

**IMPACT OF MICROFINANCE ON THE LIVING
STANDARDS, POVERTY ALLEVIATION AND
EMPOWERMENT OF THE POOR WOMEN IN DELHI**

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Abstract

This research paper attempts to study the impact of microfinance on the living standards, poverty alleviation and empowerment of poor women in Delhi. Women happen to be the dominant clientele of any MFI as they are at the helm of the requirement of microfinance. 50 female beneficiaries of an NGO Microfinance Institution (MFI) were surveyed. The beneficiaries, residing in the Trilokpuri slums, are involved in sewing and stitching costumes for Ramleelas in Delhi and also stitch designs for footwear. Some of the respondents are residents of the Madavli slums and are involved in vegetable vending and cosmetics vending. Delhi has been chosen primarily because most studies on microfinance in India are centred around states with rural areas whereas Delhi covers a portion of the urban poor, whom very few MFIs target. Therefore, this research study aims to target them.

The analysis of the data revealed that microfinance has had a positive impact on the living standards, poverty alleviation and the empowerment of women in Delhi. It has led to an improvement in the lifestyles of these women and has made them capable of taking their own decisions and run their own businesses. This has eventually evolved them into more independent females who can take their own decisions and also contribute to the decision-making in their

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households. Thus, microfinance has not only led to their economical empowerment but also their social and emotional empowerment.

Keywords: Microfinance, Poverty Alleviation, Women Empowerment, Living Standards

Introduction

Over the years, several policies have been instituted to uplift the poor of this country. Among the policies that are advocated and implemented for poverty alleviation of the poor, it is microfinance that stands at a central position. Microfinance entails all financial products and services that are accessible to the poor. Microfinance Institutions (MFIs) are distinct from conventional banking institutions in the way that women are their dominant clientele, and that their role goes beyond just providing access to credit. It goes to the extent of very strongly empowering their borrowers—not only financially but also socially and culturally.

Gender inequalities over the years have proven to inhibit economic and social growth. Thus, the concept of providing women access to microfinance becomes all the more important.

For sustainable growth and development in the country, it is important to recognize that women stand at the centre of poverty. They are the poorest of the poor population and end up spending all their money on the welfare of the family. This brings into picture the need for their own independence, empowerment and a greater role in the decision making processes of their own households.

Microfinance not only provides women with the necessary material means and interventions but does it in most cases through helping them build strong social relationships, and achieve much beyond just monetary upliftment. This is what makes this topic attractive. We need to know if the stronger half of our population has succeeded in achieving what microfinance was introduced with the aim of.

Microfinance in India

In India, even after the nationalization of banks in 1969 when the focus of banking changed from class banking to mass banking, enough was not being done to cater to the needs of the poor. The formal banking institutions were not able to do justice to providing small and frequent amounts of credit to most of the poor. Currently, 75-80 million households in India could make use of microfinance but fewer than 10 % have access to it. This shows the tremendous amount of potential that microfinance carries. The microfinance movement in India began in 1992 when the National Bank for Agricultural and Rural Development (NABARD) started a pilot microfinance project with the name of Self- Help Group Bank Linkage Program (SBLP). SBLP was such a grand success that it became the most popular model of microfinance in India.

In the past years, many initiatives have been taken by the Government of India in the financial sector. Some of these are:

- The commercial banking sector was nationalised in 1969
- Regional Rural Banks have been set-up since 1975
- Financial sector reforms were introduced in 1991
- National Bank for Rural and Agricultural Development (NABARD) was set up in 1982 by an Act of Parliament for implementing more deeply the cause of implementing rural development by playing a financial, developmental and supervisory role

Even after these and many other policy initiatives, the needs of all the poor were not catered to until the pilot project by NABARD was started in 1992. More recently, the Union Budget of 2012-13 introduced the India Microfinance Equity Fund with Small Industries Development Bank of India (SIDBI) of Rs. 100 crores for providing equity and quasi-equity support to smaller MFIs. Given the potential of microfinance, it is hoped that many more are certainly in the offing.

Microfinance & Women Empowerment

The aim of microfinance for women is that they should not only have access to easy credit but also the business knowledge which can help them increase and sustain their profits in the long run. Microfinance programs have immense potential to empower economically backward women, in particular. Empowerment is compatible with the other approaches of microfinance such as financial stability and contributes to not only complement but enhance the aims of the other approaches of microfinance. The need for microfinance to focus on women arises out of the following reasons:

- Women are not properly represented and need greater support in sustaining themselves as compared to men.
- Due to increasing urbanization and changing labour needs, women-headed households are on the rise. Such households are usually more vulnerable in times of crises and have fewer resources to fall back on.

- Women usually end up working in the informal sector, most often in their self employed ventures as a result of facing discrimination in the formal labour market and thus, require greater amount of support in order to sustain their livelihoods.

Literature Review

Mohammad Arifujjaman Khan and Mohammad Anisur Rahaman (2007) in their thesis ‘Impact of Microfinance on Living Standards, Empowerment and Poverty Alleviation of Poor People: A Case Study on Microfinance in the Chittagong District of Bangladesh’ show how microfinance works and how it affects the living standards (poverty alleviation, empowerment etc.) of the poor people of the Chittagong district of Bangladesh. The research employed the regression, correlation and one-sample t-test to determine the relationship between variables such as increase in income and increase in savings, improvement in living standards and increase in role in decision making process in the family. They concluded that microfinance had had a significant and positive impact on the living standards, poverty alleviation and empowerment of poor people in the Chittagong District of Bangladesh.

Sibghatullah Nasir (2013) through his study ‘Microfinance in India: Contemporary Issues and Challenges’ aims to focus on the issues and challenges faced in the field of microfinance in India at various levels such as cultural, social, political etc. and a solution to those challenges has also been proposed. The data has been collected from both primary sources and secondary sources.

Dr. Ajit Kumar Bansal and Ms. Anu Bansal (2012) through their research study ‘Micro Finance and Poverty Reduction in India’ throw light on the principles and roles of microfinance and the several policy initiatives taken by the government of India to promote microfinance.

Research and Information System for Developing Countries (2008) in their research paper ‘Women’s Empowerment through Microfinance in India: Lessons for Mekong Countries’ study the impact of microfinance on women and on India in general. They also analyse how those lessons can be applied to the Mekong countries of Cambodia, Lao PDR, Myanmar, Thailand and Vietnam.

Jayati Ghosh (2013) through her research publication ‘Microfinance and the Challenge of Financial Inclusion for Development’ reviews the recent literature on microfinance in the developing countries and critically analyses its effectiveness. The paper studies the microfinance sector of India, being one of the largest in the world and the microfinance crisis in Andhra Pradesh. It concludes that microfinance currently faces a lot of challenges and that profit-oriented microfinance institutions cause maximum number of hindrances to the success of microfinance.

Kanika Taneja (2009) in her research paper ‘Microfinance- The New Mantra of Rural Finance to Reduce Poverty’ studies the poverty relief in India caused by microfinance and the model and role of the Grameen Bank in the field of microfinance.

Vani S Kulkarni (2011) through her research study ‘Women’s Empowerment and Microfinance’ aims to carry out a sophisticated and intricate analysis of culture for a deeper understanding of the linkages between Micro Finance Institutions (MFIs) and women empowerment.

Also, areas of enquiry for policymaking have been suggested. Many challenges including political, organisational, cultural, social and ideological challenges have also been studied in depth.

Objectives of the Study

There have been many studies conducted in India on microfinance, but they have primarily focused on the rural poor. Therefore, this study aims to cover the urban poor and target them. The objective of this research project is to study the impact of microfinance on the living standards, poverty alleviation and empowerment of the poor women in Delhi.

Research Methodology and Data Collection

The result of this research depends on both quantitative and qualitative data. Certain aspects of microfinance such as income and savings needed to be depicted in numerical ways and some other such as access to education and employment opportunities in non numerical ways. The research was exploratory in nature, done through questionnaires on a sample size of 50 respondents, all being clients of Nidan Microfinance in the Mandavli and Trilokpuri slums in Delhi. The results obtained were then put into SPSS and tests such as correlation, one sample t-test and chi-square tests were performed to determine the relationship between different variables.

Nidan Microfinance

The beneficiaries of Nidan Microfinance were contacted as respondents for the completion of this research project. Nidan, operating in Bihar, Jharkhand, Uttar Pradesh and Delhi, works for the upliftment of informal workers and their children with the aim of “initiating, establishing and consolidating people’s institutions, processes and programs aimed for socio- economic development of the poor”. Nidan works in various areas for the upliftment of the poor, including advocacy, social security, education, health, skill development and microfinance among many others. They have more than 60,000 people as members and have partnered with several banks that include HDFC, ICICI and ABN AMRO (RBS) Bank.

Data Analysis and Interpretation

The data collected includes the demographic information of the respondents and their responses to what they think has been the impact of microfinance on their lives. Statistical analysis and interpretation of the data is provided using MS Excel and SPSS. One-sample t-test, correlation, regression and paired chi-square tests have been used for the same.

1. Demographic Information of the Respondents

Variable	Measuring Group	Frequency	Percent
Age	Less than 25 years	5	10.0
	25-40 years	25	50.0
	Above 40 years	20	40.0
	Total	50	100.0
Educational Experience	Not at all	32	64.0
	1-5 years	6	12.0
	6-10 years	7	14.0
	More than 10 years	5	10.0
	Total	50	100.0
Number of Family Members	Less than 2	2	4.0
	2-5	22	44.0
	More than 5	26	52.0
	Total	50	100.0
Business Experience before Micro Finance	Yes	48	96.0
	No	2	4.0
	Total	50	100.0

Table 1: Demographic information of respondents

From the above table, it can be seen that most of the respondents fall in the age groups of 25-40 years and above 40 years. Thus, we can assume that most of them are married and have children. Our analysis shows that 64% of the respondents had received absolutely no education. Thus, microfinance is targeting the right set of people as these are the women that engage in self employment and have lesser chances of finding employment in the formal labour market.

52 % of the respondents have families of more than 5 members which indicates greater expenditure and shows a direct need of greater access to finance due to their low incomes. Also, at the same time, these small businesses are generally in the form of sole proprietorship firms where members of the family can contribute as additional workers.

Our analysis reveals that 96% of the respondents had previous business experience or their entrepreneurial ventures before availing of microfinance. Thus, much as microfinance did not

encourage women to start new small scale businesses, it definitely helped expansion of their existing businesses as took loans and invested the money in their existing undertakings.

2. Source of Initial Capital

The table below shows the source of capital used by the respondents at the time of starting their business. Since most of them did not start their businesses with the help of microfinance as shows the previous table, they arranged capital from elsewhere. 44% of them used their personal savings and 36% used informal sources of finance i.e. borrowed from friends and relatives. One major reason why the initial capital was not arranged from MFIs was that their small scale businesses have been going on for a long time now, and that the existence of microfinance for the urban poor is lean. Microfinance is particularly found in the rural areas thus, the results would have differed had the study been conducted in a state such as Bihar which is the centre of operation for most MFIs. Microfinance in urban areas has come about recently and by that time, most women had already started running their business using mostly personal savings and loans from friends and relatives.

	Source	Frequency	Percent
Source of Initial Capital	Personal savings	22	44.0
	Friends and Relatives	18	36.0
	Loans from MFI	5	10.0
	Others	5	10.0
	Total	50	100.0

Table 2: Source of initial capital

3. Amount of Loan taken from MFI

The table below shows the amount of loan taken by the respondents from the MFI (Nidan Microfinance). It shows that 74% of the respondents received loans below Rs. 20,000 for a year. This shows lack of initial capital for them to start medium scale businesses as the MFI is unwilling to extend greater amounts of loan as the respondents possess low repayment capacity. This shows the emphasis of the MFI on microcredit.

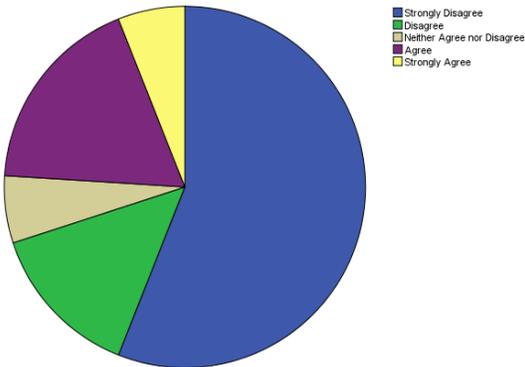
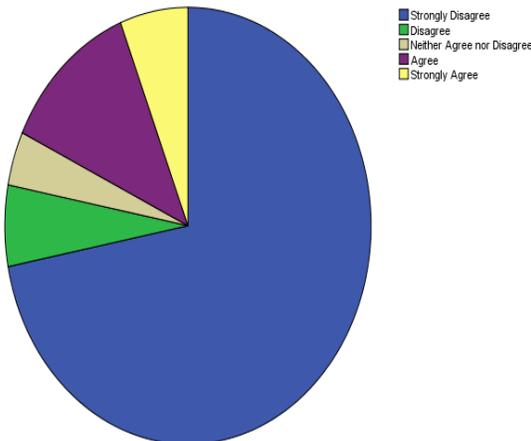
	Amount	Frequency	Percent
Amount of loan taken from MFI	Less than Rs. 10,000	0	0
	Rs.10,000 - Rs. 20,000	37	74.0
	More than Rs. 20,000	13	26.0
	Total	50	100.0

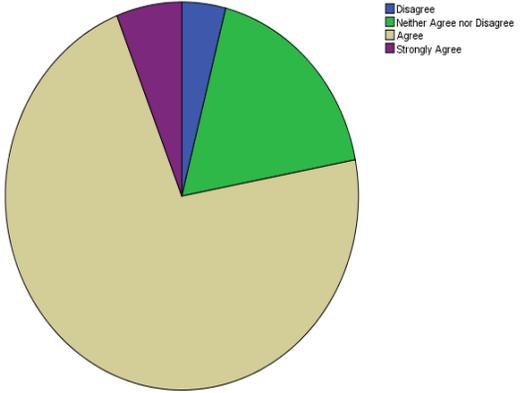
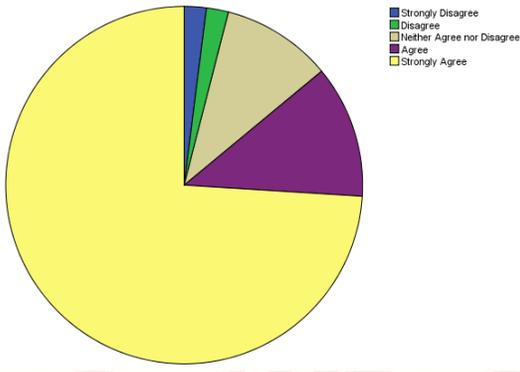
Table 3: Amount of loan taken from MFI

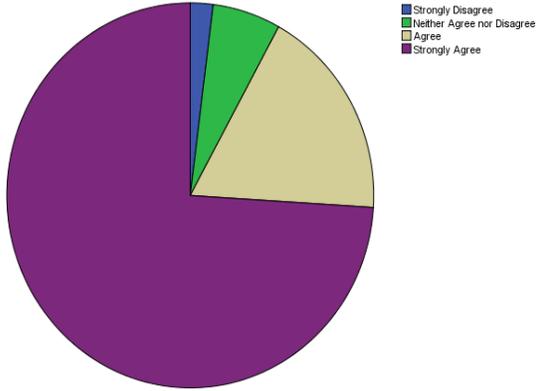
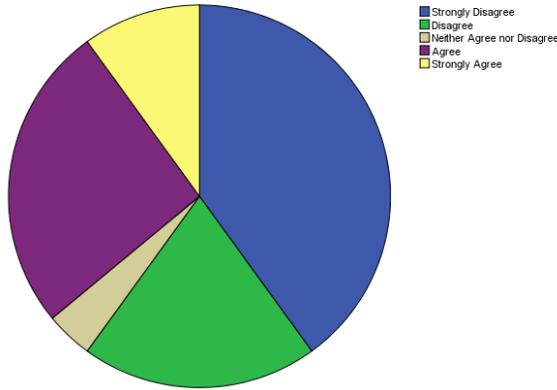
4. Different Variables showing the Impact of Microfinance

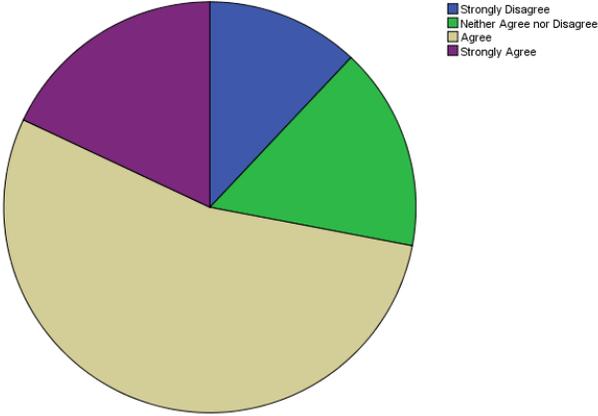
S.No	Variable	Pie Chart	Analysis								
1.	The interest rate of the MFI is reasonable	<p>The interest rate is reasonable</p> <table border="1"> <caption>Data for Pie Chart 1: The interest rate of the MFI is reasonable</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Strongly Agree</td> <td>70%</td> </tr> <tr> <td>Agree</td> <td>20%</td> </tr> <tr> <td>Neither Agree nor Disagree</td> <td>10%</td> </tr> </tbody> </table>	Response	Percentage	Strongly Agree	70%	Agree	20%	Neither Agree nor Disagree	10%	<p>The pie chart on the left shows that 70% of the people strongly agree that the interest rate of less than 1.5% per month charged by the MFI is reasonable. We can conclude that these economically backward women find the interest rate of MFI the most reasonable and fair as compared to other sources of finance.</p>
Response	Percentage										
Strongly Agree	70%										
Agree	20%										
Neither Agree nor Disagree	10%										
2.	The procedure of obtaining loans from the MFI is more convenient than conventional banks	<p>The procedure of obtaining loan from MFI is easier than in case of conventional banking</p> <table border="1"> <caption>Data for Pie Chart 2: The procedure of obtaining loan from MFI is easier than in case of conventional banking</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Strongly Agree</td> <td>74%</td> </tr> <tr> <td>Agree</td> <td>20%</td> </tr> <tr> <td>Neither Agree nor Disagree</td> <td>6%</td> </tr> </tbody> </table>	Response	Percentage	Strongly Agree	74%	Agree	20%	Neither Agree nor Disagree	6%	<p>Our analysis shows that 74% of the respondents strongly agree that the procedure of obtaining loans from the MFI is more convenient than from conventional banks. This is because they are more flexible as regards the repayment period and paperwork. Moreover, the repayment is collected by the MFI in installments from the homes of the respondents almost on a daily basis, which is extremely convenient for them.</p>
Response	Percentage										
Strongly Agree	74%										
Agree	20%										
Neither Agree nor Disagree	6%										

<p>3.</p>	<p>The income has increased</p>	<p>The income has increased</p> <p>Legend: ■ Neither Agree nor Disagree ■ Agree ■ Strongly Agree</p>	<p>40% of the respondents strongly agree that their income has increased post availing of the loan from the MFI. 50% agree that the income has increased and 10% neither agree nor disagree. This shows that for most respondents, the income has increased but not by a huge margin particularly because the loans extended by the MFI are usually of smaller amounts i.e. Rs. 10,000-20,000 a year.</p>
<p>4.</p>	<p>The saving has increased</p>	<p>The saving has increased</p> <p>Legend: ■ Strongly Disagree ■ Disagree ■ Neither Agree nor Disagree ■ Agree ■ Strongly Agree</p>	<p>This pie chart shows varied results. 20% of the people strongly disagreed that their savings have increased. They believe that with an increase in income, their consumption expenditure has risen but savings have stayed where they were, owing mainly to inflation. However, 28% people strongly agreed and 24% simply agreed that with an increase in income, they have also been successful in saving more. Thus, a large number of the respondents felt that their savings have increased.</p>

<p>5.</p>	<p>There is better access to education</p>	<p style="text-align: center;">There is better access to education</p>  <p style="text-align: right;"> <ul style="list-style-type: none"> ■ Strongly Disagree ■ Disagree ■ Neither Agree nor Disagree ■ Agree ■ Strongly Agree </p>	<p>The pie chart on the left shows that 56% people strongly disagree and 14% simply disagree that taking loan from the MFI has helped them get better access to education. They believe that they cannot afford to send their children to private schools which they equate with better education. They still send their children to the same government schools. However, some respondents agree saying that they now have better access to education because the increase in their income allows them to afford tuitions for their children, which help them to perform better.</p>
<p>6.</p>	<p>There is better access to healthcare</p>	<p style="text-align: center;">There is better access to healthcare</p>  <p style="text-align: right;"> <ul style="list-style-type: none"> ■ Strongly Disagree ■ Disagree ■ Neither Agree nor Disagree ■ Agree ■ Strongly Agree </p>	<p>Our analysis reveals that 72% of the respondents strongly disagree that they now have better access to healthcare. They continue going to government hospitals as private healthcare facilities are still not affordable. As most of them are also Below Poverty Line (BPL) individuals, they are content with the healthcare facilities that they get as a result of their BPL cards but strongly disagree that there has been any improvement in the healthcare facilities after availing of the loan from the MFI.</p>

<p>7.</p>	<p>Financial condition of the family has improved</p>	<p>Financial condition of the family has improved</p>  <p>Legend: Disagree (Blue) Neither Agree nor Disagree (Green) Agree (Tan) Strongly Agree (Purple)</p>	<p>72% of the respondents agree that the financial condition of their family has increased. This is because due to investing the loan taken from the MFI into their business, their income and expenditure have increased and they can afford to spend more than they could before taking the loan.</p>
<p>8.</p>	<p>The role in decision making has increased</p>	<p>Role in decision making process has increased</p>  <p>Legend: Strongly Disagree (Blue) Disagree (Green) Neither Agree nor Disagree (Tan) Agree (Purple) Strongly Agree (Yellow)</p>	<p>This is the most significant result in determining how well microfinance has empowered the women respondents covered under this research. 74% of the respondents strongly agreed that their role in the decision making process in their households has increased. This is because they are valued more in the household now that they have proven to be capable to run their businesses and are adding to the income of the family.</p>
<p>9.</p>	<p>Operational assistance from the MFI has helped in running the business</p>		<p>Again, 74% of the respondents have strongly agreed that operational assistance from Nidan Microfinance has helped them in running their business. This shows that the MFI not only provides them with easy access to finance but also provides</p>

		<p>Operational assistance from MFI has helped in running the business</p>  <p>Legend: ■ Strongly Disagree ■ Neither Agree nor Disagree ■ Agree ■ Strongly Agree</p>	<p>them with the requisite training and operational assistance to run their businesses more efficiently.</p>
<p>10.</p>	<p>Employment opportunity has increased</p>	<p>Employment opportunity has increased</p>  <p>Legend: ■ Strongly Disagree ■ Disagree ■ Neither Agree nor Disagree ■ Agree ■ Strongly Agree</p>	<p>40% of the respondents strongly disagreed and 20% simply disagreed that their employment opportunity has increased. The amount of loan granted to them is only sufficient to run the existing business but they cannot afford to invest in a new business due to lack of sufficient capital.</p>

11.	Living Standard of the family has improved	<p style="text-align: center;">Living standard of the family has become better</p>  <p style="text-align: right;"> ■ Strongly Disagree ■ Neither Agree nor Disagree ■ Agree ■ Strongly Agree </p>	<p>54% of the respondents agree and 18% strongly agree that their living standard has improved. The amount of loan taken from the MFI was further invested in the business. This lead to an increase in both income and savings. Thus, the expenditure of the family on both consumption and luxury goods increased, resulting in a better standard of living.</p>
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5. One Sample Statistics and t-Test of Different Variables

The table given below shows four variables namely reasonability of interest rate of the loan taken from the MFI, procedure of loan taking, operational assistance received from the MFI and employment opportunities. We take 2.5 to be the average level of satisfaction. In case of the first three variables the satisfaction level is way more than 2.5 which shows that their level of satisfaction is greater than average when it comes to reasonability of interest rate, procedure of loan taking and operational assistance received from the MFI. However, in case of employment opportunities, the level of satisfaction is below average which shows that due to insufficient capital to start another business, the respondents find their employment opportunities limited.

One-Sample Statistics				
Variable	N	Mean	Std. Deviation	Std. Error Mean
The interest rate is reasonable	50	4.66	.557	.079
The procedure of obtaining loan from MFI is easier than in case of conventional banking	50	4.68	.587	.083
Operational assistance from MFI has helped in running the business	50	4.62	.780	.110
Employment opportunity has increased	50	2.52	1.487	.210

Table 4: General Descriptive Statistics

The perceptions of the respondents were recorded on a likert scale where 1- strongly disagree and 5- strongly agree. In order to examine the whether the interest rate is reasonable or not, we developed the following hypotheses at 5% level of significance:

Null hypothesis - The respondents have less than average (2.5) level of satisfaction with the interest rate.

Alternate hypothesis - The respondents have more than average (2.5) level of satisfaction with the interest rate.

From the above table, we can reject the null hypothesis and accept the alternate hypothesis, thus concluding that the level of satisfaction of the respondents with the interest rate charged by the MFI is quite high.

One-Sample Test				
	Test Value = 2.5			
	t	df	Sig. (2-tailed)	Mean Difference
The interest rate is reasonable	33.749	49	.000	2.660
The procedure of obtaining loan from MFI is easier than in case of conventional banking	32.287	49	.000	2.680
Operational assistance from MFI has helped in running the business	23.764	49	.000	2.620
Employment opportunity has increased	2.187	49	.034	.02

Table 5: One Sample t-Test

Similarly, the statement about procedure of loan taking examines if the respondents find it more convenient to take loans from the MFI rather than conventional banks. For this purpose we have developed the following hypothesis at 5% level of significance:

Null hypothesis - Procedure of loan taking from MFI is not easier than traditional banks.

Alternate hypothesis- Procedure of loan taking from MFI is easier than traditional banks.

Using table 4, we can conclude that the null hypothesis can be rejected and the alternate hypothesis accepted as the mean level of satisfaction in case of taking loans from MFI is more than 2.5 which is significantly higher.

Thus, we can conclude that the respondents feel that the procedure of loan taking from MFI is easier than the procedure of loan taking from traditional banks.

Similarly, in case of operational assistance, we develop the following hypothesis for our analysis at 5% level of significance:

Null hypothesis - Level of satisfaction with operational assistance from MFI is below average.

Alternate hypothesis- Level of satisfaction with operational assistance from MFI is above average.

We can conclude from table 4, that the level of satisfaction is above the average level of satisfaction (2.5) and is significantly high. This proves that the MFI provides significant operational assistance to the respondents for running their business.

In the above 3 variables, as can be seen from Table 5, the t-statistic is significantly higher than the test value (2.3), hence the null hypotheses in all 3 will be rejected and the alternate hypotheses accepted.

In case of employment opportunities, the following hypotheses are developed at 5% level of significance:

Null hypothesis - Employment opportunity has not increased.

Alternate hypothesis- Employment opportunity has increased.

We can see that the level of satisfaction is 2.52 which is slightly higher than the average level of satisfaction (2.5). Again, the t-statistic is 2.187 less than 2.5 which is the test value. This shows that the employment opportunities have not increased. We reject our null hypothesis and accept the alternate hypothesis.

6. Relationship between increase in income and increase in savings

Correlations			
		The income has increased	The saving has increased
The income has increased	Pearson Correlation	1	.572**
	Sig. (2-tailed)		.000
	N	50	50
The saving has increased	Pearson Correlation	.572**	1
	Sig. (2-tailed)	.000	
	N	50	50

** . Correlation is significant at the 0.01 level (2-tailed).

Table 6: Correlation between increase in income and increase in savings

Savings are an important part of an individual's income as they end up increasing the bank balance and eventually, the economic condition of the family. Thus, it is important to see if the increase in income after investing the loan in the business has led to an increase in the savings of the respondents.

The above table shows the correlation to be 0.572 which shows high degree of positive correlation. This means that for most respondents, the savings increased as their income increased.

7. Relationship between Living Standards and Health, Healthcare and Financial Condition

In this portion, we have performed chi-square tests of improvement in living standards with better access to education, better access to healthcare and improvement in financial condition of the family. These factors ideally should contribute to an improvement in living standards. Thus, the tests performed below show if there exists a significant relationship or not between the abovementioned variables.

Living standard of the family has become better * There is better access to education Cross tabulation							
		There is better access to education					Total
		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	
Living standard of the family has become better	Strongly Disagree	4	0	0	2	0	6
	Neither Agree nor Disagree	6	2	0	0	0	8
	Agree	14	4	3	5	1	27
	Strongly Agree	4	1	0	2	2	9
Total		28	7	3	9	3	50

Table 6: Cross-tabulation of living standards and education access

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.430 ^a	12	.412
Likelihood Ratio	14.767	12	.254
Linear-by-Linear Association	1.286	1	.257
N of Valid Cases	50		

a. 18 cells (90.0%) have expected count less than 5. The minimum expected count is .36.

Table 7: Chi-square test between living standards and education access

The tables 6 and 7 above, chi-square test has been performed to determine if the improvement in living standard is dependent on better access to education.

Here, we take our hypotheses at 5% level of significance:

Null hypothesis - Improvement in living standards is independent of better access to education.

Alternate hypothesis- Improvement in living standards is related to/dependant on better access to education.

We see that the significance value comes out to be 0.412 which is greater than 0.05. Thus, we accept the null hypothesis and reject the alternate hypothesis and conclude that better access to health does not explain a better living standard in this case.

Living standard of the family has become better * There is better access to healthcare Cross tabulation							
		There is better access to healthcare				Total	
		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree		Strongly Agree
Living standard of the family has become better	Strongly Disagree	5	0	0	1	0	6
	Neither Agree nor Disagree	7	0	0	0	1	8
	Agree	20	3	1	3	0	27
	Strongly Agree	4	0	1	2	2	9
Total		36	3	2	6	3	50

Table 8: Cross-tabulation between better living standards and better healthcare access

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.960 ^a	12	.303
Likelihood Ratio	16.420	12	.173
Linear-by-Linear Association	2.130	1	.144
N of Valid Cases	50		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .24.

Table 9: Chi-square test between better living standards and better healthcare access

In the above case, we try to find out if there exists any relationship between improvement in living standards and better access to healthcare. For this, we take the following two hypotheses at 5% level of significance:

Null hypothesis- Improvement in living standards is independent of better access to healthcare.

Alternate hypothesis- Improvement in living standards is related to/dependant on better access to healthcare.

The tables above show that the null hypothesis will be accepted and alternate hypothesis will be rejected (since $0.303 > 0.05$). Thus, it can be concluded on the basis of the above results that better access to healthcare is insignificant in explaining improvement in living standards.

Living standard of the family has become better * Financial condition of the family has improved Cross tabulation						
		Financial condition of the family has improved			Total	
		Disagree	Neither Agree nor Disagree	Agree		Strongly Agree
Living standard of	Strongly Disagree	0	3	3	0	6

the family has become better	Neither Agree nor Disagree	1	0	5	2	8
	Agree	1	6	20	0	27
	Strongly Agree	0	0	8	1	9
Total		2	9	36	3	50

Table 10: Cross-tabulation between improvement in living standards and improvement in financial condition of the family

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.853 ^a	9	.049
Likelihood Ratio	18.629	9	.029
Linear-by-Linear Association	1.818	1	.178
N of Valid Cases	50		

a. 13 cells (81.3%) have expected count less than 5. The minimum expected count is .24.

Table 11: Chi-square test between improvement in living standards and improvement in financial condition of the family

The above tables aim to determine if there exists any relationship between improvement in living standards and improvement in financial condition of the family i.e. whether or not the improvement in financial condition of the family contributes to explaining the improvement in better standards of living. For this, we take the following two hypotheses and test them at 5% level of significance:

Null hypothesis- Improvement in living standards is independent of improvement in financial condition of the family.

Alternate hypothesis- Improvement in living standards is related to/dependant on improvement in financial condition of the family.

The chi-square test performed above shows that the null hypothesis will be rejected and the alternate hypothesis will be accepted as the significance value of 0.049 is slightly lower than 0.05. This explains that improvement in financial condition of the family contributes to improvement in living standards of the family, however marginally.

Explanation of the above results: Where ideally all the above three factors together should contribute to an improvement in the living standards of the family, the above results show that it is only the improvement in financial condition that does so. This can be explained by the observations made while surveying the respondents. Most respondents feel that as a result of receiving microfinance from the MFI, their income and savings have increased which have eventually led to a better financial condition of the family. They can now afford to spend more on both consumption and luxury goods, hence, an increase in the living standard. However, their income has not increased by a high enough margin for them to be able to access private schools and hospitals. Due to their BPL status, they still avail of healthcare and education in government hospitals and schools respectively. Thus, even though their access to education and healthcare has not increased, they have registered an improvement in their standard of living as their capacity to spend has increased.

8. Relationship between Increase in Income and Role in Decision Making Process

One of the most important aims of this research study is to determine if microfinance has led to greater autonomy and empowerment in the beneficiary women. Hence, here we have performed a chi-square test to determine if or not a relationship exists in the two i.e. whether or not an increase in income has led the women to achieve a stronger role in the decision making process of their households.

Here again, we take two hypotheses and test them at 5% level of significance to determine if an increase in income has helped women get more empowerment:

Null hypothesis - The role in decision making process is independent of an increase in income.

Alternate hypothesis - The role in decision making process is dependent on an increase in income.

The income has increased * Role in decision making process has increased Cross tabulation							
		Role in decision making process has increased					Total
		Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	
The income has increased	Neither Agree nor Disagree	1	0	0	2	2	5
	Agree	0	0	2	4	19	25
	Strongly Agree	0	1	3	0	16	20
Total		1	1	5	6	37	50

Table 12: Cross-tabulation between increase in income and increase in role in decision making process

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.492 ^a	8	.018
Likelihood Ratio	16.143	8	.040
Linear-by-Linear Association	.899	1	.343
N of Valid Cases	50		

a. 13 cells (86.7%) have expected count less than 5. The minimum expected count is .10.

Table 13: Chi-square test between increase in income and increase in role in decision making process

The chi-square test performed above shows that the significance value is 0.018 which is significantly lower than 0.05. Hence, we reject the null hypothesis and accept the alternate hypothesis. Therefore, there exists a relationship between the two variables and an increase in income helps women attain greater amount of autonomy and increases their role in the decision making process of their household, thus, empowering them.

Conclusion

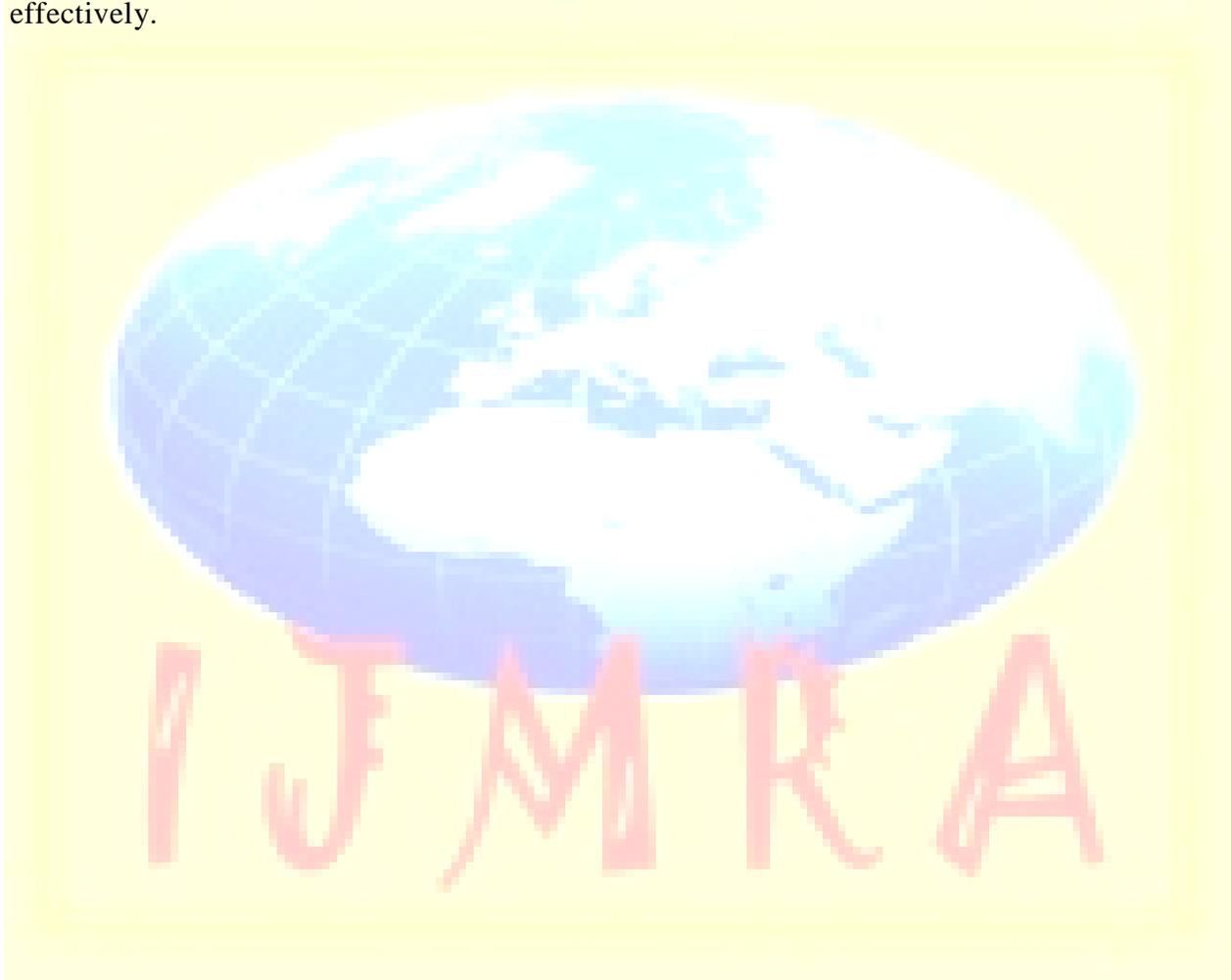
The objective of this research study was to study the impact of microfinance on the living standards, poverty alleviation and empowerment of poor women in Delhi. Having performed correlation analysis, chi-square test and one-sample t-test on the different variables considered, we can make the following conclusions:

- 90% of the women are above 25 years of age and married with children. They have received little or no education. 96% of the women had started their ventures long ago or had been continuing with their family businesses which had been set up using mainly personal savings and friends and relatives. The amount of loan taken in 74% of the cases falls between Rs. 10,000-20,000 a year. This shows insufficient capital to start a medium scale business.
- It can be noted on the basis of the one sample t-test that people are significantly satisfied with the reasonability of interest rate, the ease of obtaining loans from MFIs and the operational assistance received from the MFI in running the business. However, less than average level of satisfaction was noted in case of increase in employment opportunities due to lack of sufficient resources.
- A high degree of positive correlation has been noted in increase in income and increase in savings. This means that as income has increased due to investment of the loan taken in the business, most respondents have also succeeded in increasing their savings.
- When a chi-square test was performed between the improvement in living standards and different variables including better access to education, better access to healthcare and improvement in the financial condition of the family, it was found that only the improvement in financial condition of the family contributed to an improvement in living standards. This is because most respondents, with an increase in income and savings, can afford a better lifestyle in terms of higher expenditure on both consumption and luxury goods but are still not in a financial position to be able to afford education and healthcare in private schools and hospitals respectively.
- A chi-square test when performed between increase in income and role in decision making process showed that there was a strong relationship between the two. This was successful in proving that as the women have started running their own small scale businesses and augmenting the family income, their family members hold them in higher authority and they have successfully sought a greater role in the decision making process in their households.

Therefore, we can finally conclude on the basis of the above results that not only has microfinance led to an improvement in living standards of the poor women and an increase in their income, savings and improvement in financial condition thus leading to poverty alleviation but has also given them greater autonomy to take decisions concerning the lives of their families and themselves, participate more actively in the decision making process in their households and hence has helped them become more independent and in turn, empowered.

Scope for Further Research

The current research can generate even more accurate results if extended to a greater number of respondents. The number of slums visited can also be increased, which can be followed up by covering more number of cities in India. This will help generate more accurate results and grasp the overall picture on the impact of microfinance on women more effectively.



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