necessary boost to potential sectors such as agriculture, micro-enterprises, animal husbandry, wool and mutton processing, tourism etc. In addition to harnessing potential sectors of development, microfinance may play a vital role in reaching out to the vulnerable segments of the society like Women, SC and ST, which are outside the purview of formal financial institutions. The agencies operating under the Microfinance Sector can be basically grouped in two classes namely- the SHG-Bank Linkage Programme (SLBP) which is a saving led model and the Microfinance institution, which is a credit, led model and includes NBFC-MFIs, trusts, societies etc., whereof NBFC-MFIs hold more than 80% of the outstanding loan portfolio. The impact studies have proved that the community based approach of microfinance and livelihood has high positive impact whereas the MFI model has not impacted poverty to that extent. As per the report of Centre for Microfinance Rajasthan, Jaipur as of March, 2011, the performance of Microfinance Institutions in Rajasthan could be assessed by table 10.

Necessity of Microfinance in Rajasthan

According to a report published Rajasthan Microfinance Report, 2011 the Average household income in rural Rajasthan is Rs.76, 764. As per NCAER, 2007, saving rate in rural India is 22%. Number of households in Rajasthan as of March 2011 can be estimated at 92 lakhs using Census 2011 rural population of 5.15 crores and average strength of household to be 5.6. The credit demand of poor can be classified in to three categories
Credit needed for investments as capital investments (to buy assets) or as working capital;

Credit needed to meet household consumption;

Credit needed to finance life events like marriages, house construction, serious health emergencies etc. Rural poor depend on money lenders and friends/relatives for credit. Due to numerous reasons, they have low access to formal sources of credit. The credit from informal sources comes at very high cost i.e. at 24% to 60% annual interest. On an average a poor family needs about Rs.20, 000 (in multiple doses) every year to meet their consumption and small working capital needs. As per Centre for Microfinance study a family would need at least Rs.60, 000 credits (cumulative) over a period of 2-3 years. This translates into total annual credit demand of Rs.11, 000 crores for rural poor in Rajasthan. The microcredit market can be estimated to be around Rs.33, 000 crores in coming years.

V. CHALLENGES OF MICROFINANCE INSTITUTIONS IN RAJASTHAN

The repayment rate of Self Help groups to banks is usually more than 95 percent, which can be deemed as excellent. However, for the last few years, the repayment rate of SHGs has been slowly deteriorating. As per NABARD's status of Microfinance in India 2010-11, 5.3 per cent of the total loan outstanding under SHGs was classified as NPA in Rajasthan as on March 31, 2011. One of the major reasons cited by bankers for their hesitation in leading to SHGs is the increasing default among SHGs. The aggregate data suggests that RRBs and co-operatives have considerably high NPA. Almost 7.8 per cent of SHG loans of RRBs and 15.6 per cent of SHG loans of co-operatives turned NPA by March 2011. There are several reasons for the default. Improper process of group formation is the foremost reason of default as accepted norms like area selection, proper selection of members, concept seeding etc., have not been followed. The progressive erosion in quality is visible in records which have not been updated for years together. There is widespread laxity amongst the default groups with respect to maintaining and updating even the critical financial records. The external factors consists drought situation, low levels of economic activity and poor income were found as the major factors that accelerated the process of group's degeneration and eventual default.

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 3, Issue 2, February 2014

VI. OPPORTUNITIES OF MICROFINANCE INSTITUTIONS IN RAJASTHAN

The Microfinance Institutions (MFI) model has seen stagnation over last year, after seeing a phenomenal growth over proceeding few years. The growth of MFIs was primarily due to equity financing by private equity (PE) and venture capital (VC) funds and subsequent debt lending by commercial banks and SIDBI. However, with the introduction of Andhra Pradesh Ordinance, the larger MFIs in Rajasthan (which originated in Andhra Pradesh), faced problems. These large MFIs in Rajasthan have lost considerable market share to regional and smaller MFIs.

One of ways can be MFIs and SHGs working jointly. Considerable value can be created if MFIs and (Self Help Groups) SHGs partner and build on their strengths. MFIs currently operate in urban, semi-urban and with relatively economically better off people in rural areas. MFIs can target poorer segments by collaborating with SHGs. SHGs provide a ready platform for MFIs to scale up and impact weaker sections of poor. SHGs need more credit while MFIs look for disciplined clients with good credit record. MFIs can save on cost because SHGs are capable of taking care of back-end operations (e.g. collection, distribution, book-keeping etc) by themselves. However, for this to happen, MFIs may have to give a re-look at their cost structure and see where costs can be reduced so that the effective rate of interest to SHG members is below 20% per annum on reducing balance basis.

VII. MEASURES INITIATED IN THE STATE TO BRING ABOUT WOMEN EMPOWERMENT THROUGH MICROFINANCE IN RAJASTHAN:

Formation of **Self Help Groups (SHG)** could be one of the major initiatives for empowerment of women. So far more than 2.05 lakh Women Self Help Groups have been formed. Credit linkages of groups have been institutionalized and more than Rs. 413.26 crore have been provided as loan-assistance to these groups through various financial institutions. In an effort for the marketing of WSHGs products in the State, a Society named Amrita has been registered under Rajasthan Registration Society Act through which WSHGs products would be sold under Amrita Brand. Apart from this Amrita Society is expected to play a major role in promotion of marketing linkages, skill up gradation, value addition, design diversification and packaging of WSHG's products.

There are two schemes under Amrita: Priyadarshini Model Women Self Help Group Scheme is the scheme to strengthen 10 SHGs in each district of the State as model WSHG which would be called Priyadarshini WSHG's. Transforming WSHG into model SHG will be done by selected NGOs working in the field of microfinance, entrepreneurship development, and production and marketing related activities. Amrita Women Self Help Group Award Scheme has been initiated to encourage WSHGs and NGOs showing outstanding performance in SHG programme and supporting the department in strengthening this programme. The best performing WSHG and NGO would be awarded with Rs. 50000/- and Rs. 20000/- respectively. To promote the marketing of SHG products one State level SHG Haat is proposed by covering SHGs from all over the State. For this event, a sum of Rs.18 lakh is required.

To strengthen the SHG Programme all over the State, Seven Regional WSHG training cum resource centres has been set up with a view. These RRCs would act as the training hubs for the area specific trainings. Through these training hubs the women would be provided different type skill up gradation, capacity building, trainings etc. Along with this department would facilitate in marketing of WSHG products by connecting with different agencies/ local markets/ haat bazaars. Total amount required for this purpose is Rs.14 lac. The essence of WSHG programme is empowerment hence the focus of various activities is capacity building. However, there is a need to incentivize the entrepreneurship abilities and enhance the risk taking capacity of these poor WSHG members.

VIII. RECOMMENDATIONS

We endeavor to submit certain humble recommendations in order to reduce the gender gap existing in the state of Rajasthan Promotion of literacy among the female population have to be given top priority. Serious measures have to taken to reduce the drop-out rate among the female population. The measures may include completely free education and financial assistance. Provide more opportunities of employment to females, career and vocational guidance, occupational health and safety through SHGs.

Provision of adequate health care facilities and family planning practices. More female participation in political process and organizations basically in the Panchayati Raj institutions. Supportive measures should be taken to ensure adequate

International Journal of Innovative Research in Science, Engineering and Technology

(An ISO 3297: 2007 Certified Organization)

Vol. 3, Issue 2, February 2014

flow of credit through microfinance institutions and banks, so that all women below poverty line have easy access to credit. State Government may consider setting up a body for SHGs in Rajasthan with equitable mix of government functionaries.

Even though, there are certain obstacles and problems existing in the state of Rajasthan on the path of ensuring gender equity. There are certain encouraging factors as well. The state government along with the peoples' participation will definitely go a long way to bring about positive changes and reducing the gender gap and poverty in Rajasthan, the largest state in terms of area.

REFERENCES

1. Ahmad, M.A., "Women Empowerment: Self Help Groups," Kuruksheeta, April, 1999.
2. DeeptyBansal, "Impact of Microfinance on Poverty, Employment and Women Empowerment in Rural Punjab," A thesis presented to the Faculty of Social Sciences of the Punjabi University for Ph.D. Degree in Economics.
3. <http://www.imaginmor.com/census-of-india-2011.html>
4. Jaipal Singh, PranayBhargava, "Rajasthan Microfinance Report 2011," Centre for Microfinance-Rajasthan,(The World Bank), Jaipur.
5. Manimekalai, M. Rajeshwari, G., "Informal Self Help Groups – A Case from Tamil Nadu," Indian Journal Of Agricultural Economics, Vol. 56 (3), 2001.
6. GaganBihari, Sahu, Surjit Singh, "Microfinance and Gender- Social and Economic Empowerment," Centre for Microfinance Research, Bankers Institute of Rural Development, Lucknow, Institute of Development studies, Jaipur, (2011).
7. Puhazhendhi, V. &Satyasai, K.J.S, "Empowerment of Rural Poor through SHG's," Indian Journal of Agricultural Economics, Vol. 56 (3), 2001.
8. Srinivasan, "Microfinance India," State of the Sector Report, an Access Publications, Sage, New Delhi 2011.
9. VeenaKumari, "Women Empowerment and Development through Micro Finance in India," Thesis in Management, Department of Management Studies, M.D.S. University, Ajmer, 2010.
10. Women and Men in India, Central Statistical Organisation Ministry of Statistics &Programme Implementation, Govt. of India, Delhi, 2011.