

# Challenges Faced by Rural Women in Accessing Credit from Microfinance Institutions- A Case Study of Tengra Morh Village of Varanasi District

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## Abstract

Women always play a dual role in the world which includes family and society both. In the developing country like India, Empowerment for women is an essential part which reveals a key concern topic because their role in decision making and participation in economic activities is pretty low. Apart from traditional beliefs that women are only responsible for the home, women were considered as inferior for many years when compared to men's, today with improvement in status of the women, they are breaking all boundaries and crossing the challenges and giving active participation independently. The above situation resulted rise of Microfinance or Microcredit that are globally recognised as an effective tool for empowerment among women by eradicating poverty. Microfinance has shown positive sensation result in many of the countries especially in India. At the same time, still there are number of challenges facing by poor people especially rural women while accessing loan from Microfinance Institutions.

In this paper, the study aims to shed light on its challenges and problem facing by rural women from Cash Por Microcredit which is in the small hamlet Tengra Morh of Varanasi District. The instrument for data collection is structured questionnaire on 50 women beneficiaries who are directly and indirectly associated with Cash Por Microfinance Institutions. Secondly Researcher efforted to explore some suggestions to Microfinance Institutions for better exploration so that they can make their life easily and better in terms of income generating and empowerment for obtaining equal opportunities.

**Keywords:** Challenges, Eradicating, Microfinance, Empowerment, Opportunities.

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## Introduction

The rural India comprises of 70 percent workforce which is 2/3<sup>rd</sup> population of the nation heavily dependent on agriculture and allied activities where women are an epitome and active agent of strength especially for economic, social change and environmental protections but in many ways, there are some constrained or challenges still they are facing for accessing loans. With many more reasons in challenges part, as rural women have less education, no training and no experience which bound them not able to access financial services from any commercial bank properly because of lack of collateral, lack of guarantee and low distance. These limited options push them on the brink of poverty. In India, Poverty is the roadblock to their progress especially for the poor women section and the main factor behind this poverty is massive disparity in income distribution. However, with some positive intentions, Microfinance or Microcredit has really

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brought the revolution among the lives of rural women in India. Microfinance is the most powerful channels for incubating and enabling the rural women that helps to develop to turn them into changes as a leader towards empowerment.

Today MFIs programme take pride and proved a phenomenal growth that covering 13.8 crore households more than 112 lakh SHGs with deposits of Rs. 37,477 crore and annual loan offtake of more than Rs.58,000 crore and loan outstanding of over Rs.1,03,289 crore

across India. (Chintala, 2020-2021)

### Women Empowerment

Rappaport's (1984) definition includes: "Empowerment is viewed as a process the mechanism by which people, organizations, and communities gain mastery over their lives.

Empowerment means creating a social environment that strengthens the ability to make choices independently or collectively for social transformation. Empowerment is an act of enabling women to think, take action and control work by way of acquiring knowledge, experience and power whereas Women empowerment is the pivotal part that means realizing their self-worth and help them to promote their ability to determine their own choices and stand for themselves to take decision power independently. In the 21<sup>st</sup> century, Women Empowerment means giving liberty apart from all the social, economic, political, caste, creed and gender discrimination factors. Women empowerment means flows with the power which make them economically independent, self-reliant with positive esteem that enables them to face any difficult challenges and bring them to participate in different activity for decision making also.

### Microfinance Institutions

Microfinance Institutions as a medium of providing financial inclusion towards impoverished and backward sections especially the poor rural women. Microfinance institutions creates a ripple effect which improves and boosts women run businesses but the status within the families, communities and entire countries also especially India as a developing country. Microfinance provide a gateway of financial services for every rural woman who lack behind to access loan easily which contributes for inclusive growth and improving the million lives through reducing poverty and gender equity. Microfinance has been an astounding uplift in success rates among rural women through facilitating access to affordable loan. There is huge massive gap between access to finance among rural women and availability of loan and this is one of the major barriers that are facing by women entrepreneurs where Microfinance is continuous giving remarkable success

with their different innovative strategy. Microfinance breaks all the barriers to stabilize the flow of income and maintain future needs for low-income group households in order to prosper and help them time to time so that they can cope and rebuild at the time of any crisis situation like COVID-19.

### Review of Literature

The following review has been done from various articles; paper collected from the different journals which are as follows-

*Dr Eknath Shankar Munde (2021):*

The researcher tried to discuss the issues and challenges of women empowerment in India. In this paper, effort has been made by the author that empowering women become a necessity of 21<sup>st</sup> century in India. In this research paper, various aspect such as personal rights, social women empowerment, educational women empowerment, economic and business empowerment, legal women empowerment and political women empowerment has been discussed. Further the study discussed the needs and challenges about women empowerment. Researcher tried to show various challenges like lack of education, lack of health and safety, inequality in professionalism, poverty, unemployment that are still facing by rural women area than urban women area which is briefly explained. (Munde, 2014)

*Dr Imtiaz Wani (2020):*

The research paper highlights that the overall development of any society is depend on women as plays strong character comparatively to men. Further the study focussed on violence against women which is serious issues that must be resolved by government and policymaker because violence fear among women hamper badly to women's mind and this reason bound them not to participate in different areas of life. (Wani, 2020)

*Dr Rupa Rathee and Ms. Renu (2017) "Indian Rural women Entrepreneurs -challenges and benefits":*

Researcher tried to focused in the study on women

empowerment which is an emerging area. The study found the challenges and benefits in the path of women entrepreneurship. They also found different challenges as constraints for starting their own business. This paper also discusses the example of leading role of rural women as entrepreneurs of our nations. (Renu, 2017)

*Rouf Ahmad Bhat (2015) "Role of Education in the Empowerment of Women in India":*

Researcher highlights that in India women role is imperative for progressive nation where education is must and the role of education among women make enough capable to respond from any difficult situation and further they also explained the importance of education with showing literacy rate in India which also brings equality between men and women together that develops the idea for elimination of poverty and gender discrimination through participation effectively in all the areas abreast. (Bhat, 2015)

*Hardeep Kaur and Jasmin deep Kaur (2014) "Microfinance in India- A Way Forward":*

In this Research Paper, Researcher tried to highlights the success of Microfinance through Self Help Groups in India that how effectively women are connected with this group for leading a better living standard. The study further shows the growth and performance with future strategy of Microfinance Institutions in India. The study found that empowerment among women is possible only with microfinance which are proving itself by showing progress under SHGs -Bank Linkage Programme, Region wise cumulative progress, Saving and loan of SHGs and women with bank, NABARD strategic focus in India. (Hardeep Kaur, 2014)

### Research Objectives

The main objective of present study is to exhibits the

challenges faced by rural women while access loan and to provide suggestions for future perspective with reference to challenges of Tengra Morh, Village of Varanasi District.

### Research Methodology

The nature of present paper is descriptive. The data has been collected through Primary sources with the help of questionnaire taken from 50 women beneficiaries of Tengra Morh, village of Varanasi district and for the purpose of comparing and fruitful discussion, Secondary data that has been also used which are arranged from various magazines, national journals, books, PDF report and websites. Statistical tools such as simple percentage and table to depicts the relevant data are used for the purpose of analysis and interpretation.

### Challenges

Microfinance is providing a good environment to make rural women independent financially in all aspects apart from leaving all the social and family barriers. Then also despite a great deal of progress in Microfinance Institutions, still rural women are continuing facing challenges especially connection for accessing loan from microfinance institutions that are as follows-

#### Lack of Education and Financial Education -

Education is milestone and as an essential part of development for everyone which can bring positive attitudinal change because it enables to respond from any difficult situations and prompting way to empower women but due to lack of education and the cost of education is major challenges in front of rural women that still facing while accessing loan from microfinance institutions.

**Table 1: Summary of loan recipients' level of education including financial education**

Level of Education	Numbers	Percentage
Illiterate	40	81.63
Upto High School	9	18.37
Total	49	100

**Interpretation:**

On the basis of analysis of the data collected reference to the educational background and the alertness about the financial activities it is obtained that the 81.63 percentage of the women respondents are illiterate and they not have the required primary education while only 18.37 percentage has been educated in terms of primary education. Out of the 50 respondents, none of the respondents are recorded have a graduate degree or higher degree.

- *Lack of Decision making*

Women from rural area needs more strategy and empowerment programme so that they enable to be more independent and able to take their own decisions. Microfinance institutions should focus on the limitations at ground level which affects directly and indirectly and make them more likely to motivate for participate actively out of four wall of home lives. Due to advancement of technology with the support of mobile, Internet and media (print and electronics) now it is observed that situation are slowly but perfectly improving among women of each and every family in

**Table 2: Participation in Decision- Making**

Decision maker	Number	Percentage
Yes	35	70
No	15	30
Total	50	100

**Interpretation:** On the basis above table, it is observed that majority of the women (70 percentage) are taking active part in decision making but still there is required certain improvements.

- Lack of Technical Knowledge

With theoretical knowledge, Practical skills is equally needed to perform specific task where women found lagging behind that must be ripped off by microfinance institutions through sharpen their skills. Microfinance Institutions must be focused on hiring right tech person

and make possible to create tech plan efficiently among rural women which make a big difference in the standard of living. Keeping in view, increase in online and digital transactions on worldwide level and experiences of last two year of pandemic situation of COVID and present situation of Ukraine and Russia war, it is more important for each and every people including the women of each and every family to have a technical knowledge and update herself with each and every change and modification has taken part of the society at large. Here technical knowledge is judged on the basis of using mobiles and android mobiles.

**Table 3: Lack of Technical Knowledge**

Lack of Knowledge	Numbers	Percentage
Yes	23	46
No	27	54
Total	50	100

**Interpretation:**

On the basis of above data, it is observed that still 46 percent women are not using mobiles for their day-to-day use and update themselves.

- *More Paper work and Documentation*

In the scenario of poor rural women, rural women generally avoids going to bank because of more paperwork as it is complicated to fill ,formalities of documentation regarding person's identity, income, birth, certificates where rural women lack these documents without men member's support moreover they don't have knowledge of formal knowledge also that's why Microfinance Institutions must provide

simple form based on structured frame which leads to higher saving and active participation among rural

women without hesitations.

**Table 4: Paper work and Documentation**

Documentation as a factor	Numbers	Percentage
Yes	33	66
No	17	34
Total	50	100

Interpretation: Above table shows that 66 percent of the women accepts that they feel problem to arrange a required paper and also pointed that the documentation related to self-finance loans or account opening is tedious process and require several documentations which act as a deterrent for them.

*Long waiting period of time for approval of loan/credit:*

In order to boost capital flow, Microfinance Institutions should aim to improve coordination between poor women and credit linkage through reducing waiting

period of time for approval of loan as credit is an important factor to influence many millions lives. Here women have to visit more times to the institute if they are seeking loan however Microfinance Institutions must revise their policy with the change in needs that benefits in the borrowings among women in rural areas and also by creating conducive atmosphere of borrowings. It should be planned within the certain bracket of time and when the process will be completed by the bank successfully, then the same message should be gone for approval to the borrower's mobile and it must be intimated by the bank.

**Table 5: Long waiting period for approval of loan**

Purpose of loan	Numbers	Percentage
Social events in family	33	66
Children's education	9	18
Others	8	16
Total	50	100

### Interpretation:

The above table shows that 81 percentage of the women took loan for education or social events at home, this required shorter time duration and wanted the loan to get processed faster. Having long wait time in processing can lead to exploitation of women from moneylenders who process loan at higher rate of interest.

### Suggestions:

In order to contributing towards improvement under Microfinance Institutions, special efforts should be taken to target the rural women of Tengra Morh, Village of Varanasi district. During this study, it has been recommended that Microfinance should supervise at ground level for credit delivery to ensure that delivery of credit to each and every low-income woman as per

requirements and priorities. Microfinance Institutions should make a group panel to monitor the high interest rate margin time to time and repayment period should be planned with grace period to their borrowers and it must not be rigid.

### Limitation of the Study

Other villages should also be taken to the study for the same purposes and those villages should also be taken in study which have the high distance and poor transportation facilities because this village is near to urban area.

### Conclusions

The concept of microfinance is continuing growth process and gained importance by bridging gap among rural poor women as women plays a catalysing role that

leads holistic and sustainable development in an economy. Microfinance Institutions has a way of delivering small amount of loan and lead a better living standard with making women empowered by providing employment opportunities to a large's rural populace. An attempt has been made in this study is to understand the challenges facing by women while accessing loan from Microfinance Institutions apart from traditional and household's activities. This paper assessed that Microfinance has been giving a great opportunity among the women's lives towards their self-development. The finding of this study shows that in the 21st century where women and men have equal rights and standing together but still, women are facing challenges like lack of education including finance, lack of decision making and high interest rate charged etc. which must be resolved soon for better heights for microfinance as well as for marginalized women. In order to moving ahead towards economic and social development Microfinance must recall to rethink their approach and create equal rights and opportunities to overcome from poverty by equal status to women like men that make sense financially. They must introduce counselling and skills training courses among rural women for robust and strong financial system. At last Microfinance Institutions must set up research and sharing knowledge and upgrade skills timely through disseminating findings according to rural sector priorities. MFIs should start thinking outside the box and introduce different methods for checking an individual's credit based on their cashflows, saving history, previous track records etc.

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