

Microfinance and Women Empowerment: A Case Study of Chitral Region

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Abstract

Microfinance has come to play a big part in many gender and growth techniques because of its immediate connection to both hardship relief and to the power of females. Females are the significant components of our community and their position and contribution in making decisions as well as economic actions is very low. Microfinance performs part in female's empowerment. In this study an effort has been made to find out different factors of women empowerment i.e. economic empowerment and social empowerment. This research examine the connection among different socio and financial aspect on women empowerment in which microfinance is an essential factor. Empowerment of women has been sub categorized as economic empowerment and social empowerment.

INTRODUCTION

Empowerment of females is one of the essential problems in developing nations. Females who are very important part of the society, their contribution can lead towards development a lot but their participation in decision making is still very low. Microfinance, from last 30 years has been processed in low developing countries as a solution to remove poverty. The banks began to give loans to poor people to establish their own business or expand the businesses. Microfinance as a non-governmental organization contributing a lot in this regard. It helps women in holding a proper status in the society. It encourages women through variety of programs and thus it is an excellent platform for women empowerment. In Pakistan microfinance industry began from Aga Khan non-urban assistance program. Microfinance programs are attaining great attraction by both government and private institutions to transform the poor people lives (Jain, et.al 2012). Economic empowerment usually related to income generating activities which allow women to earn income independently, this include small businesses and job creating schemes (Albee 1994). Empowerment literally means making someone powerful. To let females endure and let them stay a lifestyle with self-esteem, respect and dignity. It is actually facilitating the weak to strengthen their ability, so that they acquire control over assets, have the right in decision making among household, in children's education as well as about the use of savings.

AREA OF STUDY

Located at an elevation of 3700 ft. high sea level, Chitral valley is famous for its beautiful sceneries, history and its important geography as it's surrounded by dazzling mountains which makes it connect with Afghanistan and China. The people of Chitral are popular for their hard work and enthusiasm for development. Unlike the past when they were confined to home and households, more and more women want to work for the betterment of the family. Females throughout towns in Chitral in north Pakistan are active generating fabric for high-fashion apparel that are being promoted on catwalks in London, UK and the US these days. But still they need some sort of skill trainings. They have been learning nodding and viewing carpets with striking designs. These women are not afraid to pour their sweats and blood into their work. This helps the local to start a small business of their own and generate income.

RESEARCH OBJECTIVE

To analyze the empowerment of rural women in Chitral through participating in microfinance programs. To analyze the empowerment of the women psychologically, economically and sociologically.

SIGNIFICANCE OF THE STUDY

The effect of our study will be for the women's of Chitral. These microfinance schemes will improve the living standard of women in society generally and enhance their position in household particularly. It will also effect in awareness of the rural women as well as their participation in their kid's education and learning, medical care and also improved their self-identity, because of which they would have easy access to market for shopping as well as for selling of their products.

LITERATURE REVIEW

Concept of empowerment: What do we mean by empowerment? When does the well-being of a person improve? Nobel Laureate Amartya Sen. (1993) explains that the freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on a variety of factors, including

personal characteristics and social arrangements.

Malhotra (2002) constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological.

The 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.

According to Krishna (2003) empowerment means increasing the capacity of individuals or groups to make effective development and life choices and to transform these choices into desired actions and outcomes. It is by nature a process and/or outcome.

Microfinance and Women Empowerment: A majority of microfinance programs target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. Whereas, other believe that investing in women's capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development.

It has been well-documented that an increase in women's resources results in the well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for the women's rights and independence.

Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

Ranjula Bali Swain (2007) "Can Microfinance Empower Women? Self-Help Groups in India" concluded many strides have been made in the right direction and women are in the process of empowering themselves and NGOs that provide support in financial services and specialized training, have a greater ability to make a positive impact on women empowerment.

Susy Cheston, Lisa Kuhn in their article titled 'Empowering Women through Microfinance' concluded Microfinance has the potential to have a powerful impact on women's empowerment.

Ranjula Bali Swaina and Fan Yang Wallentin (September 2009) in their article 'Does microfinance empower women? Evidence from self-help groups in India' concluded that their study strongly indicate that SHG members are empowered by participating in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices.

RESEARCH METHEDODOLOGY

Sources of Data: The study is undertaken in rural areas of Chitral region. Both primary and secondary data's are used. Primary data is enumerated from a field survey in the study region. Secondary data is collected from NGOs' reports and other documents. One NGO is selected and six Groups promoted by that NGO in rural areas of Chitral are taken for study. Areas covered under the study are: Lotkuh, Booni, Mastuj, Madaklasht and Arkari.

DATA SAMPLING

Cluster sampling and area sampling is followed. Since the members are large in number they are divided by groups and randomly selected for data collection.

Sample Size: 181 samples have been collected for the research from all the six rural areas of Chitral region.

Statistical tools used: Simple correlation coefficient, paired t test, cross tabulation and percentage analysis has been used to analyze and interpret the data.

Method of Data Collection: A structured interview schedule was prepared by the researcher and used for collecting data from the rural women members who are engaged in Micro enterprises through microfinance.

DATA ANALYSIS AND INTERPRETATION

36.5 % of the women are illiterate and the next majority of the women have done up to secondary education

92% of the women stated that microfinance has reduced their poverty level to a greater extent

130 respondents out of 181 said that they can able to maintain their family to some extent followed by the 44 respondents who accepted to greater extent they can able to maintain their family after microfinance.

Table 1: Percentage of Respondents Empowered Socially

Expressing opinions freely			
S. No.	Options	Frequency	Percent
1	Yes	179	98.9
2	No	2	1.1
	Total	181	100.0

179 out of 181 respondents agreed they can able to express their opinions freely both in group and in family.

Table.2 moving independently

Moving independently			
S.No	Options	Frequency	Percentage
1	Yes	164	90.6
2	No	17	9.4
	Total	181	100.0

164 respondents are moving independently without the help of family members to banks, government offices and other places which indicate the social mobility.

Table 3

Role of decision making in family			
S.No.	Options	Frequency	Percentage
1	yes	176	97.2
2	No	5	2.8
	Total	181	100

Most of the respondents (97.2 %) agreed they play a vital role in decision making in their houses.

Table 4

Purpose of getting microfinance by respondents			
S.No	Options	Frequency	percentage
1	Household purpose	34	18.8
2	To start business	91	50.3
3	To promote existing business	35	19.3
4	Education purpose	8	4.4
5	Low rate of interest	13	7.2
	Total	181	100.0

91 respondents got microfinance to start new income generating business followed by to promote their existing business.

Table 5: Correlation between improvement in literacy level and awareness in children education

Variables		Improvement in literacy level	Awareness in children education
	Pearson correlation	1	.503**
Improvement in literacy level	Sig. (2-tailed)		.000
	N	181	181
Awareness in children education	Pearson correlation	.503**	1
	Sig. (2-tailed)	.000	
	N	181	181

The correlation between Improvement in literacy level and awareness in children education is **.503** which is a high significant positive correlation indicating that Improvement in respondent's literacy level leads to awareness in children education.

Table 6: Correlation between reduce in poverty level and improvement in standard of living

Variables		Reduce in poverty level	Improvement in standard of living
Reduce in poverty level	Pearson correlation	1	.373**
	Sig. (2-tailed)		.000
	N	181	181
Improvement in standard of living	Pearson correlation	.373**	1
	Sig. (2-tailed)	.000	
	N	181	181

The correlation between reduce in poverty level and improvement in standard of living of respondents are positively correlated. But reduction in poverty level doesn't leads to higher standard of living.

PAIRED-t TEST

Hypothesis:

H0: There is no difference in mean income of respondents before and after getting microfinance

H1: There is difference in mean income of respondents before and after getting microfinance

Table 7: Paired t test table

Income	Mean	N	Std. Deviation	Std. Error Mean
Income of respondents before getting microfinance scheme	10161.20	181	730.507	54.601
Income of respondent after getting microfinance scheme	1512.85	181	889.626	66.494

Table 7.1

Means	SD	Std. Error Means	t	df	Sig. Value
-496.648	690.579	51.616	-9.622	180	.000

Since the probability value is 0.000 ($p < 0.01$), we reject the null hypothesis and conclude that mean salary after joining microfinance scheme is significantly higher than the mean salary before joining the microfinance scheme. Thus the microfinance is significantly increasing the salary of the respondents.

FINDINGS

It is noticed that all the respondents agreed that micro finance brought courage and self-confidence and improved their skill and self-worthiness. It is also found that microfinance improved the literacy level of rural women improved awareness on

Children education to high level of respondents. Majority of the respondents expressed that their awareness about environment improved after taking part in micro finance programs actively. Maximum number of respondents accepted that microfinance has brought economic development directly and indirectly happiness and peace in the family.

Women are economically and socially empowered after getting micro finance as 92 percent reported that poverty level reduced by participating micro finance program. It is also noticed that most of the women are not aware of the trainings organized by the NGO. The NGO shall actively take part in various trainings sessions provided to all women members wherein they can gain more knowledge about the various income generating activities. There is appreciable development in coordination between groups and within group leaders and decision making among respondents. There is a significance improvement in the income of the respondents after

getting microfinance.

CONCLUSION

The rural area microfinance institutions are performing well. The study concludes that microfinance brought psychological and social empowerment than economic empowerment. Impact of micro finance is appreciable in bringing confidence, courage, skill development and empowerment. The members feel free to move with their groups and leaders. It leads them to participate on various social welfare activities with good cooperation. While interacting with the respondents, it is noticed that some members are expecting the NGO to come up with more training sessions in income generating activities. All they need is a way to develop their skills and talents by participating in various training programs.

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