



THE IMPACT OF MICROCREDIT ON WOMEN'S EMPOWERMENT- A CASE STUDY

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Abstract

The empowerment of women is a vital issue in developing countries. Women's empowerment has become a global phenomenon in the contemporary discourse of development. This paper evaluated the impact of microcredit on women's empowerment in Dinajpur during the period of January to December 2016. The data were collected from 158 women by one to one communication through structured questionnaire for collection the information of non-borrowers women to compare the impact between borrowers and control group from four villages namely; Biral, Birampur, Bochaganj and Parbatipur. A significant outcome of this study showed that microcredit has a positive impact on women empowerment and promotes microcredit borrowers especially women to participate in the household decision-making process through acquiring the self esteem, business skills, confidence level, *etc.* The results confirmed that microcredit has both significant and positive impact on women's empowerment.

Key Words: Microcredit, women's empowerment, Dinajpur, Bangladesh.

Introduction

Bangladesh is a developing country, according to the United Nations Gender-related Development Index (GDI), and ranked 105th out of a total of 177 countries worldwide (Grimm *et al.* 2008). It has a fast growing economy and with its 167 million inhabitants, which is one of the largest density countries in the world. However, a large share of this population is still very poor (UNDESA 2018). According to a recent opinion poll, Bangladesh has the second most pro-capitalist population in the developing world (BBS, 2005, 2010). Between 2004 and 2014, Bangladesh averaged a GDP growth rate of 6%. The economy is increasingly led by export-oriented industrialization (Ahmed and Toufique 2014). Even though there is this impressive improvement in the poverty elevation, there are still over 50 million people living in poverty in Bangladesh (Ahmed, *et. al.*, 1997), (Ahmed, 2004). According to 2013 Census in Bangladesh 25.15% of women lives in urban and 74.85% lives in rural from the total population (Bangladesh Bureau of Statistics 2013). In Bangladesh, half of the country's population lives below the poverty line with 80% in the rural areas (Ahmed, 2004).

However, microcredit almost target women and it is an important tool to empower women from poor household level. About 70% of world's poor are women (Noreen 2011). Employment women always play a vital role to enhance the national income of the state and manage a sustainable existence of the societies, families and communities, throughout the world. In recently, women although become develops but they run livelihood by many socio- cultural restrictions, such as gender discrimination, family violence, social and like religious prejudice, legal barriers, lack of education, *etc.* From the primitive society, women have been marginalized. They are rarely independent by the financial condition and decision making process and often they face more vulnerable problems of society (Zoynul and Fahmida 2013). The microcredit program is a unique innovation of credit delivery

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technique to enhance income generating activities. The program extends small loans to poor people for self-employment activities thus allowing the clients to achieve a better quality of life (Hussain 1998; Morduch 2000; Rahman 1995). It is the most sensational antipoverty tool for the poorest, especially for women (Micro-credit Summit 1997). It is assumed that 25 million populace worldwide are now using micro-credit to undertake income-generating or self-employment activities; of these, 90% are women (Chavan and Ramakumar 2003). Micro-credit scheme provides loans at very low interest and systematic guidance to low-income women to pursue alternative income-generating activities aimed at improving their economic and social status. The program provided women with loans to improve their existing economic activity or to start a new enterprise. Such investments, was believed, would lead to social and gender equality in the country, and would enhance the elimination of poverty, which would reduce impoverishment among women (Maheswaranathan and Kenned 2010).

In Bangladesh most of the female live in marginal areas, where majority of them are engaged in many activities that management of crops, livestock, fisheries, biological diversity, energy and family (domestic chores as cleaning, cooking, childcare, fetching water and so on). Even the substantial economic contribution of them is largely unacknowledged (Sultana and Hasan 2010). Women's have a few accesses to trades, industrial institution, educational services, health care and politics leads to a lower wellbeing of the family that retards the progressive goals of the country and shock women (Parveen and Chaudhury 2009). As a goal in itself as means the women empowerment are very much important to achieve greater gender equality. There are another goal of the women's empowerment is that it will also be a process to remove the poverty in the society (Volart 2004; Mayoux 2000).

Certainly, it can say that like Bangladesh all developing countries women's access to positions power is too limited. They are dependent on the men by socially, politically, familiarly and economically especially rural women and they must struggle to remove the discrimination and reconcile activities outside the home with their traditional roles. For these reason women empowerment is so important in Bangladesh. The central objective of this study is to analyze women empowerment through microcredit and the specific objectives are:

- 1) find out the impact of microcredit on women empowerment by Socio-Economically in rural Bangladesh, and
- 2) analyze the role of microcredit in promoting the borrowers to participate in the household decision-making process in Bangladesh.

Methodology

The respondents of this study are rural women borrowers belong to Biral, Birampur, Bochaganj and Parbatipur region of Dinajpur, Bangladesh. The data were collected from 158 women respondents following one to one communication method with a well structured questionnaire. The female respondent was selected who have been used microfinance services during ten years from 2004-2014. The one-sample (D – test) which is a non parametric hypothesis test that measures the probability that a chosen univariate dataset is drawn from the same parent population and descriptive statistics were used to explore the women empowerment and role of microfinance behind of this empowerment. The questionnaire consists of factors which have been identified for literature review. Question has been set on 5 point scale ranging from 1= Not at all important to 5= Very important. Data has been analyzed by SPSS software.

Results

The empirical material was chosen as an appropriate district since it, according to staff members of both GRAMEEN BANK and BRAC, is representative of Bangladesh in some aspects.

In table 1, depicted that a significant proportion of respondents (n = 66, 41.8%) were of the age group of 31-40. Maximum respondents were married (n = 120, 76%) and living in joint families (n = 97, 61.4%) with a family size of above 7 members (n = 85, 53.8%). Maximum respondents taking loan for the reason of Agriculture (n = 45, 28.5%) and loan taking maximum time 11-15 times (n = 65, 41.1%). Though maximum respondents were illiterate (n = 65, 41.1%), it was also observed that a significant proportion of the respondents (n = 55, 34.8%) were having education up to primary.



Table 1: Demographic variables of the respondents

Demographic Variables	Category	Statistics		
		Frequency (f)	Percentage (%)	Cf
Age (in Years)	20 – 30	22	13.9	13.9
	31 – 40	66	41.8	55.7
	41 – 50	44	27.8	83.5
	Above 50	26	16.5	100
	Total	158	100	
Educational Level	Illiterate	65	41.1	41.1
	Primary	55	34.8	75.9
	Secondary	20	12.6	88.5
	Higher Secondary	14	8.9	97.4
	Graduate	3	1.9	99.3
	Post Graduate	1	0.7	100
	Total	158	100	
Marital Status	Unmarried	34	21.5	21.5
	Married	120	76	97.5
	Divorcee	1	0.6	98.1
	Widow	3	1.9	100
	Total	158	100	
Size of Family	1 – 3	20	12.7	12.7
	4 – 7	53	33.5	46.2
	Above 7	85	53.8	100
	Total	158	100	
Type of Family	Joint Family	97	61.4	61.4
	Nuclear Family	61	38.6	100
	Total	158	100	
Reasons to Get Loan	For Agriculture	45	28.5	28.5
	To start Micro Business	28	17.7	46.2
	Marriage of the children	25	15.8	62
	To pay Debt	37	23.4	85.4
	Domestication of Animals	18	11.4	96.8
	Education of Children	03	1.9	98.7
	Others	02	1.3	100
	Total	158	100	
Loan Taking	4 – 6 times	28	17.7	17.7
	7 – 10 times	48	30.4	48.1
	11 – 15 times	65	41.1	89.2
	Above 15 times	17	10.8	100
	Total	158	100	

Only 1% (n = 1) respondent were having post graduation degree that shows the existence of the traditional phenomenon of the low level of education among females.

In table 2, gives information regarding income-earning activity for microcredit borrowers and non microcredit borrowers. The picture that emerges is that non microcredit borrowers seem to be, on average, more involved in the agricultural sector compared to microcredit borrowers. On the other hand, microcredit borrowers seem to be, on average, more involved in the non-agricultural sector like in an own business. It was clear from table 2 that in every source of personal income the women who were involved with micro-credit program earned more than those of the women who were not involved with any other micro-credit program which ultimately had positive impact on women empowerment.

Table 2: Annual income of the Respondents

Income source	Average in taka (Borrowers)	Average in taka (Non-Borrowers)
Poultry	950.75	530.50
Small business	3855.20	1050.55
Service	1250.00	580.90
Handicrafts	10150.99	7500.77
Agriculture	2430.68	2160.78
Total	18,637.62	11,823.50

Table 3: Decision making indicators of the respondents

Variables	Borrowers		Non-borrowers	
	Mean	Std. Dev	Mean	Std. Dev
Make a small purchase without consulting husband	0.29	0.46	0.16	0.37
Have a say to purchase major goods for the household	0.76	0.43	0.64	0.48
Have a say to work outside home	0.14	0.35	0.05	0.21
Have a say how many children to have	0.90	0.29	0.80	0.41
Have a say to buy or sell property	0.48	0.50	0.34	0.48
Have a say in whether or not to send children to school	0.97	0.18	0.78	0.42

Table 3 presents the respondents decision for purchase of household goods, to work outside home, to buy a property, to send children to school, the Borrowers women were more independent than the Non-Borrowers women. Sometimes they may consult with their husband before taking decision and they got priority to take the decision. Borrowers' women were quite able to take decision than Non-Borrowers women.

Table 4: Ownership of assets indicators of the respondents

Variables	Borrowers		Non-Borrowers	
	Mean	Std. Dev	Mean	Std. Dev
Land ownership in own name	0.06	0.23	0.02	0.13
Personally own property and/or valuables(eg: jewelry)	0.59	0.49	0.55	0.50
Have independent savings	0.50	0.50	0.02	0.13

In table 4, data shows the Ownership of Assets indicators. The numbers of Borrowers women who can take the land ownership in own name is higher than the Non-Borrowers women. Like this, to have personal own properties or valuable things and also have some personal savings, the Borrowers women are quite able than Non-Borrowers women. These are also sign of Women Empowerment.

Table 5: Comparison of Socio-Economic Empowerment between Borrowers and Non-Borrowers

Indexes	Borrowers		Non-Borrowers	
	Frequency	Percentage	Frequency	Percentage
Economic Security	82	51.9	31	19.6
Purchase Decision	77	48.7	44	27.8
Control over Asset	52	32.9	25	15.8
Mobility	79	50	48	30.3
Awareness	98	62	55	34.8
Empowerment	90	57	50	31.6

Finally, in table 5, provides the EI. It is observed from the table that, In Economic Security Borrowers (n = 82, 51.9%) and Non-Borrowers (n = 31, 19.6%). The table further shows, in Purchase Decision Borrowers (n = 77, 48.7%) and non-borrowers (n = 44, 27.8%). Like this in Control over asset, in Mobility, in Awareness Borrowers are higher than Non-Borrowers and last In Empowerment, Borrowers (n = 90, 57%) and Non-Borrowers (n = 50, 31.6%). So, finally can observed Borrowers women are more Socio-Economically empowered than Non-Borrowers women.

Discussion

This study tries to examine the impact of microcredit on women empowerment in rural area of Bangladesh. This study shows that microcredit programs has improved their economic condition and enhanced their ability to contribute in their family's decision making. The microcredit participants are more capable of taking their economic and household decision making (Pitt *et al.* 2006). Women age is also important for women empowerment. Result shows that women age had positive effect of women empowerment in Bangladesh (Haque *et al.* 2011). Older women have more empowerment compare to younger women because older women have more experience with life and better understanding about their demand (Noreen 2011). We also found that women education was positively associated with women empowerment. This study shows that in every source of personal annual income of women had positive impact on women empowerment. Women who have involved in income generation activities may lead to higher empowerments that are not involving any income generation activities (Nessa *et al.* 2012). Microcredit is an important strategy in empowering income for poor women (Sultana and Hasan 2010).

This study reveals that microcredit empowers women with economic decision making, household decision making and ownership of property. Involvement in microcredit program not only enhances the ability of make decisions in various project activities but also enhances the ability in household decision making process (Zoynul and Fahmida 2013). Microcredit enables the women managing during crisis, creates new earning source, build assets and improve the social and economic status of the women (Hashemi *et al.* 1996). Economic condition is an important factor of empowerment of people (Sultana and Hasan 2010). From this study, we can observe that Borrowers women are more Socio-Economically empowered than Non-Borrowers women. The findings of the study of (Parveen and Chaudhury 2009) also supported this result. Evidence supports that involvement in microcredit programs increases the socio-economic awareness of the women (Shahidul *et al.* 2014). A research conducted in Bangladesh by Khan *et al.* (2013) elaborated that microcredit participants women were more able to in decision making regarding conjugal life, loan taking, spending money received from micro credit, interest in politics, voting behavior and Purchase or sale of materials compared to non participants in microcredit programs (Khan *et al.* 2013).

Conclusion

Microcredit programs in Bangladesh represent a breakthrough for rural financial markets. This study empirically evaluates the impact of microcredit on women's empowerment in the Dinajpur district in Bangladesh. This study examines the impact of microcredit programs on its borrowers through the collection and compilation of primary source data. After data analysis the researcher has concluded that most of the females who availed the facility of microcredit finally got socio-economic empowerment. Microfinance provides opportunity to female keeping involved in economic and trade activities by self business, which enhances women empowerment at a visible extent, pronouncing a positive impact on education, share in total assets and respectable jobs, leading to the higher living standard, rich nutrition and economic prosperity and development. So at the end it may be concluded that microcredit is positively linked with the uplift of socio-economic empowerment of working women at district Dinajpur in Bangladesh. Most importantly this study shows that microcredit programs are successful in empowering women.

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