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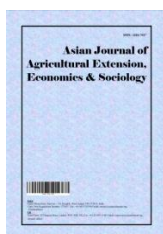
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# **Impact of Bandhan Microfinance on Empowerment of Rural Women in Tinsukia District of Assam**

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## **Authors' contributions**

*This work was carried out in collaboration among all authors. The study was M.Sc research by the authors IB and MB, MBD were the advisors. All the three authors read and approved the final manuscript.*

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## **ABSTRACT**

The study on Impact of Bandhan Microfinance on Empowerment of Rural Women in Tinsukia District of Assam was conducted with the objective of finding out the socio-economic status of the respondents and to analyse the impact of Bandhan Microfinance on empowerment of rural women after availing the microfinance services. The study was conducted in Tinsukia district of Assam with 108 respondents. Margherita Sub-division, was purposively selected from where two Bandhan banking units i.e., Banking Unit, Digboi and Banking Unit, Margherita were included. Results of the study showed that large percentage (71.29%) respondents belonged to medium socio-economic level. The findings also revealed that there was significant improvement in economic, psychological, personal and socio-cultural empowerment of women after availing loan from Bandhan Microfinance. Their economic empowerment was found to be prominent compared to other empowerment dimensions. Significant impact on the empowerment of the rural women after availing the Bandhan Microfinance services in the study area was found while compared their level of empowerment before availing the loan.

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## 1. INTRODUCTION

Women's empowerment can be described in a variety of ways, including respecting women's perspectives or making an effort to seek them out, as well as elevating women's status through education, awareness, literacy and training. The World Bank [1] 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".

Women empowerment refers to an increase in the social, political, psychological, and economic strength of the individual. Empowering women is essential as it helps in changing their thoughts, their value systems which in turn leads to the development of a good family, good society, and ultimately a good nation. A woman is empowered when she can move freely, earn and spend according to her will and need, talk freely in society, participate in social and economic activities and take decisions according to her choices, and put them into desired actions and outcomes.

There are different strategies for women empowerment. Micro finance may be one of such strategies which may facilitate the process of women empowerment by creating and harbouring a platform for the women. It is more than a financial system; and also an instrument for social change, especially for women. The microfinance institution under the present study for empowerment of rural women is Bandhan Microfinance. Even though many micro finance institutions are operational in our country, it is observed that in recent years Bandhan microfinance has emerged as one of the leading microfinance agencies in the country. Driven by a deep desire to help the underprivileged people to increase their family income and empower the women, Mr. Chandra Shekhar Ghosh founded a non-profit society named Bandhan financial services limited in the year 2001. Since then Bandhan has been providing microfinance services for the last 20 years. Bandhan bank has 1000 branches, 5,612 banking outlets, and 487 ATMs across 34 states in India, serving over 2.35 million people till 2020.

Bandhan Microfinance provides women with the financial services required for their personal, social, and economic development. The services

of Bandhan microfinance mainly focused on women because they consider that the women use their income and saving in a more productive way such as education of their children and improving the standard of living by proper management of household expenses. Bandhan microfinance is useful for social uplift and to empower the women who are socially disadvantaged and economically exploited. Bandhan Bank is well-known for its contributions to all socio-economic groups, with a special focus on its achievements in empowering women, boosting female entrepreneurship and alleviating poverty in India's rural areas.

Borrowing loan from bank is a complex process for the women due to many factors including lack of collateral and formalities of many paper works. Now-a-days many self-help groups are being formed almost every day from where borrowing is relatively easier. Besides SHGs there are sources of microfinance services available across the country. Among all these services of microfinance, women mostly prefer the Bandhan microfinance services (A study on Microfinance for poverty alleviation and women empowerment: A case study of Bandhan, [2]). There are considerable number of studies by researchers on Self-Help groups and other microfinance services, however not much studies regarding Bandhan microfinance services was found. The limited researches on Bandhan microfinance services have not sufficiently or critically evaluated its effect on the impact on women empowerment. Assessment of empowerment can be used to increase the impact. Hence, the present study has been carried out with the objective of studying the socio-economic status of the respondents and for analyzing the impact of Bandhan Microfinance on empowerment of rural women after availing the microfinance services.

## 2. REVIEW OF LITERATURE

Ahlawat [3] reported that the group-based microfinance interventions had a positive impact on the income, expenditure, saving and investment level of members of SHGs. Bansal [4] in his study on Impact of microfinance on poverty, employment and women empowerment in rural Punjab revealed that microfinance aided in women's economic, social, psychological, and political empowerment. Khan [5] reported that significant improvement in the social and

economic status of women entrepreneurs was found and concluded that the overall effect of microfinance was positive in empowering women entrepreneurs in the study area. Loomba [6] in her study on Role of microfinance in women empowerment in Ghaziabad, India found that microfinance played an important role in the social, psychological, and economic empowerment of women in India. It was also found that microfinance was capable of supporting the impoverished in increasing their standard of living and playing a critical role in improving women's empowerment. Mudaliar and Mathur [7] observed in their study that microfinance had the potential to significantly impact women's empowerment. Although microfinance did not necessarily empower all women, it empowered the majority of them to some extent. Gilani et al. [8] revealed from his study that microfinance increased their income, allowed them to better manage their family concerns. In conclusion, microcredit not only empowered women, but also benefited the society as a whole. Nachimuthu [9] revealed that it strengthened women's financial and economic condition, which brought changes in the condition of household, their family life and status in the society. Pramod et al. [10] revealed that there was a clear link between microfinance schemes and women empowerment. Sharma [11] revealed from his study that the active involvement of microfinance in the economy generated ample opportunities for the poor women entrepreneurs. It eventually helped in their growth and encouraged them to work upon the important financial decisions on their own. Sunitha et al. [12] revealed that microfinance helped in the improvement of factors such as household decision-making, mobility, legal, social, and economic awareness, and economic security.

### 3. MATERIALS AND METHODS

#### 3.1 Sampling Procedure and Population

The research design adopted for the present study was exploratory cum descriptive. A purposive cum random sampling method was followed for the present study. The study was carried out in Tinsukia district of Assam. From Tinsukia district, Margherita sub-division was purposively selected and both the banking units i.e., Banking Unit, Digboi and Banking Unit, Margherita were included for the present study. A list of Bandhan groups which were active was

collected from both the Bandhan Banking Units with the help of respective Branch Unit Managers. There were total 120 numbers of active Bandhan groups in banking unit, Digboi and 60 such units in banking unit, Margherita. From these groups 30 percent groups were randomly selected from each banking unit making it 54 groups. Two members from each Bandhan group, one executive and one general member were randomly selected as respondents to carry out the present study. Thus, the number of respondents was 108.

#### 3.2 Research Instruments

Interview schedule was developed for collection of data. The interview schedule dealt with the particulars of socio-economic characteristics like family structure, occupation of the family, occupation of the respondent, monthly family income, savings pattern, mass media exposure and contact with extension agents. To analyse the impact of Bandhan Microfinance on empowerment of rural women empowerment indices were constructed with indicators including five different aspects of empowerment i.e., economic, socio-cultural, personal, psychological and political to measure the level of empowerment of rural women after availing microfinance. After finalizing the research schedule, the data were collected by using personal interview method. The data were collected in the month of June - July, 2021 for the present study.

#### 3.3 Statistical Analysis

Frequency, percentage, mean, mean score and standard deviation were used for analyzing the data. And to test the statistical significance of the results on empowerment dimensions paired t-test was used.

##### 1. Frequency and percentage

$$\text{Percentage} = \frac{\text{Number of scores obtained}}{\text{Total number of respondents}} \times 100$$

$$2. \quad \text{Mean } \bar{X} = \frac{\sum fx}{N} \quad \left( \frac{\text{Total number of scores obtained}}{\text{Total number of respondents}} \right)$$

3. **Standard deviation** – The formula used for standard deviation is:

$$SD = \sqrt{\frac{\sum (xi - \bar{X})^2}{N}}$$

#### 4. Paired 't' test

The formula used for calculation of paired 't' test is-

$$t = \frac{|\bar{d}|}{s/\sqrt{n}} \text{ with } (n - 1) \text{ d.f}$$

where,  $\bar{d}$  = mean of the differences  
s = estimates of the standard deviation

$$S = \sqrt{\frac{1}{n-1} \sum (d - \bar{d})^2}$$

Where, d = difference of the paired of values  
 $\bar{d}$  = mean of the differences

### 4. RESULTS AND DISCUSSION

#### 4.1 Socio-economic Status of the Respondents

It is observed from the Table 1 that highest percentage respondents (60.00%) belonged to the age group of (35 – 47 years) and majority were married (96.29%). Fifty percent respondents had educational qualification up to middle school and a small percentage (4.92%) were graduate. In terms of family structure 50.00 per cent of the respondents had medium sized family and highest percentage were from joint family. More than forty per cent (41.68%) had farming as their family occupation and 73.05 percent respondents were housewives. More than sixty per cent respondents (61.11%) had a monthly family income of Rs. 10,001 – Rs. 20,000 and 61.11 per cent had a monthly family expenditure of Rs. 5,000 -Rs. 10,000. In terms of size of land holding 53.70 per cent had less than 1 acre land. Around fifty-five per cent respondents possessed pucca type of house with 60.18 per cent having Indian type of latrine. More than seventy per cent (71.29 %) used tube well as the source of drinking water. More than half of the respondent's (56.48%) had husbands as their head of the household. Regarding material possession as observed in the Table 2 cent percent respondents possessed gas stove and pressure cooker and a small percent (12.03%) had washing machine. Majority of the respondent (84.25%) possessed hand tools and 92.59 per cent respondents possessed two-wheeler. Majority of the respondents (89.81%) possessed poultry birds (chicken, duck, turkey, pigeons). Hence 62.03 per cent respondents had medium level of material possession. Cent per cent of the respondents possessed mobile phones and used it regularly. It is evident from the Table 3 and 4

that about 43.51 per cent respondent knew the extension personnel of their respective area, 25.81 per cent had regular contact with the bank officials and a very few percentage (0.85%) had regular contact with the government officials.

#### 4.2 Impact of Bandhan Microfinance on Empowerment of Rural Women before and after Availing the Microfinance Services

The data presented in the Table 5 revealed that there is improvement in all the aspects of empowerment which was reflected through the mean difference in the obtained score before availing the loan from Bandhan microfinance and after availing the loan.

The data further reflected that change in economic empowerment of rural women was highly significant after availing loan from Bandhan microfinance. It also highlighted that psychological empowerment of rural women before and after availing microfinance was highly significant. The findings showed that the personal empowerment of rural women on decision making before and after availing microfinance was highly significant. It was also observed from the findings that the socio-cultural empowerment of rural women before and after availing loan from Bandhan microfinance was highly significant and the political empowerment of rural women before and after availing microfinance was significant.

The probable reason of change between two stages might be due flow of cash into the hands of rural women which inspired them to change their perspective regarding different aspects of empowerment. The findings also reflected that rural woman were able to take part in household decision making, make contribution in household property as well as contribution in expenditure were increased after availing the loan and investing it into business purpose.

The findings reflected that woman have attained empowerment in personal, socio-cultural, psychological, political and economic aspects after availing the loan from Bandhan microfinance, which is a true reflection of women empowerment.

It was also reported by Loomba [5] that microfinance plays a vital role in the social, psychological as well as economic empowerment of women in India. Similar findings were also reported by Sunitha et al. [12] and Sharma and Bhattacharyya [13].

**Table 1. Background profile of the respondents N=108**

<b>Variables</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Age	(22-34 years)	24	22.30
	(35-47 years)	65	60.00
	(48 -60 years)	19	17.70
Marital status	Married	104	96.29
	Widow	4	3.71
Education	Primary school	37	34.25
	Middle school	40	37.03
	High School	12	11.11
	H.S Pass	14	12.96
	Graduate	6	4.65
Family structure	Nuclear (Family consisting of parents and their children)	48	44.44
	Joint	54	50.00
	Extended	6	5.56
Family size	Small (Upto 4)	48	44.44
	Medium (5-7)	54	50.00
	Large (8 and above)	6	5.56
Family occupation	Service	30	27.77
	Business	33	30.55
	Farming	45	41.68
Occupation of the respondent	Housewife	78	73.05
	Labourer	5	4.62
	Business	5	4.62
	Cultivation	11	10.18
	Service	8	7.53
Family income	(Below Rs.10,000)	24	22.22
	(Rs. 10,001 – Rs. 20,000)	66	61.11
	(Rs. 20,001 and above)	18	16.67
Family expenditure	(Below Rs.5000)	36	33.34
	(Rs. 5001 – Rs. 10,000)	66	61.11
	(Rs. 10,001 and above)	6	5.55
Land holding	< 1 acre	58	53.70
	1 – 5 acre	24	22.23
	5 – 10 acre	26	24.07
Type of house	Kutcha	30	27.71
	Mixed	18	16.61
	Pucca	60	55.68
Type of latrine	Indian	65	60.18
	Western	14	12.96
	Low-cost latrine	29	26.86
Source of drinking water	Pond	18	16.68
	Well	13	12.03
	Tube well	77	71.29
Head of household	Husband	61	56.48
	Father-in-law	42	38.88
	Mother-in-law	5	4.69

**Table 2. Distribution of respondents according to material possession**

<b>Variables</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Media	Television with DTH	89	82.40
	Newspaper	8	7.40
	Mobile with internet	95	87.96
	Mobile	108	100.00
Household assets	Water tap/ Hand pump	101	93.51
	Modern household furniture	67	62.03
	Smokeless chullah	66	61.01
	Gas stove	108	100.00
	Pressure cooker	108	100.00
	Improve kitchen tools	48	44.44
	Fan/ Iron	102	94.44
	Refrigerator	90	83.33
	Mixer grinder	47	43.51
	Washing machine	13	12.03
Farm assets	Tractor	17	15.74
	Power tiller	5	4.62
	Pump set	71	65.74
	Sprayer	14	12.96
	Thresher	7	6.48
	Winnowing	9	8.33
	Hand tools	91	84.25
Means of transport	Two-wheeler	100	92.59
	Three-wheeler	15	13.88
	Four-wheeler	31	28.70
	Hand cart	43	39.81
livestock	Cow	65	60.18
	Goat	91	84.25
	Pig	49	45.37
	Fishery	5	4.69
	Poultry-birds	9	89.91

*Multiple response***Table 3. Distribution of respondents according to the contact with extension personnel**

<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	47	43.51
No	61	56.48

**Table 4. Distribution of respondents according to the frequency of extension contact**

<b>Extension Contact</b>	<b>Regularly</b>	<b>Sometimes</b>	<b>Never</b>
Government officials	0.85	3.15	96.00
Bank officials	25.81	23.14	51.68
Block officials	17.59	13.88	68.53

*Multiple response*

**Table 5. Distribution of respondents according to impact of Bandhan microfinance on Empowerment of rural women before and after availing the services**

Aspects of Empowerment	Stages	Mean index value	t-value
Economic	Before	35.53	17.32**
	After	76.62	
Psychological	Before	31.48	14.75**
	After	64.50	
Personal Decision Making	Before	32.06	15.89**
	After	72.39	
Socio-cultural	Before	27.67	14.70**
	After	55.24	
Political	Before	26.85	9.37*
	After	51.48	

\*\* Significant at 0.01 level

\* Significant at 0.05 level

## 5. CONCLUSION

The findings of the current study helped us to draw the conclusion that the rural women belonged to the medium socio-economic status. The findings indicated that there was increase in income and savings of the respondents, undertaking income generating activities, ability to deal with the financial crisis and women could take decisions and move independently without the support of male members of the family after availing the loan. The study showed that there was a high level of economic, personal, socio-cultural, psychological empowerment. But overall it helped in uplift household, community and the village. Majority of the respondents were engaged in various income generating activities because of the credit facilities provided to them. They could engage themselves in diversified activities for income generation which contributed to their empowerment and thus, it may be concluded that Bandhan microfinance has been instrumental in empowering the women.

## SCOPE FOR FURTHER STUDIES

As the sample for the study is confined to particular area so the results gained from this cannot be applied to the entire state. But it can throw light on the important aspects of empowerment through microfinance among the rural women. The study can be further elaborated and conducted in other areas too so that it can be made more appropriate and useful for formulating future strategies on micro finance.

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## COMPETING INTERESTS

Authors have declared that no competing interests exist.

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