

Empowerment of Indian Women Through Microfinance

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<p>The aim of this thesis is to examine and conduct an academic research on the topic of "The Empowerment of Indian Women Through Microfinance." The thesis intends to find a connection between women empowerment and the usage of microfinance in India. The secondary goal was to discuss the concepts of women empowerment and microfinance.</p> <p>A theoretical framework was created for the thesis. The subjects that were included in the theoretical framework were microfinance, woman empowerment, microfinance institutions, and microfinance operations in India. These four topics will be the main focuses of the thesis. The secondary data was gathered in the form of concepts, theories, and visual figures. The main secondary sources were journals, studies, videos, and articles. After the secondary research, the primary data was gathered in the form of interviews.</p> <p>The research method that was used within the thesis was qualitative research. The interviewees that were interviewed for the thesis worked in the field of women empowerment. Both interviewees understood microfinance and funding of women empowerment projects. The questions were constructed around the investigative questions and the research question. This primary data was used to support in drawing the conclusions with a combination of the secondary data.</p> <p>The qualitative data was analyzed along with the topic of women empowerment and its different spheres were identified. The findings allowed to draw conclusions that could answer the investigative questions and research question directly. During the data analysis, the research showed that the use of microfinance by Indian women was in fact correlated with women empowerment. Nonetheless, even though the results indicated clear connection between the two, the research also indicated that women empowerment is not a direct result of the usage of microfinance. Thus, revealing that microfinance could be utilized as a tool to gain women empowerment but it is a singular aspect amongst many in increasing the progress of women empowerment.</p>	
Keywords Microfinance, microcredits, Indian economy, women empowerment	

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1 Introduction

The thesis is created to be a research-type bachelor's thesis for the International Business programme with specialization in Finance and Accounting taught at Haaga-Helia University of Applied Sciences. The first chapter is set to open the thesis by giving context to the background, display the research question and investigative questions, demarcate the topic, introduce the international aspect, and discuss the key concepts.

1.1 Background

As of 2018 over 1.7 billion people do not have access to banks or financial institutions in the world (McCarthy 2018). Throughout history, poverty and human rights issues have walked hand in hand. In a country like India, with a population of one billion people, poverty and human rights issues are part of everyday life (Rozer & Ospina 2017). There are many different factors as why there are human rights issues in a country like India, however there is one fundamental reason that gives specific people a power to oppress the others and that is the wealth of a person. People with significant wealth can obtain a lot power in different countries. Developing countries, which are usually stricken with poverty and corruption, create a scenario where countries small wealthy populations control masses. (Rozer & Ospina 2017.)

Below the poverty line, there are also human rights issues according to one's gender. Women are oppressed and discriminated in most of the developing countries like India, because they are just seen as household caretakers and the ones who deliver children to the family. Therefore, in many areas they practically do not even have property ownership rights, even though the Indian constitution has a law that enables for them to own property. (Hazarika 2011.)

For many Indian women this is a dream crusher as they cannot contribute towards their future. Indian women usually lack any kind of social security and safety net that will help them in time of need, which means they are highly dependent on their families or husbands. For the women to create wealth they need capital, however because of the women rights issues in India most of the women do not have access to financial services or banks. Therefore, microfinance is a tool that can wake up entrepreneurial spirit in Indian women. (McCarthy 2018.)

1.2 Research Question

This thesis aims to show the link between financial independency and women rights issues. Furthermore, the thesis wishes to look at the different key concepts to open the topic and answer the investigate questions in a fashion that the reader will not be left with any unanswered questions. However, it is important to note that the thesis wishes to wake ideas or raise questions within the readers as well as to provide them with insight of the everyday struggle of Indian women.

The outcome of the thesis is to provide information about microfinance and its relations to poverty-stricken regions. The thesis aims to provide insight on how microfinance works and how it can help Indian women to be independent financially.

The thesis aims to answer research question “How are Indian women empowered through microfinance?”.

The thesis has set of investigative questions that is built around the research question to provide further information through different concepts, models, and extensive research.

1. Why do Indian women need empowerment?
2. How can Indian woman use microfinance to empower themselves?
3. What type of women empowerment’s can microfinance support?
4. How will Indian women's use of microfinance benefit the country's overall economy?

Table 1. Overlay matrix

Investigative Questions (IQs)	Theoretical Framework	Research Methods	Results (Chapter)
1. Why do Indian women need empowerment?	Women Empowerment	Research through journals, articles, books, and videos.	4.2
2. How can Indian woman use microfinance to empower themselves?	Microfinance in India/Women Empowerment	Research through journals, articles, books, and videos.	4.1
3. What type of women empowerment’s can microfinance support?	Women Empowerment	Research through journals, articles, books, and videos	4.2

4. Why is women empowerment crucial for India?	Microfinance in India	Research through journals, articles, books, and videos	4.4
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The preliminary framework theories that the thesis will use are women empowerment theories, microfinance institutions and entrepreneurial orientation. These theories will assist with the IQ's and the RQ so that they will be answered thoroughly. In the results section every investigative question will receive their own subchapter to analyse the data.

1.3 Demarcation

The demarcation of this thesis is to primarily focus on two different topics: microfinance and women rights issues in India. The thesis will not include information of the women rights issues of other developing countries, reason being that the thesis will become too broad and present irrelevant information. Furthermore, the discussion of other financial institutions that offer loans that are not part of microfinance will not be analysed. Other finance theories that are not within the subject of microfinance will not be presented in the thesis, once again in the name of clarity. Finally, despite the focus of the research is on the Indian economy the thesis will include minor reflections and comparisons to other developing countries within the theory section.

1.4 International Aspect

The topic fulfils the GLOBBA's requirement of international aspect, because the thesis is discussing women rights issues in India. Even though the thesis concentrates on a specific region, women rights issues are an international phenomenon that still exists to this day to a large scale.

1.5 Benefits

The benefit of the thesis is to provide information about Indian women rights issues and the concept of microfinance. The reader can expect to learn about microfinance in practice and how it works in detail, as well as Indian women rights issues and the everyday challenges of an Indian woman. Furthermore, exposing the reader to the link between financial independency and women rights issues as well as how the two can improve social status of an Indian woman.

Finally, the author of the thesis will improve his financial knowledge by applying financial theories using real life examples. The author needs to do an extensive research about Indian culture and women rights issues, therefore also gaining knowledge about Indian culture.

1.6 Key Concepts

Microfinance: Microfinance is the concept of providing banking services to the people who otherwise would not have any other way other access to financial services. Has a bigger impact on developing countries where the people do not have access to financial services. (Kagan 2020.)

Micro-insurance: Insurance for low-income households or individuals who have low income. Specifically made for low-valued assets and compensation for illness, injury or death (Kagan 2020).

Financial Institutions: Company that is actively engaging in financial and monetary transactions such as deposits, loans, investments, and currency exchange (Hayes 2019).

Micro Financial Institutions (MFIs): Micro Financial Institutions are the financial organizations that provide microcredits. Most often they practice their business in developing countries (Microfinanceinfo 2018).

Micro-credits: Small loans that are specifically made to be used for expanding customers business or even starting up a new company. However, can be used to any kind of economic development based on the customers need. (Hayes 2019.)

Women rights issues: The denial of equal rights of women. In many countries, women are facing discrimination based on their gender. The women may face sexual violence, lower pay, lack of access to education and inadequate healthcare. (Amnesty International 2020.)

Self-Help Groups (SHGs): Group of people, most often women of Indian descent, whose goals and ideals align, join to form a group with a goal of mutual aid and accomplishment (Sakshi & Karoly 2018, 44-45).

Non-Governmental Organizations (NGOs): Non-governmental Organizations are organizations that are not controlled by countries. Although they may work with states, they usually exist to deliver some service or practice advocacy to influence policies and programs. Most of the NGOs are usually non-profit organizations, but not always. (Sparling 2014.)

2 Microfinance and Women Rights Issues

The purpose of this chapter is to introduce theories and concepts that are going to be applied in the theoretical knowledge base of the thesis. The two main themes of the thesis are microfinance and women rights issues and thus, there will be number of theories applied for both themes. There will be a visual theoretical framework to offer clarity as to what kind of theories will be applied. These have been broken down into four main categories to develop the research design.

Below in the visual theoretical framework the four different categories have been identified and they are as follows: microfinance, women empowerment, microfinance institutions, and Microfinance in India.

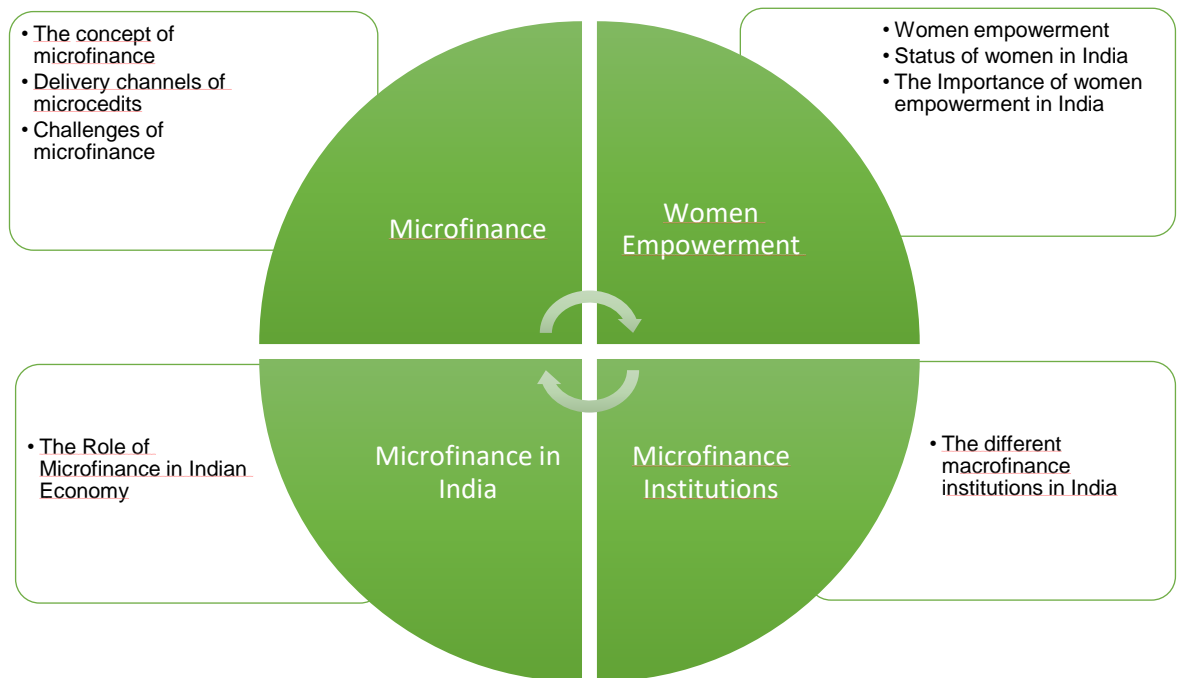


Figure 1. Theoretical Framework

To create a quality thesis there must be a careful planning. Thus, the theory framework allows the author to open up the RQ and IQ's into subcategories where every theory or concepts shown in figure 1 can be applied. The thesis has four different categories, which in their own respective rights have additional theories or practices that will be answered throughout the thesis.

Microfinance is the first step where the concept of microfinance is discussed. The thesis must provide a clear all-around definition so that the reader builds a strong understanding

for the base of the research. The thesis must open the microfinance concept in-depth as there are multiple practicalities and terms that will be used later in the thesis. Furthermore, the thesis must provide a clear difference in the definition of microcredits and normal loans with an aim to provide information on microcredits, what they are and how can they be utilized. Microfinance is a complex financial phenomenon, subsequently there must be a clear explanation of its practice in real life. This builds into explaining the purposes of microcredit usage and how it is given and to whom. Microfinance is not perfect. Therefore, the thesis will have a chapter explaining the faults and challenges of microfinance.

This thesis relies heavily on the chapter of women empowerment. The chapter will discuss the broad definition of women empowerment, what it entails, and the various types of women empowerment that exists. Since this research focuses on India, the thesis will bring forth about a broad overview of the country's women's situation. Finally, because of India's large population, the benefits of Indian women empowerment and why it could be so important for the country will be discussed.

The chapter on microfinance institutions explains what types of organizations exist that provide microcredit to Indian women and how they work. This will cover various micro-finance organization models, how they work, and how they are financed.

Lastly, the thesis will focus on microfinance operations in India. In this chapter, analysis of statistics about Indian women's usage of microfinance, how much of its services are used and where will be research. In addition, the utilization of micro-credits and ultimately how are Indian women using their microservices.

2.1 Microfinance

2.1.1 Concept of Microfinance

In 1976, Mohammad Yunus, professor of economics, lent roughly 27 US dollars to a group of women from a poor village in Jobra, Bangladesh. The women then used this small loan to create bamboo stools, which they sold for small profit and then paid Professor Yunus back with a small interest. This led to professor Yunus realising that the poor women of Southern Asia were desperate to work, but that they lacked capital to be entrepreneurs and that it was difficult to be employed as they were women. He understood that the skills and knowledge of the women were not fully utilized. This led Professor Yunus to create Grameen Bank that offered micro financial services to the poor women of Southern Asia. (Aninze, Hussain & El-Gohary 2018.)

Microfinance is a concept where certain types of financial institutions offer financial services to lower socioeconomical individuals who otherwise would have no access to financial services (CFI, 2015). Wanchoo (2007) defined microfinance as any activity that includes provision of financial services such as credit, savings, and insurance to low-income individuals that fell just above the nationally defined poverty line, and poor individuals that fell above that poverty line with a goal of creating social value. The goal of the social value is to decrease poverty and greatly enhance the lives of the low-income households through the provision of micro-credits from microenterprises, savings, and insurances for risk mitigations (Wanchoo 2007).

Financially speaking, according to Azevedo (2007) it is the provision of non-collateral financial services to those individuals that do not own enough assets to offer as security. Microfinance is such broad term it is wise to specify its characteristics, and according to Karlan & Goldberg (2007), its nine key characteristics are as follows:

1. Small transactions.
2. Loans for entrepreneurial activity.
3. Collateral-free loans.
4. Group lending.
5. Focus on poor clients.
6. Focus on female clients.
7. Simple application processes.
8. Provision of services in underserved communities.
9. Market-level interest rates.

While these are the main attributes it does not necessarily mean that all the characteristics have to be met in order to label a loan as a microcredit or label a financial institution as an MFI.

Microcredits can be characterized as loans that have a high transaction costs, are usually taken for short periods of time, have no collateral, and have a higher repayment rate (Sunitha 2014). Besides microcredits, MFIs provide social services such as training, support, education, and health benefits to strengthen their client's possibilities of achieving their goals (Gupta & Ansari 2014).

2.1.2 Delivery Models of Microcredits

Grameen Model: One of the more popular delivery models, this model was created by the Grameen Bank and its creator Professor Muhammed Yunus. According to Khan, Khalily & Khandker (1994), the Grameen Model concentrates on women specifically. This model operates with a group of five selected individuals who own less than 50 decimals of land and who agree to work together and guarantee for each other. This model is usually desirable because the model provides training in financial, social, and individual discipline in addition to giving out microcredits. The training is supervised and implemented by the employees of Grameen Bank. (Khan, Khalily & Khandker 1994.)

One of the effective attributes of this model is the peer pressure, as only two out of the five are given the microcredits initially. When the repayment is made, the next two are in line for the microcredits. Lastly, the fifth receives a microloan only when the other members of the group have repaid their loans. In this way, the whole group is responsible for the loan repayments of the other group members. Even if one member defaults, the rest of the group members will not receive a microcredit. (Singh 2017.)

The Grameen model has been successful because it has low transaction costs, no collateral (the guarantee for the loan is done by the group), and the repayment is possible to do in smaller rounds with little or no paperwork at all. These attributes contribute to Grameen Models high loan recovery rate. Furthermore, this model gives out microcredits not only to income generational activities but for aspects such as housing, sanitation, and supplementary loans. (Nasir 2013.)

Self-Help Group Model: This model operates with the help of NGOs, not only to provide microloans, but as well as strengthen their members networking and education. 90% of India's SHGs are female-only due to it being a poor country that relies on the income generated by women of the households. SHGs are the most popular delivery model that exists in India. (Nasir 2013.)

According to Singh (2017), SHGs are usually a group of 15-20 females that are from similar castes or social classes with aligning goals. It is important that the group members come from the same background and social statuses so that any disputes can be avoided. These groups strive for economic welfare of its members as the group comes together and collects savings for the sake of its members. With the assistance of external NGOs, the group becomes educated in social and economic matters, and if the group is deemed successful in the period of six months, they may attain credit for the sum of four times their savings. (Singh 2017.)

Co-operative Model: In the co-operative model, the group members are part of bigger organisations called co-operative institutions that consists of smaller SHGs. All members are shareholders of the co-operative institution and they all share equity, loss, and profit of the organization. In these institutions, the crucial roles are self-selected by its team-members. There is no target group in the co-operative model, members of any social class, rich or poor, may join to enhance economic welfare of its group members. What is typical for this model is that they utilize local people and local resources, and they are very effective at mobilizing microloans or micro-savings. Co-operatives are not only about profit and finance, but as well as social standings and cultural needs of its members. (Jha 2011.)

Individual Banking Model: This delivery model is used when an individual is given credit based on the persons creditworthiness. This model is suited for entrepreneurially orientated individuals who have a straightforward goal in mind. Given that the individual is given a microloan, the MFI usually gives additional support in networking and skill development. (Parthasarathy 2018.)

Community Banking Model: This model suits the Indian population very well, given that a big portion of the Indian population live in rural communities. In this delivery model organised community seek a microloan from an MFI with the backing of NGOs. These communities form an organised or semi-organised group with the help of external NGOs, who train them in financial activities. As a result, these groups begin to have saving activities as well as income generational projects. (Parthasarathy 2018.)

Table 2. General approaches of different microfinance models (Sinha 2005).

Features	SHG	Grameen	Individual Banking
Clients	Primarily Women	Primarily Women	Men/Women
Groups	15-20 per Group	5 per group usually (Organized into centers of 4-6 groups)	Individual clients
Services	Savings and Credit	credit-regular cycle	Credit
Role of MFI staff	Guide and facilitate	Organize	Organize
Meetings	Monthly	Weekly	Individual transaction (Often daily)
Savings Deposits	Rs 20-100 / Month	Rs 5-25/week	Flexible
Interest on Savings	Bank rate	6-9 percent	6 percent+
Initial loan Amount	Rs 5-10 000	Rs 2-5 000	Rs 5-15 000
Effective Interest rate	24-28 percent	32-38 percent	23-38 percent
Insurance	Sometimes loans linked to health and life insurance	Sometimes loans linked to health and life insurance	Sometimes loans linked to health and life insurance
Development Services	Some associated programs	Small social Projects	Enterprise support

In the table above we can see the general approaches to the most common microfinance models. It should be noted that even though the rules are very specific, not all NGOs can be categorized as easily as it displays the underlying rules specific to common micro-finance models. (Sinha 2005.)

2.1.3 Challenges of Microfinance

Microfinance was created to eradicate or at least decrease poverty in the developing countries, however since its creation it has faced many challenges despite its evolution (Ravi 2012). Microfinance at its best has been a tool for many people to get out of poverty by giving them access to capital, technology, and development of themselves in financial activities (Dey 2015). With over 10 000 microfinance institutions and 150 million customers, India is one of the world's biggest microfinance powerhouses. Within this big phenomenon many challenges have emerged (Taruna & Yadav 2016).

One of the biggest challenges of microfinance in India is financial illiteracy of the poor. With little education, the poorest of India have little, or no understanding of financial terms and processes. The concept of saving, investments, and budgeting are far unfamiliar for many poor rural communities of India, where the generational income activities are largely based on whatever small job opportunities there may be available. (Taruna Yadav 2016.)

Nagaraju & Rameshreddy (2016) cites that one of the biggest problems of microfinance is its inability to raise capital for microservices. While Non-Banking Financial Institutions can acquire capital from investment banks with a promise of profit, the regular MFIs are restricted to funding, donor grants, government subsidies, and debt capital (Taruna & Yadav 2016; Fehr & Hishigsuren 2006). Additionally, regulations and obligations placed by the government and banks of India are challenging the fundraising and operations of MFIs (Nagaraju & Rameshreddy 2016). Due to these funding challenges, MFIs and their operations have been labelled as unsustainable by some critiques, particularly because an MFI model is very costly in terms of supervision and delivery, as well as its low loan volume. (Nagaraju & Rameshreddy 2016.)

The “no-collateral”-practice has been cited as one of the advantages of microfinance, however financially speaking, it makes these microcredits a very high risk. Usually, the borrowers do not have any other sources of income, which puts the repayment as more unlikely, meaning the microloan itself is high credit risk. Fortunately, the group lending models have reduced the risk due to the social collateral, which puts pressure on the borrowers. (Ravi 2010.)

Ravi (2010) additionally adds that the MFIs lack customised solutions for the poor households. Due to every loan is taken for variety of reasons the needs are very specific to each loan and it largely depends on the borrower. General solutions may work for organised groups or communities, but it becomes a challenge when the borrower is individual with set of specific goals. (Ravi 2010.)

Finally, many MFIs are weakly organized because these institutions are not always striving for marginal profit, so they do not want to be converted into corporate structural. Lacking in transparency and strong governance, MFIs are generally perceived as bad investments. They fail to attract capital, because their goals are not always financially motivated, but they can also be affected socially. MFIs are considered as businesses at the end of the day, but unfortunately more than often, they are not run like one. (Taruna & Yadav 2016.)

2.2 Microfinance Institutions in India

Microfinance Institutions also known as MFIs are non-profit organisations that offer loans to low-income clients, such as microbusinesses and the self-employed, who have historically been denied access to conventional banking sources of finance. In India, Microfinance Institutions have emphasis on women. In India, there are various types of MFIs in

terms of structure, activities, and regulations. In this chapter, we discuss the different operational MFIs in India and how they work. (Microfinanceinfo 2018.)

According to Batra & Sumanjeet (2011), since the time that microfinance was created its popularity has been only increasing, and because of this, the number of MFIs increasing has been consistent with its popularity. The MFIs in India are very popular and are usually backed by the NGOs, individuals, and the government.

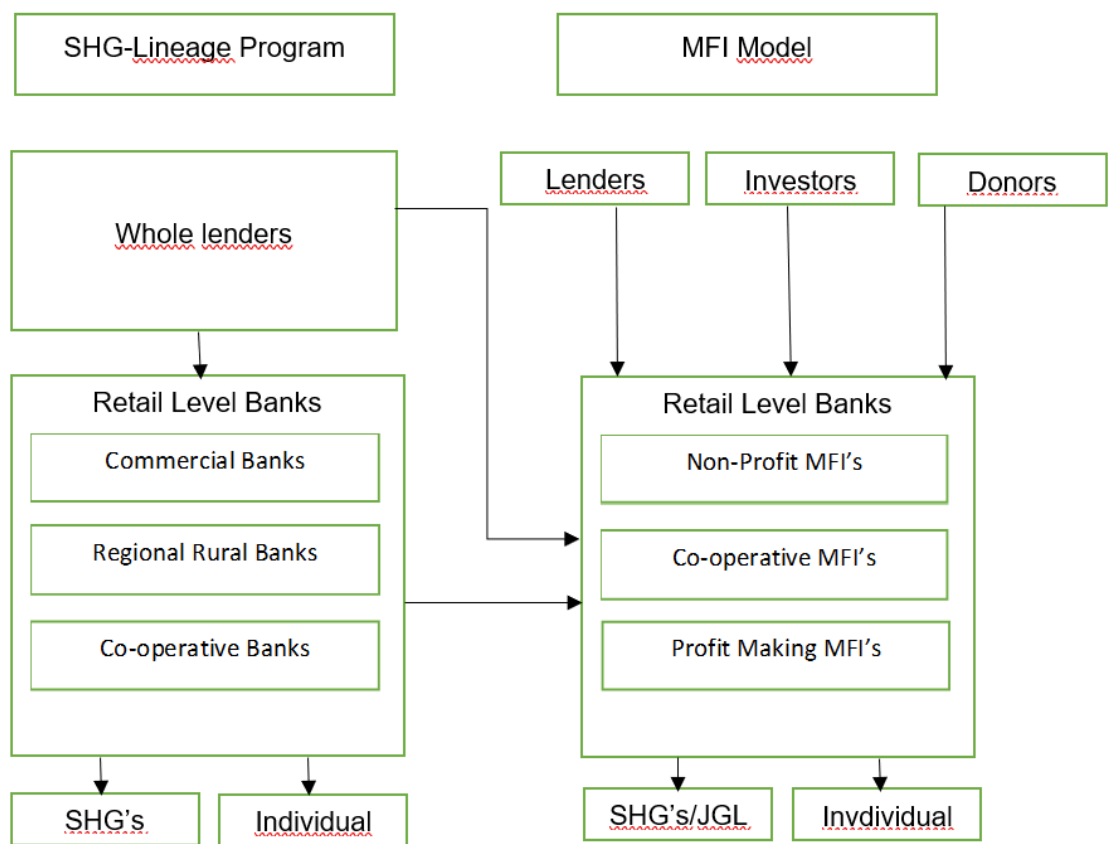


Figure 2. Institutional arrangements for microfinance disbursement in India (Nasir 2013, 194).

As seen from the figure above, in India there are mainly two channels of microcredits, the SHG Bank Lineage Program (SBLP) and MFI model (Gupta & Ansari 2014).

The SBLP program was initiated by the National Bank for Agriculture and Rural Development (NABARD) in 1992. There were huge unorganized self-help groups in India and this

program was created for guidance and help to those groups. With this program, banks were now allowed to open accounts for SHGs. Within these SHGs, usually consisting of women, the group would loan to its members during the time of emergency and need. For example, these could be related to marriage, housing, education, and income generational activities. The group was usually very tight, and the banks were confident enough to provide micro-credits against the groups guarantee without any physical collateral damage. This program helped the women to become more sufficient and independent. With their microcredits, the women would use their skills to generate more income and improve the conditions of their own family's life. These events would teach financial skills to the women along with independency and financial stability strived women to take more responsibilities outside of their household and strengthen their feeling of empowerment. (Choudhury 2020.)

According to Gupta & Ansari (2014), The SBLP have been divided into three different models in India:

- Model 1 – SHG's are promoted guided and financed by the banks.
- model 2 – SHG's are promoted by NGO's or government agencies but are financed by the banks.
- Model 3 – SHG's are promoted by NGO's and financed by banks using NGO's/formal agencies as financial intermediaries.

The institutions that practice only microfinance and operate solely to provide micro financial services to customers, are labelled into the MFI model. These organizations usually vary from size to legal structure. They usually practice through the concept of JLG (Joint Liability Group), where a group of 10-15 voluntary people join together with a combining goal of taking loans either individually or with a group which the MFIs give against mutual guarantee of the groups. Most of Indian MFIs, about 80%, are NGOs that exist under the Society/Trust form, which has its clear agenda of poverty eradication instead of making profit. About 10% of MFIs operate like normal profit-making companies, and rest are Co-operatives, Non- Banking Finance Companies (NBFCs), Section 25 companies, and Local Area Banks (LABs). (Gupta & Ansari 2014.)

According to Batra & Sumanjeet (2011), MFIs in India can be divided into these different main groups:

- Non-Government Organizations (NGOs), which are specifically helping self-help groups (SHGs) and acting as a liaison between SHGs and with public and private banks to strengthen the NABARD scheme.
- NGO's who distribute microcredits without intermediaries to organised groups who operate either under SHG or Grameen model. These specific NGOs borrow massive funds from banks and donors.

- MFIs which are specifically organised as co-operatives.
- MFIs, which are organised as non-banking finance companies.

2.3 Women Empowerment Theories

2.3.1 Women Empowerment

World Health Organization (WHO) (2008) describes women empowerment as the realization of increased political, social, and economic status. Furthermore, they add that it is crucial that the women have ability to take strategical decisions of their own lives (WHO 2008). In the same article the WHO (2008) additionally describe that, in the health sector, empowerment of women can be promoted by taking four steps:

1. Removal of barriers in policies, social norms, and taboos that discriminate against women.
2. Raising familiarity about priority health issues that women face.
3. Increasing education of young girls, not only in general issues but as well as topics that concerns their health and protection.
4. Education of females in financial and economic fields. Supporting women to partake in income generational activities so that they can afford food, healthcare, and medicine, not only for themselves, but for their families.

However, empowerment is not only about healthcare and wellbeing. Empowerment means that one becomes more powerful than before. Women's empowerment entails providing them with the tools they need to be economically self-sufficient, self-reliant, and have good self-esteem in order to meet any challenge, as well as the ability to engage in self-developing activities (Hazarika 2011). The process, which Bhuyan (2020) describes, is when individuals, societies, and communities can take control of their own life and strive for goals they create themselves. Furthermore, empowerment happens when individuals or groups gain control over physical assets like land and intellectual resources like knowledge and education, and it is through these attributes, that one can gain true empowerment in a sense of social upliftment, political decision-making, and economic independence (Bhuyan 2020).

Mandal (2013) describes women empowerment as multidimensional. Throughout history, women have been oppressed in every area of life. According to Mandal (2013), the different dimensions are represented in figure 3 below.

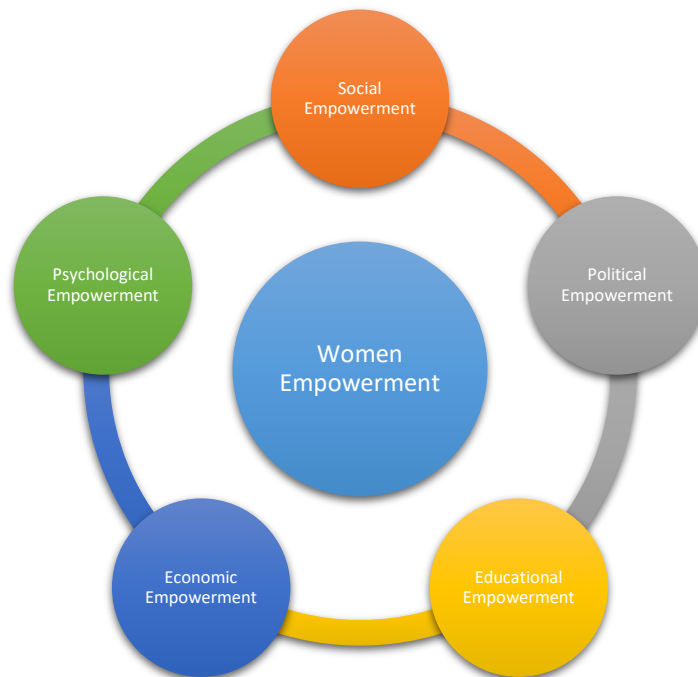


Figure 3. The different spheres of empowerment (Mandal 2013).

Social Empowerment: The enabling force that enhances women’s social ties and their role in social systems is referred to as social empowerment. Discrimination in society based on disability, race, nationality, religion, or gender is addressed by social empowerment. (Mandal 2013.)

Political Empowerment: Women's participation in politics and other decision-making bodies is a vital tool for empowerment. The highest need of the hour for women's real advancement is their presence at all levels of governance systems. (Mandal 2013.)

Educational Empowerment: Women's education is recognized as a vital condition for women's advancement, as it allows them to gain greater access to and influence over material and knowledge resources, allowing them to better their lives and challenge sexism and subordination ideologies (Khan & Mohammad 2013).

Economic Empowerment: Economic empowerment refers to women and men's ability to engage in, contribute to, and benefit from growth processes in ways that value their efforts, support their integrity, and allow for a more equitable distribution of growth's benefits. Women's economic empowerment improves their access to resources and opportunities such as employment, financial services, property and other productive assets, skill growth, and business knowledge. (OECD 2011.)

Psychological Empowerment: Psychological empowerment is a combination of self-esteem, self-efficacy, self-determination, self-confidence, self-awareness, and positive thinking that contributes to women's health and happiness. A psychologically empowered woman can improve her self-image and overcome stigma. Empowering women means allowing them to gain access to skills and information, as well as cope with current and potential stress and trauma. (Mishra 2016.)

2.3.2 Importance of Women Empowerment in India

Even though India has tried to empower women by giving them equal rights in the constitutional law, women of India are still facing discrimination daily in every sphere of life. Indian women are oppressed in every level of society and their participation in social, political, educational, and reproductive healthcare is restricted. (Hazarika 2011.)

Due to India's female population is under-used, its talent pool is not fully utilized. If India's massive female population is educated from a young age and groomed for a career as their gender counterparts are, their talent pool would be increased significantly as women are capable of same the thing as men in terms of cognitive competency and intellectual level, very often surpassing males. (Agnihotri & Malipatil 2017.)

Rani & Mercy (2019) states that for sustainable economy, women empowerment is a must, because women would not be able to profit or contribute to the country's growth unless they were included equally in development of all spheres of everyday life.

India has developed significantly in recent history, however most of its improvements are accessible to urban communities where technology and quality of life has seen an increase as 650 million people still lives in rural communities in India. This bulk of population has not seen much of the development that urban India has seen. Rural communities are very conservative, and women are known to be oppressed more in these communities. (UK Essays 2018.)

Agnihotri & Malipatil (2017) lists benefits of women empowerment and why it would be extremely crucial for India to aim for improvement of women's rights. Almost half of the Indian population are women. Due to these women being so marginalized and under-utilized, India cannot reach its full potential as a developing country. At a macrolevel, the employment of Indian women would mean financially big increase in the country's GDP, while in the microlevel the households would be financially in a better state. Agnihotri & Malipatil (2017) points out that a lot of Indian households live on the money that is earned

solely by the male and with women empowerment, Indian women have courage to go out and work for a pay that is used to better the livelihood of that specific household. (Agnihotri & Malipatil 2017.)

Rani & Mercy (2019) emphasized education particularly, because it empowers women to make decisions that improve the health, well-being, and survival chances of their children as through education women can take steps to prevent diseases and malnutrition. In addition, educated women have better understanding of their rights, and show increased self-esteem that contribute to better and safer communities. (Rani & Mercy 2019.)

2.3.3 Status of Women in India

India, with its 1,36 billion inhabitants, is the world's biggest democracy. A big portion of that population are women, and most often, these women are from extremely poor rural areas. In these rural areas, women are very often uneducated and reduced and groomed to be housewives only, without any meaningful goals like getting employed or to be independent. (Chatterjee, Gupta & Roy 2018.) According to Indian constitution, men and women have equal rights meaning that both genders have the same right to vote, receive inheritance, and to own property. However, in spite of this, the Indian women face a lot of discrimination. (Thanavathi 2018.)

Most of the Indian families are patriarchal as most of the housework and chores are considered a "women's job". Females are suppressed to their only role as housekeepers and their daily activities are limited only to cleaning, cooking, parenting, and washing clothes. (Thanavathi 2018.)

Women are under-educated and only 65 % of Indian females are literate versus 82% of males. The Indian parliament has always been male dominant and, in fact women's representation in Indian parliament has never been more than 8%. (Singh 2013.)

The horrible mistreatment of Indian women has increased with time. India has seen an alarming decrease in female population since the start of the 20th century. In 1901 there was 972 females against 1000 males in India, while in 2001 it was reported to be 933 females for every 1000 men. The decrease in female population is a terrible indication of horrible mistreatment of women in India. In fact, there exists a phenomenon where unwanted female babies are killed in the stage of foetus. A more shocking indicator is that there is an estimation that out of an annual 12 million female babies that are born in India,

about 25% die before the age of 15. Out of those deceased children, 1 out of 6 die due to gender discrimination. (Thanavathi 2018.)

The marriage system is also very discriminatory against women in India as dowry weddings, even though made illegal in 1961, are a very common practice to this day. Girls are usually getting married against their wishes as families give away their daughters to wealthy men who are ready to pay expenses. These marriages are usually unhappy, and the females end up getting abused mentally and physically by their husbands. Unfortunately, it is common that these women end up committing suicide. (Thanavathi 2018.) In its report, UNICEF (2009) stated that almost half (47%) of the 20–24-year-old females were married before they reached the legal age of 18. In the same report, it was stated that 40% of the world's underage marriages were occurring in India (UNICEF 2009).

India is very conservative when it comes to marriages. In the questionnaire done by Female Rights (2016), 57% of the boys and 53% of the girls believed that there are justifiable reasons for husbands to beat their wives. It was also reported that 80% of the Indian women face domestic violence by the hands of their husbands (Female Rights 2016). Monster Salary Index (2017) reports that in 2016 men were paid 25% more on average for the same work that women did.

Chandi (2019) lists some hardships that Indian women face on daily basis:

- Lack of education
- Lack of power
- Poor health
- Maternal mortality
- mistreatment
- Overworking
- Dowry
- Female infanticide/Foeticide
- Crimes against women
- Trafficking

2.4 Role of Microfinance in Indian Economy

Microfinance in India is critical to the country's growth. For people living in rural areas, it acts as an anti-poverty vaccine (Aashna 2020). Kansal (2012) notes that India's GDP ranks among the top 15 economies in the world due to its massive scale and population of about 1.3 billion people. However, approximately 300 million people, or around 60 million families, live in poverty. Regardless of India's massive economy, only about 20 % of Indian people have access to banking services. (Kansal 2012.) In 1990, India became an

open economy meaning that it attracted foreign investors. The result of this was that India's economy saw a huge boost and development. However, despite its evolution, poverty was a huge problem of India's rural population and because of this event, micro-finance was emerging as an alternative money supply to regular banks that would not offer banking services to the poor. (Singh 2019.)

Microfinance is one of India's fastest-growing industries, and it is driving strong rivalry among the country's biggest players (Tripathi 2017). According to Saravanan & Dash (2017), MFIs are currently active in 28 Indian states, 5 Union Territories, and 561 districts. With an outstanding loan portfolio of Rs.33,517 crore (Approx. 4,5 billion US dollar), 155 MFIs with an 11,687-branch network have reached out to an all-time high of 33 million customers. Saravanan & Dash further continue that, from previous year the outreach grew by 20% and the outstanding loan grew by 30%. The southern part of India is by far the utilizing most of these microloans in terms of both loan outstanding and outreach. Women borrowers account for 97% of MFIs overall clientele. NBFC-MFIs account for 82% of client outreach and outstanding portfolio, while NGO and MFIs account for the remainder. (Saravanan & Dash 2017.)

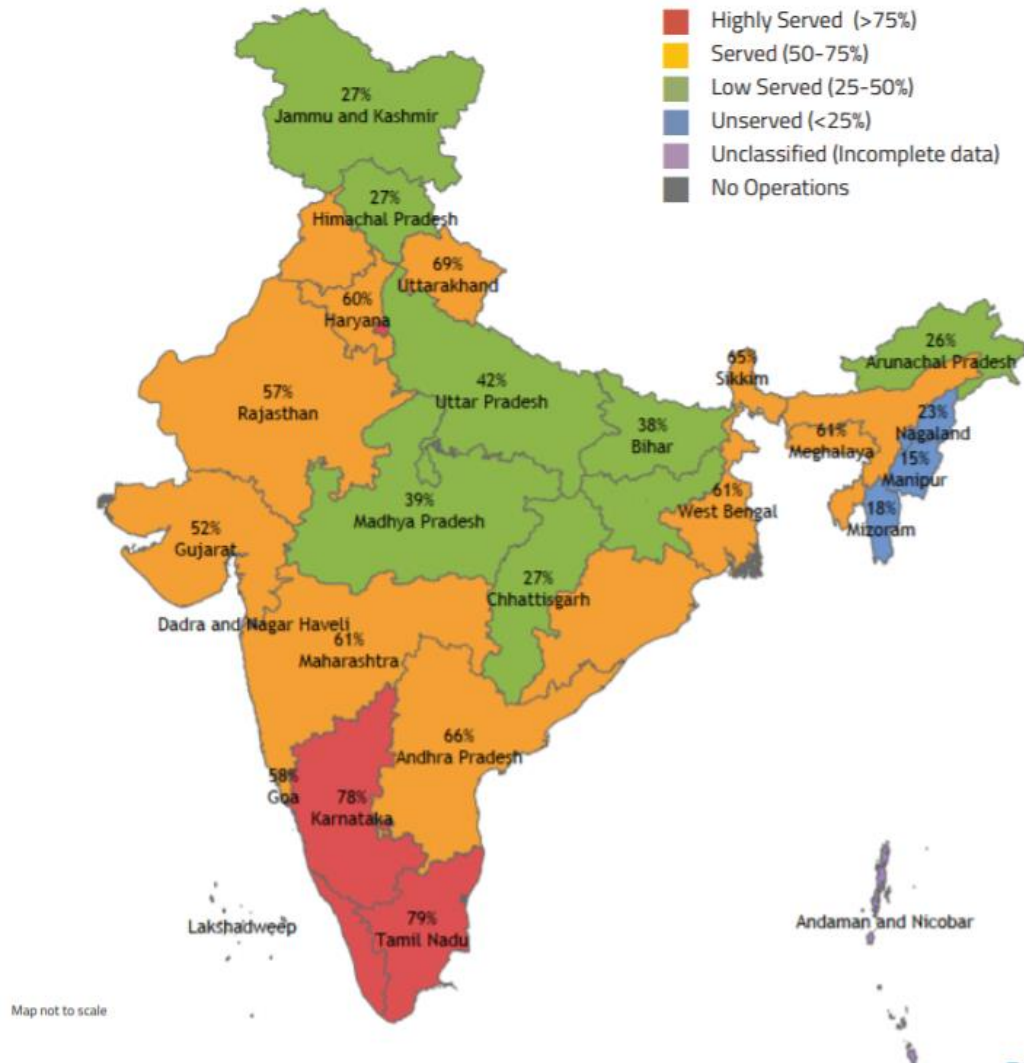


Figure 4. The usage of micro financial services (MIX, 2015).

Figure 4 displays the penetration of microfinance in India nationally. As stated earlier, the map shows significant difference between the North and the South. The presence of microfinance is stronger in the poorer and more rural areas of India, which is the Southern region. This may be linked to India being a country that relies on agriculture, and more than two-thirds of the population relies on agriculture for their livelihood, either directly or indirectly (Tripathi 2017).

3 Research Methods

In this chapter we will discuss the research methods that are used to support the results and discussion. In addition, stating why these methods and research were chosen and why they deemed to be the best option for the research.

3.1 Research Design

The research designed has been made into a visual model that will bring forth clarity in the structure of the research seen in figure 5 below. The thesis will be conducted as a desktop study. This means that the thesis is initially an inquiry of the information from sources that are already existing (Travis 2016). Most of the information that is required for the thesis can be found from internet. However, to create quality thesis, it is essential to use different kinds of sources. Using as many sources as possible will create depth and different perspectives, which the reader can appreciate. After the data is acquired, there will be quantitative analysis to process the data. This is important, because the data cannot just be copied to the thesis, but the information needs to be demarcated, referred, simplified, and put it to easily readable but academic text. The thesis will reference various reliable sources from books, articles, and journals.

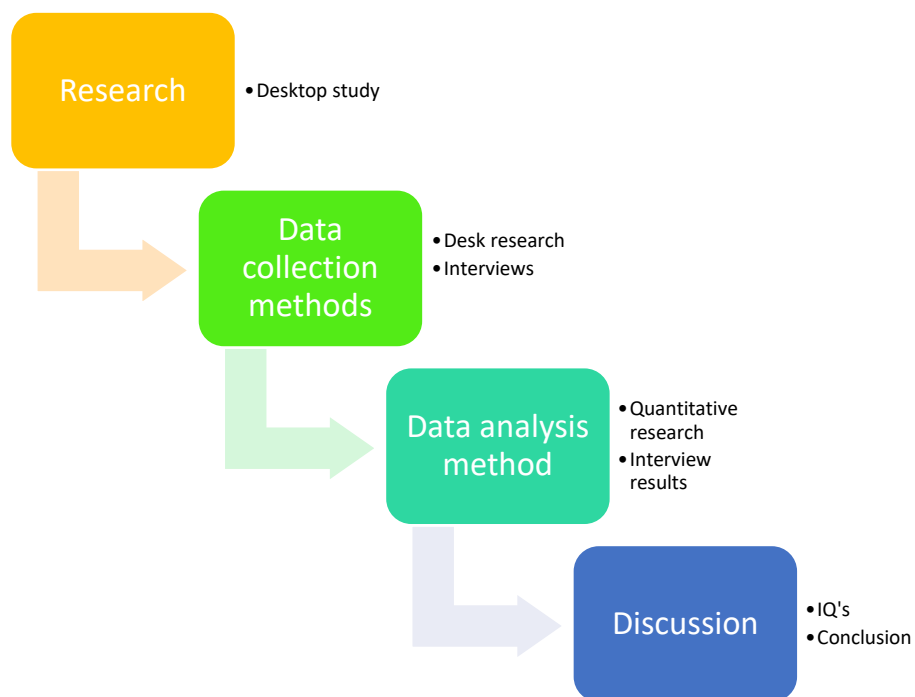


Figure 5. Data processing.

3.2 Data Collection

The data collection tools used for the thesis are interviews through online video calls as face to face interviews are challenging during the times of COVID. The focus areas surrounding the interviews were specifically on women empowerment and microfinance. This allows for a personal touch for the interviewees as their everyday work area is in that segment. These concepts in the end focus on women rights and issues, different areas of women empowerment and microfinance operations in India. Finally, desktop research is conducted to be used for the theoretical framework research of concepts, models, and operations.

Qualitative research method was chosen because the interviewees provide a sophisticated viewpoint into women empowerment and women entrepreneurship. This research would have been challenging to conduct through a survey as there were limitations in the connections to India and regular Finnish people would have no relations to the Indian women. Only professionals who work in that area could provide critical and valid information that would contribute vital primary data into the thesis.

When constructing these questions, it was important to refer to the investigative questions. With this process the acquired answers could be utilized in the conclusion chapter. There was no need to introduce concepts relating to this thesis to interviewees as their knowledge about the topic was advanced.

3.3 Reliability and Validity

The terms reliability and validity are used to assess the consistency of study. They describe the accuracy of which a procedure, methodology, or test evaluates something. Validity is concerned with a measure's precision, while reliability is concerned with its consistency. (Middleton 2020.)

Due to the thesis being written for Haaga-Helia University of Applied Sciences, it is written from Finland and the author is Finnish as well. The topic is about Indian women and therefore, the thesis faces difficulties in gathering primary data. However, there will be two different interviews being conducted from experienced professionals working in the field of women empowerment and with background knowledge on microfinance. With these interviews, the thesis will gain primary data that is relevant and supports the secondary data that is collected for the thesis.

4 Findings

In this chapter, we will discuss the results of primary research that was conducted for the thesis. The goal of this chapter is to respond to the presented investigative questions with answers that were given by the women empowerment professionals during the interview.

4.1 Data Respondents

The interviewees are professionals that are working in the field of women empowerment. These two interviewees are from two different organizations. Ulla Sarasalmi is from Kirkon Ulkomaanapu and Raisa Valve is from Zonta Järjestö. While they are not working in the field of microfinance, one of them, Ulla Sarasalmi, is very familiar with the concept and the processes of the microfinance. None the less, their expertise and experience about women empowerment can support the research that is conducted in the thesis. There were 10 predetermined questions that were asked, and the answers will be implemented into the IQ's and discussion.

The two interviewees represented two organizations: Zonta Järjestö and Kirkon Ulkomaanapu. Zonta Järjestö is an organization that is focusing on wellbeing and education of women and girls specially. They have many international projects with UN's subsidiaries in addition to their own projects. Raisa Valve is the governor of district 20, that is one of the many districts of Zonta Järjestö.

Ulla Sarasalmi is senior expert at Kirkon Ulkomaanapu. Their organization is operating worldwide and Ulla herself has experience from all over the world, including India. Their organizations focus is gathering funds for economic empowerment of women in developing countries. Their goal is to provide women's access to income generational activities and finance with different projects and collaborations with Naisten Pankki.

4.2 Indian Women in Need of Women Empowerment

The first two questions that were asked were part of the first investigative question, which was "Why do Indian women need empowerment?"

The first question that was presented to the interviewees was: What does empowerment mean to you and why is it important?

For both interviewees, the rights and empowerment of women was self-evident. They both noted that, almost in every country of the world, including India, women are 50% of the population so why should not both genders be encouraged to be empowered. They both further made a point that if women are discriminated, they feel restricted to reach their full potential. Raisa, as representative of Zonta Järjestö had emphasis on the fact that it is crucial for girls to receive education from young age, so they are well prepared for upcoming life. One of the important points that was raised by Ulla was the fact that in India, women are not only representative of their own gender but their own caste and community. She went on to say that women's empowerment is not only important for women, but also for humanity, as it is an important aspect of human rights.

The second question was: What do you think are the biggest challenges concerning women empowerment?

The answers for this question were similar from both interviewees. They both raised their concerns of the developing countries that are still hung up on their traditions. Ulla answered that while the rest of the world are developing in terms of women rights issues and laws that are protecting women, the poorer countries are clinging up on their conservative cultures and traditions. Raisa on the other hand raised an issue about education and the fact that usually girls get small amount of education and do not stay in school to receive a proper education. She further used a real-life example, and stated that one of their biggest projects was raising issues and prevention of child marriages.

Due to Ulla having some experience from India, she listed that one of the biggest challenges is the practicalities of law. Even though India's constitutional law states that women have the right to own and inherit property this is usually not the case, and because of this, Indian women do not have decision-making power inside a household.

4.3 Microfinance to Empower Indian Women

In this chapter we think about the ways that women can use microfinance to empower themselves. There were two questions raised concerning this chapter.

First question was: Do you think microfinance as a phenomenon could support women empowerment?

Raisa stated that the idea of microfinance is great. She explained that women empowerment is not about them receiving something like microloans, but that women empowerment is about independency of women, and that everything that helps women to be independent, such as microfinance, is a tool to be utilized to achieve women empowerment. She further stated that microfinance is especially good because in the process of microloans and women entrepreneurship, the women learn financial literacy and that it can show example to younger generations that women too, can be entrepreneurs.

Ulla's answer on microfinance was kind of different and she again answered in the context of India. She stated that microfinance, when used right, is a great tool to empower women, but that it is not an automatic process. She stated that microloans are great but overhyped as sometimes, in these poorer south-east Asian countries, women do not want to be entrepreneurs but that the situation leaves them no choice as they find it difficult to get employed due to their gender. Nonetheless, she stated that the lack of funding is an issue for Indian women, and it can be a fine tool to gain financial independency if it is used right.

There was a very interesting point raised by Ulla when she stated that she has experienced real life situations where women have been used by their husbands to gain microloans, because usually microfinance programs are tailored for poor women. Indian women do not have any choice as they cannot go against the will of their partners, and this usually leads Indian women to be the debtor, not the husband although the money will be used by the husband.

The other question was: Based on your experience, do you think that women's entrepreneurial orientation and financial independency is good for women empowerment? If yes, how?

For both interviewees, the answer was yes. They both noted that it is in fact very important that women use the microloans to gain specifically financial independency. Raisa stated that it is important that they use microloans to secure ongoing generational income activity that will provide them money in the future.

Ulla on the other hand explained that it is important, because through financial independency Indian women can gain upgradation of social status in their communities. Due to their achievement, they are empowered socially and become respected not only in their community, but also in their household. This results in the increased decision making because they actively participate in earning money to their family. She further raised a point

that it is very important in the case, where an Indian woman is single mother, in which case she is a sole supporter of her household.

4.4 Microfinance to Support Different Forms of Women Empowerment

In this chapter, there were two questions raised about this topic.

The first question was: What are the other ways to use microloans other than to income generational activities?

To answer this question, Ulla continued from her previous answer where she discussed women empowerment in communities. She stated because women are empowered through financial independency and help their families, they earn elevation in social status. Through this social status they gain the trust of their community as they are idolized in these rural communities where women are usually just care takers of the households. She added that social empowerment can additionally happen in the processes of microfinance as a group of women (SHGs) join to take microloans. Through this empowerment experience they gain not only self-esteem and social empowerment but also economic empowerment. Moreover, she stated that when these communities gain money from their microloans. For example, through generating income, they can use that fund to improve lives of their families for example by investing in education for themselves or their children therefore enjoying educational empowerment.

Raisa had very similar answer, although not in the context of Indian women, but very generally that the microloans can be used for the economic empowerment to secure a constant source of income, that will be then used to improvement of their household's life in all spheres of empowerment.

The interviewees were then asked the second questions which was: How important is it that women, who otherwise would not have access to banking services, have access to money such as microcredit?

Both interviewees briefly answered that it is vital for women to have access to money for them to gain empowerment. Ulla voiced some concerns over women who have zero understand of financial literacy. This fact coupled with the schemes of sometimes dishonest NGOs that grant these microloans to these women, which results the women being in a debt that they cannot get out of. She additionally added that she knows the many MFIs have added some useful programs to prevent these debt spirals.

4.5 Benefits of Microfinance and Women Empowerment in the Indian Economy

Unlike the other topics, there was only one question regarding this topic.

The last question was: How important do you think women empowerment is regarding a whole country's economy?

Ulla answered by saying that although she cannot provide me with direct sources, there are numerous studies and papers on the subject that show countries where women are empowered and have equal status to their male counterparts are not only world leaders, but also have greater economic status and a higher standard of life. She further continued by asking very powerful question, "Which countries in the world have resources and funds to not utilize 50% of their population?". Meaning that if an average country has a 50% female population, how can they restrict them to be only home care takers and not educate properly to utilize them in the countries best interest?

Raisa had the exact same ideas, although not referring to any studies, but to her experience and obvious indicators, she explained that it is very visible that countries where the whole population is utilized show better quality of life. In all simplicity, she answered that it would not be wise of the countries to not use half of their population.

5 Conclusions

Conclusions is the final chapter of this thesis. In this chapter we will discuss the key findings regarding the investigative questions that were presented at the start of the thesis. The conclusions will be based on the collected primary and secondary data. Additionally, this chapter will provide recommendations for further research and discuss the limitations of this research. Finally, the chapter will be finished with the author's reflection on learning.

5.1 Key Findings

The first investigative question was **"Why do Indian women need empowerment?"**. Reflecting to the primary data, both of the interviewees answered that women empowerment is especially important because human rights does not exist without empowerment of women. If one supports human rights, then he will automatically support women empowerment. India has a massive population and as discussed in the chapter 2.3.3, Indian women face a lot of discrimination and challenges on daily basis, in every part of life. From a young age they are groomed only to be housewives and caretaker of households. They face discrimination in work, home, school, and public places, and this is the reason that Indian women need empowerment, because through empowerment they gain power, confidence, and knowledge to fight against discriminatory behaviours.

The second and third investigative questions were worked jointly to be answered. The IQ's were **"How can women use microfinance to empower themselves"** and **"What kinds of women empowerments can microfinance support?"**. In the interviewees, based on their own experiences, our both respondents answered that women can benefit microfinance in different ways. When Indian woman gain microloans and they start their journey of entrepreneurship, they can gain multiple things. First, they gain self-esteem and sense of empowerment when they join in the self-help groups, because they connect with other women who are striving for empowerment. Secondly, they start engaging in come generational activities which not only teaches them financial literacy, but possibly results in generating income. With the generated money, Indian women can support their families financially. This usually results in increasing decision-making power in the households. This way they gain not only the respect of their families but also their communities, which results both in psychological and social empowerment. Additionally, with the money they can gain education which leads to educational empowerment, not only for themselves but

for their children too. Finally, by educating themselves, they can support their kids, daughters specially by acting as a role model, and change the stigma that Indian women cannot be entrepreneurs.

Finally, the last investigative question was **“How will Indian women’s use of micro-finance benefit the country’s overall economy?”**. As was answered by interviewees, the world’s leading countries are the ones where women’s rights and status are very similar to their male counterpart. Women empowerment is important because in India, like most countries in the world, females cover almost 50% of the population. By restricting Indian women, the country is restricting itself by limiting its talent pool and work force. With Indian empowerment the country’s GDP could see huge increase as more and more women are educated, supported, and employed because at the end of the day women can have the same or even better skills than men. Microloans are most often given out for entrepreneurial and income generational activities, and this means that the increased amount of working and employed women is consistent with the increased demand for microfinance.

The goal of this thesis was to answer the research question by breaking it down into four different IQ’s and utilizing collected primary and secondary research. The research question was **“How are Indian women empowered through microfinance?”**. As it became apparent in the interviews, the empowerment and reduction of poverty is not an automatic result of microfinance. Additionally, from the analysis it can be deduced that every action that results in the improvement and independency of a woman is one step closer to women empowerment. Empowerment is a broad experience that it cannot be achieved by one thing only, but it is a result of multiple aspects. Microfinance is a tool used among many in a pursuit of empowerment. Women are empowered by microfinance only if they can utilize in a way that it gives them long term benefits. By taking microloans women need to engage in income generational activity to secure constant income. With this income they gain psychological empowerment with increased self-esteem and confidence. Indian women are gaining educational empowerment when they engage in entrepreneurial activity in form of financial literacy. With their increased achievements they gain respect of their households and communities which results in elevated social empowerment. Finally, with all these combined they can fight social stigmas that are against women empowerment by educating, employing, and supporting other women. Based on the collected data it is safe to draw a conclusion that Indian women are empowered through microfinance. However, it is important to note that women empowerment is not direct result of

microfinance, but that microfinance is one of many instruments. The responsibility of empowerment is as much the responsibility of the women as it is of the organizations that support them.

5.2 Assessment of Reliability and Validity

The reliability of this thesis came from interviews that were conducted during the thesis process. The interviewees were experts of women empowerment, with some knowledge of microfinance. Even though they understood microfinance and financial projects that supported women, they did not work in field of microfinance. Both interviewees did not have any ongoing projects in India, which means that the reliability and validity of microfinance conclusions that were made based on the answers from interviews were less significant.

The interviewees were very professional and passionate about the topic of women empowerment. Additionally, they were very knowledgeable and had wide-ranging experience from the field, so the reliability and validity of women empowerment conclusions based on the answers from interviews were more significant.

Majority of the used secondary research data was from academically published articles. Microfinance is a massive phenomenon in India and the availability of quality information was profound. To provide quality secondary data for this thesis the focus was on academic publications. This increased the validity and reliability of secondary data.

A major limitation within the thesis was the fact that research was conducted from Finland. It raised some issues as to how to gather primary data. The author was able to gather primary data through interviews, but the respondents were both Finnish and working professionals in the field of women empowerment. The biggest limitation was perhaps the lack of primary data from Indian women which could have been gathered by a questionnaire. This would have provided real life examples and situations that could have been utilized by the author.

5.3 Suggestions for Further Research

The subject was limited to India only. Women empowerment and microfinance are international subjects that have emerged in near history. For further research, the study area can be broadened to South-East Asia or even a bigger region. The research of empirical

data is critical in a research that focuses on one study area. Therefore, it is important to gain local network or connections that can deliver empirical research for the author. The comparisons and research data can then support the secondary data better and provide real life examples. The interviews did not result in enough data on microfinance, so in future research it would be important to conduct more interviews with professionals who have experience and professional knowledge of microfinance processes.

In order to provide real life data and real-life cases, in the future research it would be crucial to make a connection to India via local professional that could hold some questionnaires or interviews with local Indian women. Another great alternative would be to interview a microfinance institution or some representative of the organization as they could provide more accurate and valid information about their day-to-day operations.

5.4 Reflection on Learning

The author has gained significant amount of information about microfinance and its processes. The topic required an all-around research about India and women empowerment. The thesis writing guidelines that were presented by Haaga-Helia University of Applied Sciences gave the author a good process of understanding academic research. The thesis planning course guided by a teacher prepared the author and gave some foundation for thesis writing.

The author learned through gathering of primary data to conduct interview in a professional manner and to construct questions around investigative questions to gain empirical data to broaden the results of the thesis.

With a fulltime work, the author learned project and time management. Due to the late start of the writing part of the thesis, the author learned a valuable lesson, which is 'time your research so that you have proper time to construct a well written thesis'.

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7 Appendices

Appendix 1. Interview Questions

Questions	IQ
1. Introduction (Organization, name, the role in the organization, and the mission of the organization)	Introduction
2. What does women empowerment mean to you?	IQ 1
3. What do you think are the biggest challenges concerning women empowerment in general?	IQ 1
4. Do you think microfinance as a phenomenon could support women empowerment?	IQ 2
5. Based on your experience, do you think that women's entrepreneurial orientation and financial independency is good for women empowerment? If yes, how?	IQ 2
6. What are the other ways to use microloans other than to income generational activities?	IQ 3
7. How important do you think that women who otherwise do not have right to use to banking services, have access to financial micro-loans?	IQ 3
How important do you think women empowerment is in the context of whole countries economy? How do you think women can use their empowerment to support their country?	IQ 4
How important do you think women empowerment is for the singular poor families? How can they use their	IQ 1