

# Role of Microcredit in Social, Cultural and Economic Sustainability of Women Who Availed Microcredit

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## ABSTRACT

Women's empowerment is essential for social/cultural and economic development as it is considered as one of the major factors for increasing worldwide development efforts. Microcredit is an effective instrument that has been recognized to alleviate poverty. This study seeks to use microcredit as an instrument to bridge the gap between the accessibility of microcredit among SHG women and sustainable socio, cultural and economic development, providing novelty to the concept of "sustainability of empowerment". In addition, this study employed poor rural women to estimate the empowerment performance of microcredit borrowers compared to non-borrowers in the same socio, cultural economic environment as it relates to microcredit in Pallipattu and Poonamallee Taluks of Thiruvallur district. The present study attempts to investigate the role of microcredit in the social/cultural and economic sustainability of the women who availed of microcredit. The study used both primary and secondary data. The primary data was collected from 300 SHG women who availed of microcredit from the area under study. The secondary data was collected from various published sources of central and state government. The study states that the majority of the microcredit beneficiaries agree that their social, cultural, and economic empowerment with regard to microcredit has enhanced their confidence to face problems, though not strongly agreed. This further shows that microcredit helps women to be very strong in their social/cultural and economic empowerment. Therefore since microcredit improves participation in social development activities to these levels should be encouraged by most, or all, NGOs.

**Keywords:** Microcredit; Women Empowerment; Social, Cultural and Economic Development; Sustainability.

## INTRODUCTION

Women's empowerment has become one of the key priorities for sustainable development around the world. Even in developed countries, this factor is also being considered, as women in developed countries experience several types of discrimination in different ways. For developing countries, gender inequality has been established as one of the most vital obstacles to progress. Indeed, women's empowerment has been reflected as a significant indicator of the sustainability of women's success and well-being.

Microcredit offers a functional method to generate income to reduce poverty and increase food security and women empowerment by boosting socio, cultural, and economic sustainability. Microcredit offers a way to begin participating in achievable income generation activities that are essential to securing working capital or credit to assist the poor when they need assistance. Microcredit is a collateral-free

investment, which is offered mainly to poor female clients to help them achieve the requirements for their empowerment projects. Most poor women cannot access formal credit from traditional banks and other monetary organizations. As Yunus notes, this occurs “because untrained or illiterate poor are not poor; they are poor because they cannot retain the sincere returns of their labor. The reason is evident, the poor have no control over the capital that calls the tune, and poor rural women work for the benefit of someone else who controls the capital”. Microcredit schemes aim to improve the lives of poor people by helping them select an inclusive financial organization to alleviate their poverty. Microcredit also helps poor women set forth a path of transformational empowerment to enhance sustainable development. Subsequently, microcredit has reconstructed the economic and social configurations at the grassroots level by giving financial support to small-income households.

Women are the key targets of microcredit schemes. Microcredit for women is linked to stronger developmental impacts than microcredit for men. Microcredit supports women in improving their self-confidence and self-esteem to help make them empowered. After becoming empowered, women are able to contribute to sustainable growth. The objectives, significance, and suggestions for sustainable women empowerment vary according to social, political, regional, and cultural frameworks. The objective of this study is to bridge the gap between the accessibility to microcredit for poor rural and semi urban women and sustainable socio, cultural, and economic development. The novelty of the current study is that it seeks to create a concept in role of Microcredit in Social/Cultural and Economic Sustainability of the Women. Providing access to, and the retention of, female microcredit borrowers in micro-credit schemes encourage sustainable socio-economic growth, which is linked to sustainable women empowerment. Sustainable women empowerment leads to, and re-boosts, sustainability in socio, cultural and economic growth.

## **OBJECTIVES OF THE STUDY**

1. To explore the role of microcredit in economic empowerment
2. To assess the role of microcredit in social/cultural empowerment
3. To examine the role of microcredit in the personal empowerment of the Women

## **METHODOLOGY**

Using a descriptive research design, the study was conducted in the two Taluks of Pallipattu and Poonamallee in the Thiruvallur district of Tamil Nadu. The study included 300 SHG members who received microcredit. Probability sampling was used to select the women beneficiaries of microloans for this investigation. Compared to other probability sampling, multi-stage sampling is a more reliable sampling technique for surveying microfinance women using a self-structured interview schedule. The data were analyzed using calculations of frequency and percentage.

## Findings and Discussions

### Role of Microcredit in Empowering Women

This analysis is focused on the concept that there is no tool for development, without empowerment of women. SHGs are the pivotal force of such empowerment. The table on the role of microcredit in empowering women is a clear indication of such stability and shows the credibility of women in society.

#### a) Economic Empowerment

Economically empowered women have greater access to financial opportunities and resources, such as jobs, fiscal services, real estate, other productive resources, skill development, and market awareness. For women to be economically empowered, sound public policy, a thorough strategy, and a long-term commitment are needed from all development components.

**Table 1: Role of microcredit in economic empowerment of the respondents**

Parameter	Frequency / Percentage					Total
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Role of microcredit in economic empowerment						
Helpful to increase income	-	1(.3%)	30 (10.0%)	193 (64.3%)	76 (25.3%)	300 (100%)
Helpful to increases savings	-	2 (.7%)	10 (3.3%)	209 (69.7%)	79 (26.3%)	300 (100%)
Establishing credit linkage with the bank	-	5 (1.7%)	38 (12.7%)	184 (61.3%)	73 (24.3%)	300 (100%)
Microfinance is given without collateral security	-	6 (2.0%)	45 (15.0%)	176 (58.7%)	73 (24.3%)	300 (100%)
Microfinance helps to establish microenterprises	-	7 (2.3%)	62 (20.7%)	163 (54.3%)	68 (22.7%)	300 (100%)
Increases value of Household assets	-	8 (2.7%)	29 (9.7%)	214 (71.3%)	49 (16.3%)	300 (100%)
Increases value of Productive assets	-	4 (1.3%)	21 (7.0%)	185 (61.7%)	90 (30.0%)	300 (100%)

Microfinance provides employment opportunities	2(.7%)	3 (1.0%)	28 (9.3%)	205 (68.3%)	62 (20.7%)	300 (100%)
Microfinance improves employability skills	-	1(.3%)	17 (5.7%)	215 (71.7%)	67 (22.3%)	300 (100%)
Women economically became self- reliant	-	4 (1.3%)	25 (8.3%)	181 (60.3%)	90 (30.0%)	300 (100%)
Reduction in household Poverty	2(.7%)	4 (1.3%)	31 (10.3%)	201 (67.0%)	62 (20.7%)	300 (100%)
Capable of independently supporting family	-	6 (2.0%)	17 (5.7%)	210 (70.0%)	67 (22.3%)	300 (100%)

Table 1 illustrates the parameters of the role of microfinance in the economic empowerment of the respondents. The correlation of the factors denotes the possible outcomes that are taking place with the help of SHGs and is a supportive framework in the lives of the respondents. The majority, about 69.7% of members, agree about its helpfulness to increase income and savings; 61.3% about establishing credit linkage with the bank; 58.7% that microfinance is given without collateral security; 54.3% that microfinance helps to establish microenterprises, 70% that it increases the value of household assets and productive asset; 70% that microfinance provides employment opportunities and employability skills; 60.3% that women become economically self-reliant leading to a reduction in household poverty; and above 70.0% of members agree that they are capable of independently supporting their family. The findings denote that a majority, 60 to 70% of respondents, agree that they are economically empowered by utilizing microcredit, but not very strongly. Therefore the findings of the study suggest that more awareness programs, provided by GO's and NGO's on microfinance, should be made available which can be easily accessed by the respondents to help the women fully understand the benefits of microfinance, so that they can be more highly empowered economically and become self-reliant.

### b) Social, Cultural Empowerment

The foundation of involvement that affects a person's personality, views, and lifestyle is social and cultural empowerment. This entails giving people with few resources the tools they need to succeed and grow, including education, work, health care, and a sense of identity and community. In an effort to challenge the hierarchical social divisions and groups that contemporary intelligence has produced, it seeks out alternative histories, languages, and cultural identities.

**Table 2: Role of microfinance in social/cultural empowerment of the respondents**

Parameter	Frequency / Percentage					Total
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Role of microcredit in social/cultural empowerment						
Microfinance enhanced power of decision making		10(3.3%)	22 (7.3%)	226 (75.3%)	42 (14.0%)	300 (100%)
Microfinance enhanced confidence to face problems		3(1.0%)	18 (6.0%)	236 (78.7%)	43 (14.3%)	300 (100%)
Microfinance improves social status		2(.7%)	8 (2.7%)	207 (69.0%)	62 (20.7%)	300 (100%)
Microfinance improves participation in social development activities		5(17%)	28 (9.3%)	192 (64.0%)	75 (25.0%)	300 (100%)
Participation in campaigns against social evils		22(7.3%)	29 (9.7%)	170 (56.7%)	79 (26.3%)	300 (100%)
Microfinance reduces dependency on moneylenders	2 (.7%)	5(1.7%)	34 (11.3%)	178 (59.3%)	81 (27.0%)	300 (100%)
Increase mobility of women	2 (.7%)	3(1.0%)	13(4.3%)	206 (68.7%)	76 (25.3%)	300 (100%)
Draw respect among community members		4(1.3%)	28(9.3%)	192 (64.0%)	76 (25.3%)	300 (100%)
Participate in public meetings		2(.7%)	19(6.3%)	221 (73.7%)	57 (19.0%)	300 (100%)
Encouraged to demand legitimate rights		1(.3%)	21(7.0%)	169 (56.3%)	109 (36.3%)	300 (100%)

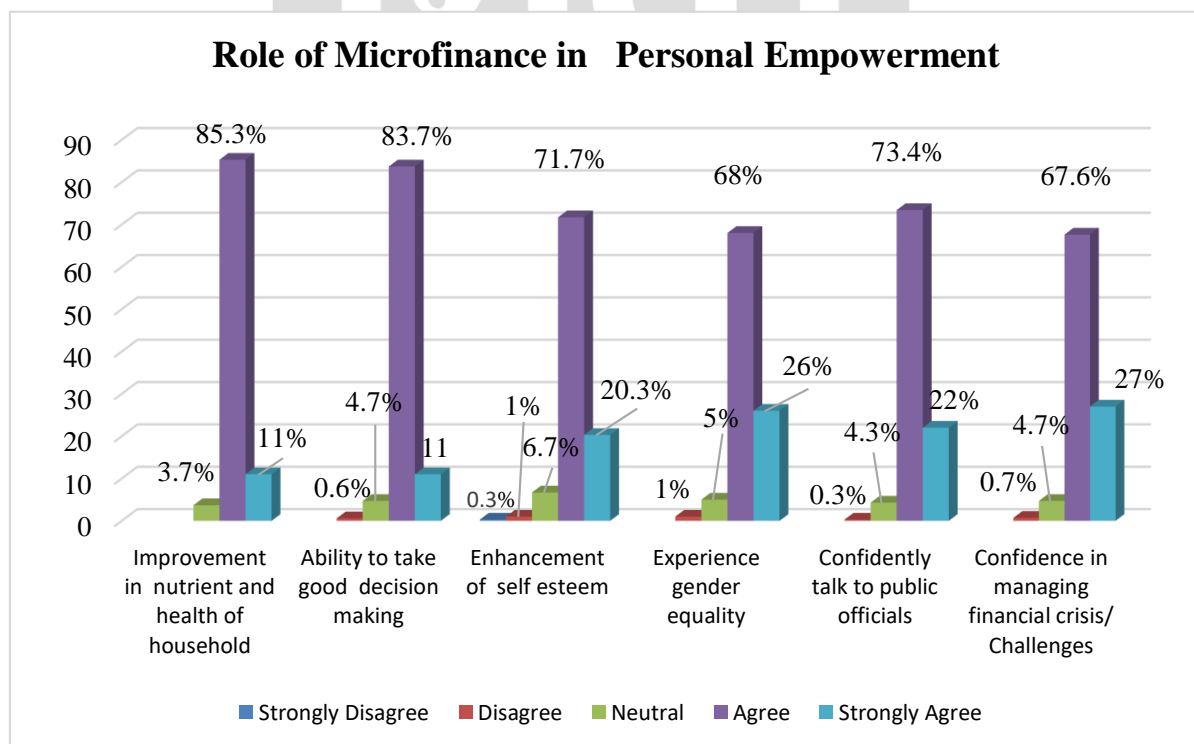
Table 2 shows the role of microcredit in social/cultural empowerment of the respondents. Undoubtedly the women are benefiting and their socio-cultural backdrop and empowerment seem to be advantageous. Most respondents are making great advancements in expressive stances, which glorify their

achievements on being members of the SHGs. As the following analysis indicates that microfinance has enhanced the power of decision making, 75.3%; microfinance has enhanced confidence to face problems, 78.7%; microfinance improves social status, 69.0%; microfinance improves participation in social development activities, 64.0%; encouraged participation in campaigns against social evils, 56.7%; microfinance reduces dependency on moneylenders, 59.3%; increase mobility of women, 68.7%; and draws respect among community members, 64.0%. The finding of the study state that the majority of the respondents agree that their social/cultural empowerment with regards to microfinance has enhanced their confidence to face problems, though not strongly agreed. This further shows that microfinance helps the women manage to be very strong in their Social/Cultural Empowerment. These are impressive figures and the suggestion is therefore that since microfinance improves participation in social development activities to these levels it should be encouraged by most, or all, NGOs.

**d) Personal empowerment**

Fundamentally, personal empowerment entails taking charge of your life and making wise choices by your desires. Self-esteem and confidence are directly tied to it, but putting purpose into action is when you truly feel empowered. To become aware of your talents and flaws, you must cultivate self-awareness. Additionally, you must be aware of and comprehend your goals and how they relate to where you are now. Your core values and beliefs may need to shift for you to achieve your goals.

**Role of microcredit in personal empowerment of the respondents**



**Figure 1: Role of microcredit in personal empowerment of the respondents**

Figure 1 narrates the role of microcredit in the personal empowerment of the respondents as illustrated above. Improvement in nutrition and health of the household, 85.3%; ability to make good decisions, 83.7%; enhancement of self-esteem, 71.7%; experience gender equality, 68.0%; confidently talk to public officials, 73.3%; confidence in managing financial crisis/challenges, 67.7%; and skills for one's own work/business, 73.3%. The frequency percentage of references has a very strong showing in the 'Agreed' criteria. Therefore this table proves that personal empowerment has a number of beneficial factors that lead to improvements in an individual's life.

## CONCLUSION

This study investigated the role of microcredit in the social/cultural and economic sustainability of the women who availed of microcredit. Therefore the findings of the study suggest that more awareness programs, provided by GOs and NGOs on microcredit, should be made available which can be easily accessed by the beneficiaries to help the women fully understand the benefits of microcredit so that they can be more highly empowered economically and become self-reliant. The findings of the study state that the majority of the respondents agree that their social/cultural empowerment with regard to microfinance has enhanced their confidence to face problems, though not strongly agree. This further shows that microcredit helps women manage to be very strong in their Social/Cultural Empowerment. These are impressive figures and the suggestion is therefore that since microfinance improves participation in social development activities to these levels it should be encouraged by most, or all, NGOs. Therefore these studies prove that personal empowerment has several beneficial factors that lead to improvements in an individual's life.

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A large, light blue watermark logo is centered on the page. It features a stylized lightbulb shape with a circular top and a semi-circular base. Inside the circle, there are three vertical lines of varying heights, resembling a stylized 'I' or a similar symbol. Below the circle is a grey rectangular box containing the letters 'IJRTI' in a bold, white, sans-serif font. Below the box are two horizontal grey bars and a semi-circular grey shape at the bottom, completing the lightbulb-like appearance.

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