

**“ROLE OF MICRO FINANCE IN WOMEN EMPOWERMENT IN MUSLIM COMMUNITY IN ASSAM: A CASE STUDY OF KARIMGANJ DISTRICT.”**

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**Abstract**

Empowering women is not just for meeting their economic needs but also for more holistic social development. Over the years it has been found in various studies that microfinance empowers women and trains them to take an active part in the socio-economic progress of a nation. Gender inequality and discriminations are highly prevalent among Muslim women in rural areas of India. In this paper attempt have been made to identify the factors responsible for availing amount of credit among Muslim women of the selected districts of Karimganj district of Southern Assam, India. Results show educated women, women of the families of large size and women of richer household take less credit. Women married at a higher age compared to who were married at an early age are found to take more loans, also aged females and women of families having large size of land holdings (LAND) take more credit from micro finance. It has been recommended that for the empowerment of women in society through micro finance credit delivery system, firstly, change in attitude, and behavior in a positive trend and essential to create a congenial environment for women to recognize their rightful place in the decision-making process and also provide availability of microfinance for the development of their skills and means.

**Key Words:**

Microfinance, Women empowerment, Gender inequality, Decision Making

**JEL classification: G21, Q14, C38/C93**

**1. Introduction**

Since 1970s, the idea and practice of self-help has developed worldwide as a major social phenomenon for poverty alleviation and women empowerment (Islam and Sarmah, 2014). The Women in Development (WID) perspective, which gained much popularity in the 1970s, distinguished between practical gender needs and strategic gender needs, but when policies were designed and implemented, they ignored the latter. The 1980s witnessed the emergence of a different perspective labeled "mainstreaming women," which called for bringing women into the mainstream of development efforts. During the 1980s, there was a shift in focus from Women to Gender. This has identified the roles of women and men as contextual to time, place, and culture. The empowerment approach, which evolved in the 1990s, has been interpreted in terms of participation in the policy-making and planning processes. The most popular version of empowerment provides ample room for participation in decision-making and the implementation of development plans by women. Women's participation at the grass-roots level is increasingly recognized as crucial to the betterment of women. Hence, the major thrust as well as the focus of development theory and practice during the last couple of decades has been on Women's participation and empowerment. The organization of women into self-help groups (SHGs) and the provision of microfinance through them are to be viewed in this context.

The empowerment of women through microfinance lead to benefit not only for the individual women but also for the family and community as a whole through collective action and development. Empowering women is not just for meeting their economic needs but also for more holistic social development. Microfinance empowers women and trains them to take an active part in the socio-economic progress of the nation. The formation of SHGs with women has largely empowered them. SHGs are now gaining acceptance as an alternative system of credit delivery for meeting credit needs,

especially for the poorest of the poor, generally comprising small or marginal farmers and landless agricultural laborers.

Microfinance is a form of financial development that has primarily focused on alleviating poverty by providing financial services to the poor. Most people think of microfinance, if at all, as being about microcredit, i.e., lending small amounts of money to the poor. Microfinance is not only this, but it also has a broader perspective that also includes insurance, transactional services, and, importantly, savings. Many MFIs have emphasized the improvement and empowerment of women, who live in absolute poverty and experience constant hindrances to growth. Generally, in the region, the small-scale firms based on agriculture, poultry, and fisheries need to have their own land, which few of them have. Most of the time, people who do not own land are deprived of getting loans from banks due to a lack of collateral. In these cases, microfinance organizations help them spread out their businesses by offering them different kinds of small loans, which is a common feature of microfinance institutions.

In case North Eastern region of India, major problem in this regard is lack of and trained personnel of Micro Finance. Most of the NGOs are going through a transformation phase. As certain parts of Assam are situated in distant areas, there are a lot of communication problems there, which is creating a major setback for successful functioning of the MFIs, reach out due to local ground-level staff is a barrier in this regard. But attempts are made to join hands with the government and simultaneously reach the customer and train the members of MFIs in recent years.

In this paper we to identify the factors responsible for availing amount of credit among Muslim women of the selected districts of Karimganj district of Southern Assam, India. Our central research question is *“what are the factors that determine the volume of credit through micro finance to muslim women in the selected villages?”* Our study is concentrated on Muslim women who are members of Micro Finance Institutions and have taken credit for the same.

The paper is organized as follows. Section 1, deals with introduction. In section 2, we present a brief overview of literature on Micro Finance and Women Empowerment and Related Issues followed by data and methods in section 3. Section 4 shows the results and discussions in the form of : (4.1.) Socio-Demographic Profile of Individuals and Household Characteristics of the Micro Finance Institutions, (4.2.) Perception based analysis among the Credit Takers of the Micro Finance Institutions and (4.3.) Regression results of Socio-Economic Factors on availability of Credit Amount. Section 5 concludes with policy implications.

## 2. Literatures

Microfinance is widely known as a financial development tool for those deprived of access to financial services, especially women. However, the literature provides conflicting evidence and shows that women’s empowerment may not, or may only be partially achieved through microcredit, especially in Muslim societies (Al-Shami et al, 2016). Naser, M. A., et al. (2016) conducted a study that developed from a personal interest in the financial crisis of developing countries. This study observed the attractiveness of microcredit and empowerment between UK-based women small-scale entrepreneurs and women microfinance-based entrepreneurs who live in developing countries. Jamal, M. A., et al. (2016) found that the empowerment of women is one of the central issues in the process of development in countries all over the world. Maity (2023) found Self Help Group Bank Linkage Program was successful in ensuring financial inclusion and simultaneously in reducing social exclusion among the stakeholders. Mayoux, L. (2020), revealed that funding for microfinance programs targeting large numbers of women has increased dramatically as a result of initiatives by the Collective Group to Assist the Poorest. Aggarwal, S., et al. (2020) observed that in the state of Uttar Pradesh self-help groups (SHGs) lead to women empowerment in terms of economic development, improvement in family matters, the decision to use public amenities, and political empowerment. Al-Shami et al. (2016) observed that microfinance is widely known as a financial development tool for those deprived of access to financial services, especially women. However, the literature provides conflicting evidence and shows that women’s empowerment may not or may only be partially achieved

through microcredit, especially in Muslim societies. Similarly Islam, M. S. (2014) and Rana, E. et al. (2012) revealed that microfinance plays a significant role in improving women's decision-making through participation in economic activities.

To summarize, number of studies have been undertaken to identify the socio-economic effects of microfinance on women empowerment, but very few concentrated on studying factors responsible for availing amount of credit among Muslim women and their perception regarding credit availability and related issues in Karimganj district of Assam, which have been undertaken as objective in this study, in this respect, the approach of this paper is unique.

### 3. Data and Methodology

The study is based on primary data. For evaluating the objectives of the study, primary data are collected by survey using well-structured and pre-tested questionnaire. The primary data related to sources of credit, the impact of credit on socio-economic status, the availability of credit, the reason for borrowing credit, and the problems faced by Muslim women in availing of credit were collected. Respondents were personally interviewed to ensure accuracy and comprehension.

**Study Area:** This study has been carried out in fourteen villages of Karimganj District covering seven development blocks namely: Badarpur, Dullavcherra, Lowairpowa, North Karimganj, Patharkandi, Ramkrishna Nagar and South Karimganj. From each block data were collected from two villages, constituting 280 samples. The present study seeks to examine the socio-economic status of Muslim women, and purposive sampling method is followed in data collection.. The study is limited to Muslim women who are members and credit takers of Micro Finance Institutions only.

**Methodology:** For analyzing Socio-Demographic Profile of Individuals and Household Characteristics of the Micro Finance Institutions simple arithmetic mean, percentage and standard deviation tools are applied. Similarly for explaining Perception based analysis among the Credit Takers of the Micro Finance Institutions simple percentage are calculated. Lastly, for identifying the factors affecting the amount of credit Log Linear Regression technique is applied, the results so obtained is presented in section 4 below.

### 4. Results and Discussions

This section deals with the results and discussions in the form of: (4.1.) Socio-Demographic Profile of Individuals and Household Characteristics of the Micro Finance Institutions, (4.2.) Perception based analysis among the Credit Takers of the Micro Finance Institutions and (4.3.) Regression results of Socio-Economic Factors on availability of Credit Amount.

#### 4.1. Socio-Demographic Profile of Individuals and Household Characteristics of the Micro Finance Institutions

Table 1 below presents Socio-Demographic Profile of Individuals and Household Characteristics of the respondents of 14 villages (280 respondents) of Karimganj District, of Assam:

<b>Variable</b>	<b>Percentage (%) / Mean <math>\pm</math> SD</b>
<ul style="list-style-type: none"> <li>• Age (Years) [Mean <math>\pm</math>SD]</li> <li>• Maximum age (Years)</li> <li>• Minimum age (Years)</li> </ul>	<p style="text-align: center;">36.16 <math>\pm</math> 11.36</p> <p style="text-align: center;">65.00</p> <p style="text-align: center;">20.00</p>
Caste: <ul style="list-style-type: none"> <li>• General</li> <li>• OBC</li> </ul>	<p style="text-align: center;">92.64</p> <p style="text-align: center;">7.36</p>
<ul style="list-style-type: none"> <li>• Age at marriage (Years) [Mean <math>\pm</math>SD]</li> <li>• Maximum Age at marriage (Years)</li> <li>• Minimum age at marriage (Years)</li> </ul>	<p style="text-align: center;">20.20 <math>\pm</math> 2.61</p> <p style="text-align: center;">30.00</p> <p style="text-align: center;">17.00</p>

Social Status:	
• BPL	81.82
• APL	18.18
Educational Qualification:	
• Matriculation	40.00
• Higher Secondary	20.00
• Graduate	32.73
• Post Graduate	3.64
• Others	3.64
Type of House:	
• Semi Pakka	96.36
• Pakka	3.64
Availability of Electricity	100.00
Cooking Fuel Used: LPG	100.00
Source of Drinking Water:	
• Public tap/ Stand pipe	27.27
• Tube well or Bore well	72.73
Availing any of Govt. aided facility	10.9

**Source:** Calculated by authors on the basis of Primary Data.

Table 1 presents Socio-Demographic Profile of Individuals and Household characteristics of the respondents. It is clear from the table that mean age of the respondents is 36.16 years where maximum and minimum ages are 65 and 20 years respectively. Among the respondents majority that is 92.64% belong to general category and remaining 7.36% belong to OBC category. Mean age at marriage 20.20 years with maximum 30 and minimum 17 years among the respondents. Among the respondents 81.82% are BPL are 18.18% found APL. In case of educational qualification most of the respondents are found Matriculate (40%), followed by Graduate (32.73%), Higher Secondary (20%), Post Graduate and Others (3.64%) each. None of the respondents are found illiterate and all were availing electricity and clean source of fuel, LPG (100%). In case of house type it is found that 96.36% have semi-pakka houses and only 3.64% have pakka houses. 27.27 % household drink water from Public tap/ Stand pipe sources and 72.73% from Tube well or Bore well. It is also found that though 81.82% of the respondents are BPL only 10.9% stated to avail any government aided facility.

#### 4.2. Perception based analysis among the Credit Takers of the Micro Finance Institutions

Table 2 presents opinion and perceptions about economic and financial issues related issues of Credits of Micro Finance:

<b>Table 2. Perceptions of Respondents regarding Micro Finance Availability and related issues of Credits</b>	<b>Yes (%)</b>	<b>No (%)</b>	<b>Cannot Say (%)</b>
Are you satisfied of credit delivery system?	90.67	9.33	0
Do you think credit Micro Finance Institutions are providing a wide range of financial services?	39.67	17	43.33
Do you think education is necessary to understand the credit deliveries system under MFI?	62.67	30.67	6.67
Do you think credit delivery in MFI runs smoothly in the presence of banking institutions?	41.67	53.33	5
The delivery of the credit is performed on time?	51.67	48.33	0

Do you think Credit Availability from MFIs have improved your standard of living?	98	2	0
Do you want to be member of the MFI group and want to avail more loans in future?	98.25	1.75	0

**Source:** Calculated by authors on the basis of Primary Data.

Table 2 above presents perceptions of the respondents that is Muslim women who are members of the Micro Finance Institutions (MFIs) and have taken micro credit regarding credit availability and other related issues. When asked about satisfaction of credit delivery system of MFIs, 90.67% respondents were found satisfied while 9.33% were not. Among the respondents 39.67% agreed that Micro Finance Institutions are providing a wide range of financial services while 17% were not agreed and 43.33% respondents could not state anything about it. 62.67% of the respondents were of the view that think education is necessary to understand the credit deliveries system under MFI while 30.67% were not. When asked about smooth functioning of MFIs in the presence of financial institutions, 41.67% agreed but majority that is 53.33% did not agree while 5% respondents could not state anything. On timely delivery of credit by MFIs 51.67% respondents agree while 48.33% disagree. Among respondents 98% found credit deliveries system under MFI have improved their standard of living while 2% did not found. Finally 98.25% of respondents want to be member of the MFI group and want to avail more loans in future while 1.75% were found less interested.

#### 4.3. Regression results of Socio-Economic Factors on availability of Credit Amount

We run a family of regressions to explain Amount of Credit on Socio-Economic Factors. Which are presented in table 3

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Constant	6.833** (0.000)	6.426** (0.000)	7.595** (0.000)	9.988** (0.000)	10.058** (0.000)
LOG(FAMILY MEMBERS)	-0.436* (0.037)	-0.448** (0.028)			-0.416* (0.418)
LOG(EDUCATION)	-0.406 (0.145)				
LOG(AGE AT MARRIAGE)	0.831* (0.053)	0.550* (0.195)			
LOG (LAND)		0.563** (0.000)	0.574** (0.000)	0.574** (0.000)	0.572** (0.000)
LOG(LIVESTOCK)			-0.361 (0.082)	-0.349 (0.090)	
LOG(AGE)			0.078 (0.701)		
LOG(FAMILY INCOME)				-0.194* (0.046)	-0.194* (0.052)
R-Squared	0.316	0.184	0.273	0.285	0.389
Adjusted R-Squared	0.218	0.174	0.264	0.262	0.308
F-Statistic	3.225**	9.050**	7.845**	9.225**	9.692**
Durbin-Watson	1.729	1.741	1.729	1.703	1.721

**Source:** Estimated by authors on the basis of Primary Data.

**Notes:** (1) p-values are in parenthesis. (2) \* and \*\* respectively imply significance at 5% and 1% levels.

Table 3 above presents Log Linear Regression Results of Amount of Credit on Socio- Economic Factors in the study area. It is clear from the table that women of large family, that is family with higher number of family members compared to less members take lesser amount of credit (evident from models 1, 2 and 5). Years of formal education of the female, represented by EDUCATION is found to have negative but insignificant coefficient (model 1), which means educated women are found to take less credit in the study area. Women married at a higher age compared to who were married at an early age are found to take more loans (in models 1 and 2). Across models (2 to 5) it is found that women of families having large size of land holdings (LAND) take more credit from micro finance but women having more live stocks in the area under consideration are found to take less credit (models 3 and 4), this is inconsistent with the findings of earlier literatures stating women take more credit for lives stocks like cattle, ducks etc. Aged females (in model 3) are found to take more credit evident from the positive sign of the coefficient of LOG(AGE) but unfortunately it is found to have insignificant effect on the amount of credit. Lastly (in models 4 and 5) it is found that women of richer household take less credit compared to poor households.

## 5. Conclusion and Policy Recommendations

Gender inequality and discrimination are highly prevalent among Muslim women in rural areas. There is absence of proper hospitable environment in Muslim society for women empowerment. Present study focused on identifying the factors responsible for availing amount of credit among Muslim women of the selected districts of Karimganj district of Southern Assam, India. Results show educated women, women of the families of large size and women of richer household take less credit. Women married at a higher age compared to who were married at an early age are found to take more loans, also aged females and women of families having large size of land holdings (LAND) take more credit from micro finance. Since women mostly work in groups, so there is a need to organize women societies for various activities involving group engagement. A strong and effective women's cooperative movement is desirable to boost the economic development of rural women and families. It is found in the study that almost 98% women found credit deliveries system under MFI have improved their standard of living, but women should not only be financial supporters along with this they should have greater autonomy in decision-making, greater ability to plan their lives, and freedom from shackles imposed by prevailing customs, beliefs, and practices. They should become active members of the development process rather than mere beneficiaries of programs and services. It is therefore recommended that both the State and Central governments have to play a vital role in the process of policy formulation and execution regarding solution of the problems of women empowerment, and changing the attitude of a male-dominated society, especially the Muslim society.

## Appendix 1

### Variable definitions

AGE: Age of the Respondents.

AGE AT MARRIAGE: Age in numbers of the respondent at the time of marriage.

EDUCATION: Educational level calculated by years of formal education of the respondent. It is found that in the sample

FAMILY INCOME: Total Income of Family (in Rs.)

FAMILY MEMBERS: Total number of family members of the respondents.

LAND: Number of land holdings in acres of the respondents' family.

LIVESTOCK: Live stock holdings or number of cow, buffalo, hen ducks etc. of the respondent.

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