

Divergence In Autonomy And Agency Among Rural And Urban Women After Accessing Microfinance

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ABSTRACT

Microfinance works effectively in empowering women by increasing their courage and also those of self-esteem and lets you avail of the formation of different networks with those of other women in their community. It also increases their autonomy in their household. Micro-finance appears to be a tool for liberation and promotion of the status of women, with multiple objectives: - Create a source of income for women and facilitate their financial independence. - stabilize and professionalize their entrepreneurial activities. - improve their status within the family. This study investigates the divergence in autonomy and agency among rural and urban women after accessing Microfinance. Both primary and secondary data has been used for the study. A simple random sampling technique was adopted to select 460 women from urban and rural areas. Therefore, the study aims to analyze the exploring the role of microfinance in women empowerment and entrepreneurial development.

Keywords: Empowering, liberation, Entrepreneurial, Microfinance, Income, Poverty.

INTRODUCTION

Microfinance has emerged as a powerful tool for promoting financial inclusion and economic empowerment, particularly for women in developing countries. By providing access to small loans, savings opportunities, and other financial services, microfinance institutions aim to support women in pursuing entrepreneurial ventures and improving their livelihoods. However, the impact of microfinance on women's autonomy and agency can vary significantly between rural and urban settings. Understanding the divergence in autonomy and agency among rural and urban women after accessing microfinance is crucial for designing targeted interventions and policies that address the specific needs and challenges of these distinct groups. This research paper aims to explore the differences in autonomy and agency experienced by women in rural and urban areas after accessing microfinance, shedding light on the factors that contribute to these variations. The paper begins with a review of existing literature on microfinance and women's empowerment, followed by an examination of the factors influencing women's autonomy and agency in both rural and urban contexts. Through a comparative analysis, the paper will assess how microfinance impacts women's financial independence, decision-making power, and social participation across different settings.

REVIEW OF LITERATURE

Niamtullah Mastoi et.al (2021) in their article observed that the effects of women empowerment on poverty alleviation in district Shaheed Benazirabad, Sindh, Pakistan. The study concludes that microfinance brought knowledge and social empowerment than economic empowerment. The impact of microfinance is appreciable in bringing confidence, courage, skill development and empowerment. This study may help future researchers explore the challenges and scope of such interventions in the upliftment of oppressed women. The assessment reveals that microfinance programmes that target women bring them into leadership position and adoption of pro-woman rules play a vital role in reducing poverty's feminization. However, microfinance programmes should be combined with efforts to consciously monitor the distribution of food,

healthcare and education within households. Further strategies to sensitize men on gender-specific basic needs of women are essential.

Bansal (2020) in his article examined that microfinance and its impact on rural development. The main objective of the study is to know the impact of Microfinance on rural development and to know the relationship between Microfinance and rural development. Microfinance plays an important role for rural development. Poor group of society can start their own small business on small level and create new job opportunities with the help of Microfinance. Microfinance is the backbone of rural economy. The researcher collected data from 192 respondents of rural area of Morena district of Madhya Pradesh. Linear regression analysis used to check the hypothesis and find out the result with the help of SPSS software and it is found that Microfinance and rural development is correlated with each other having r value 0.784, and Microfinance has a significant and positive impact up to 61.50% having r^2 value 0.615. The computed value of F is 194.907, which is given in ANOVA table greater than its critical value for 191 degree of freedom at 0.054 level of significance also indicates that Microfinance has a positive and significant impact on rural development.

Rajesh Babu (2019) in their article examined that the role of micro finance in India, the main objective of the study is to know the various models of micro finance in India. The researcher concluded that microfinance play crucial role in India microfinance into urban sector to promote rural marks & provide better, speedy and affordable financing schemes. Infotech application in microfinance is laudable and with emerging computer and communication technologies, it can be made as simple tool for rural folks to adopt and availed the finance for the proposed project to make the rural economy a dream. So the rural economy can definitely contribute to the growth of the national economy with the adoption of mixing Infotech with microfinance.

Devandra Singh (2019) observed that a critical study of micro finance institutions & its growth in India, the researcher concluded that economic development through outreach of microfinance program has a key bearing on the development of human capital and thus, in turn, influences the frequency of poverty and under privileged empowerment. Institutions like NABARD and SIDBI have call for the coordination effort with the objective of strengthening and main-streaming the future operations of microfinance for the uplift of each wing of the poor people and society NABARD and SIDBI has improves the sector of microfinance and has witnessed significant amount of resources being earmarked towards meeting the credit needs of the poor. The banking network underwent an expansion phase without comparables in the world and more importantly deprived people got the benefits of the different financial services. These two institutions bring the concept of deserve to desire in the world of microfinance in India.

Mukta Tripathi (2019) in his article examined that Microfinance institution in Prayagraj and its impact on empowerment of the women. The researcher concluded that MFI's should reduce their rate of interest and loan should provide to man. Members should be encouraged to venture into diversified and remunerative activities. There is need to train field workers to make them understand the gender-rights and issues. Thus, SHGs play a major role in empowerment of women and contribute to the rural economy.

STATEMENT OF THE PROBLEM:

The Indian Micro Finance sector has witnessed a phenomenal growth over the years. The microfinance revolution is possible through a small group of people. It builds up the women's capacity to remove the various poverty dimensions, namely, income poverty, basic needs poverty, capacity poverty, and knowledge and information poverty. Microfinance is an essential tool for empowering women because it provides them with credit to enhance their family, community, and society.

SCOPE OF THE STUDY

Micro finance in India was majorly dependent on subsidies and the concept of providing finance to the people at exceedingly low rates of interest. It also inculcated a culture of increased tolerance for loan defaults, waivers and lax appraisals and monitoring of loans. In this backdrop, informal groups of people came into existence. These groups known as Self Help Groups (SHGs) were a way for people to come together in order to pool their savings and dispense small unsecured loans. NABARD recognized the potential of these groups and realized that they are constrained only due to the meagreness of their financial resources. In order to overcome this problem the concept of linking the groups to a bank was to overcome financial constraints was designed, popularly known as the SHG Bank Linkage programme. Even after 68 years of gaining independence, India has still not managed to achieve financial inclusion for all its citizens.

OBJECTIVE OF THE STUDY

- To study the status of women beneficiaries after access of microfinance in rural and urban areas.
- To investigate the empowerment of women through microfinance as decision makers and as a development participant of the country.

ROLE OF SELF-HELP GROUP

FINANCIAL EMPOWERMENT POLICY:

Financial empowerment is enabling access to or delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Despite encouraging policies and having a wide network of rural banking in India, which implemented specific poverty alleviation programmes through Bank credit, a very large number of poorest of the poor continued to remain outside from the field of formal Banking system. Self help groups programme are intended to reach poor segments of society as they lack access to financial services. Fisher-Sriram (2002) points out that, formal financial sector unsuccessful to recognize the divergence between the hierarchies of credit needs and credit availability.

POVERTY ALLEVIATION:

Poverty line is a financial figure, below which an individual would be considered to be unable to access a minimum acceptable quality of life in terms food, shelter, clothing and health. Poverty in India has predominantly rural characters. The narrow materialist conceptualization of poverty was as an inability to meet the minimum income requirements or basic needs. Deaton (2007) finds poverty in India declined from 36.2 percent in 1992-94 to 28.8 percent in 1999-2000. Poverty occurs when people experience severe form of deprivation, the nature of those deprivations remains, however, a keenly debated topic as Amartya Sen has observed, "poverty must be seen as the deprivation of basic capabilities rather than merely as low income"

Microfinance impacts women's financial independence:

Microfinance has played a significant role in empowering women by providing them with access to financial resources and opportunities for economic advancement. This access to finance can lead to greater financial independence, as women are able to manage their own money, invest in businesses, and support their families. Here are some of the key ways in which microfinance impacts women's financial independence:

- **Access to Capital:** Microfinance provides women with small loans that they can use to start or expand businesses. This access to capital can help them generate income and become more financially independent.
- **Savings Opportunities:** In addition to loans, microfinance institutions often offer savings accounts that enable women to save money for future investments or emergencies. This financial security can increase their independence and decision-making power.
- **Income Generation:** Through the businesses they establish with microfinance loans, women can generate their own income. This additional income can lead to financial independence and reduce reliance on other family members.
- **Asset Ownership:** Microfinance can enable women to purchase assets such as land, livestock, or equipment for their businesses. Owning these assets can increase their wealth and financial stability, contributing to long-term independence.
- **Economic Participation:** By participating in economic activities and contributing to the household income, women can gain greater autonomy and influence over financial decisions within the family.
- **Financial Literacy:** Many microfinance institutions offer training in financial literacy, business management, and budgeting. These skills empower women to make informed financial decisions and manage their resources effectively.
- **Access to Markets:** Microfinance can help women access larger markets for their products or services. This exposure can lead to increased sales and higher profits, furthering their financial independence.
- **Networking and Support:** Microfinance often involves group lending or collective savings models that foster networks and support among women. These networks can provide valuable resources, knowledge sharing, and encouragement.
- **Social Capital:** By participating in microfinance groups, women can build social capital that can translate into economic opportunities and financial independence. Connections made through these groups can lead to new business ventures and collaborations.

Notable differences between rural and urban women after accessing microfinance:

Access to Resources:

- **Urban Women:** Urban women typically have greater access to resources such as markets, training programs, and business services. This can lead to more opportunities for business growth and higher returns on investment.
- **Rural Women:** Rural women may have limited access to markets and support services, making it more challenging to grow their businesses and achieve financial independence.

Market Opportunities:

- Urban Women: Urban areas often offer a larger and more diverse customer base, which can lead to increased sales and business expansion opportunities for women.
- Rural Women: Rural women may face difficulties in reaching wider markets due to geographic isolation and transportation challenges.

Networking and Support:

- Urban Women: Urban areas tend to have more established networking opportunities, allowing women to connect with other entrepreneurs and business professionals for support and collaboration.
- Rural Women: Rural women may have fewer opportunities to engage in professional networks, limiting their access to mentorship and support.

Cultural and Social Norms:

- Urban Women: Urban environments may be more progressive, with more opportunities for women to challenge traditional gender roles and cultural norms.
- Rural Women: Rural areas may have more conservative cultural attitudes, which can limit women's agency and autonomy despite their access to microfinance.

Decision-Making and Autonomy:

- Urban Women: Urban women may have greater autonomy in decision-making due to their exposure to diverse perspectives and support networks.
- Rural Women: Rural women may still face barriers to autonomy due to traditional family structures and societal expectations.

Education and Training:

- Urban Women: Urban women often have better access to education and training programs that can help them manage their businesses and finances more effectively.
- Rural Women: Rural women may have limited access to educational opportunities, which can hinder their ability to fully leverage microfinance for business growth.

Financial Literacy:

- Urban Women: Urban women may have higher levels of financial literacy due to access to more resources and training programs.
- Rural Women: Rural women may face greater challenges in developing financial literacy due to limited access to education and training.

Social Capital:

- Urban Women: Urban women may have more diverse social networks and greater exposure to various opportunities, which can enhance their social capital.
- Rural Women: Rural women may rely more heavily on close-knit community ties, which can both support and limit their economic opportunities.

Overall, while both rural and urban women can benefit from microfinance, their experiences and outcomes may differ significantly due to the varying contexts in which they operate. Tailoring microfinance programs to address the unique challenges faced by rural and urban women can lead to more equitable and effective outcomes.

Table 1: Frequency distribution of Impact on consumption pattern with place of residence of Women

Impact on consumption pattern	Place of residence		Total
	Rural	Urban	
Highly attained	32 (47.1) [13.9]	36 (52.9) [15.7]	68 (100.0) [14.8]
Moderately attained	175 (54.0) [76.1]	149 (46.0) [64.8]	324 (100.0) [70.4]
Less attained	23 (33.8) [10.0]	45 (66.2) [19.6]	68 (100.0) [14.8]
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]

From the above table, 14.8% of women have highly attained impact on consumption pattern and living either in Urban or Rural areas. 70.8% of women have moderately attained impact on consumption pattern and they reside either in Urban or Rural areas. 14.8% of women have attained less impact on consumption pattern, living in either Urban or Rural areas. 45.2% of women have three earning members and live in either Rural or Urban areas.

Table 2: Frequency distribution of Savings improved after joining SHG with place of residence of Women

Savings improved after joining SHG	Place of residence		Total
	Rural	Urban	
Yes	183 (47.0) [79.6]	206 (53.0) [89.6]	389 (100.0) [84.6]
No	47 (66.2) [20.4]	24 (33.8) [10.4]	71 (100.0) [15.4]
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]

From the above table, 84.6% of women feel that savings has improved after joining SHG and they live either in Urban or Rural areas. 15.4% of women feel that their savings has not been improved after joining SHG and they reside either in Urban or Rural areas.

Table 3: Mean and SD of Statements of Micro-saving of Women with respect to place of residence

Statements in Micro-saving	Place of residence			
	Rural		Urban	
	Mean	SD	Mean	SD
After accessing the Micro finance services saving has increased	3.778	0.881	4.409	0.808
Saving is an effective way of managing money	3.857	1.230	4.496	0.880
Saving implies alternative measure of income	3.991	0.916	4.604	0.715
Had hard time saving money, though want to money	3.983	0.759	4.583	0.705
Confident to provide better health and nutrition to my family members	4.330	0.556	4.665	0.596
Do not use savings services because do not have extra money to save	3.943	0.967	3.822	0.966
An Opportunity to develop personal ambitions	3.978	0.587	4.343	0.747

Based on the Mean score, Confidence to provide better health and nutrition to their family members is the important factor among women living in Rural (4.330) and women living in Urban (4.665) areas, followed by implying savings as an alternative measure of income for women living in Rural (3.991) and women living in Urban (4.604) areas and so on. The least factor is not using savings services because they do not have extra money to save for women in Rural (3.943) and women in Urban (3.822) areas. It can be observed that for women living in Urban areas, Micro saving is more useful compared to women living in Rural areas.

Table 4: Chi-square test for association between Impact on consumption pattern and Place of residence of women

Impact on consumption pattern	Place of residence		Total	Chi-square value	P value
	Rural	Urban			
Highly attained	32 (47.1) [13.9]	36 (52.9) [15.7]	68 (100.0) [14.8]	9.439	0.009**
Moderately attained	175 (54.0) [76.1]	149 (46.0) [64.8]	324 (100.0) [70.4]		
Less attained	23 (33.8) [10.0]	45 (66.2) [19.6]	68 (100.0) [14.8]		
Total	230 (50.0) [100.0]	230 (50.0) [100.0]	460 (100.0) [100.0]		

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence concluded that there is association between impact on consumption pattern and Place of residence of women. Based on the row percentage, women who attained high impact on consumption pattern, 47.1% are in Rural areas and 52.9% are in Urban areas. Women who have attained moderate impact on consumption pattern 54.0% live in Rural

Results and Discussions

1. Majority of the women in urban areas live in nuclear family because of modernization.
2. Majority of the women living in urban areas have three working members because of the urbanization and modernization whereas in rural areas most of the women have no working members.
3. Maximum number of women living in urban areas attend regular meetings because of the awareness, freedom, independency and life style which is different in rural areas.
4. Majority of the women living in urban areas have got loans for Business purposes as the attitude of women to be self-employed is more in urban areas than women living in rural areas who get loans for family related reasons.
5. Maximum number of women living in urban area feel that the rate of interest in loan is moderate as compared to other rate of interest these are less. It means that the rate of MFIs is reasonable rather than the conventional banking system.
6. Most women living in Rural areas feel that they have moderately attained an Impact on consumption pattern.
7. Majority of the women living in Urban areas feel that their self-confidence has increased.
8. Majority of women living in Rural areas joined an SHG with the information provided by the media/NGO.

CONCLUSION

In summary, while microfinance can significantly impact women's financial independence by providing access to capital, opportunities for income generation, and financial education, the extent of this impact can be influenced by various factors including regional and cultural differences, program structure, and support systems. Overall, while both rural and urban women can benefit from microfinance, their experiences and outcomes may differ significantly due to the varying contexts in which they operate. Tailoring microfinance programs to address the unique challenges faced by rural and urban women can lead to more equitable and effective outcomes.

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