ABSTRACT

Micro finance is a vital tool to cater to income and level of living of the people both in urban and rural area. In spite of the exceptional increase in the physical outreach of formal credit institutions in the past several decades, the rural poor continue to depend on informal sources of credit. This has happened largely due to institutions have also faced difficulties in dealing effectively with a large number of small borrowers, whose credit needs are small and frequent and their ability to offer collaterals is limited. In India, microfinance services are disbursed through two different channels: (a) Microfinance Institutions; (b) Self Help Group – Bank linkage. An effort is made in the present research to study impact of microfinance on income, income inequality, poverty alleviation and its impact on women empowerment in Gujarat. The study also covers the progress of Microfinance. As a case study, members of SEWA bank are selected as respondents for micro level impact assessment. SEWA bank, being a pioneer financial institution has been doing a lot of work for empowerment of women in Gujarat state. Primary data are collected by taking the responses from SEWA bank members in four districts namely Mehsana, Ahmedabad, Gandhinagar and Sabarkantha. In each district, 260 respondents are selected. Out of 260 respondents, 130 respondents availed microloan from SEWA bank and 130 did not avail microloan. A number of statistical techniques such as t-test, correlation analysis, poverty measurement indices viz. head count index, poverty gap index and squared poverty gap index are calculated. To examine the impact of microfinance on poverty, overall poverty index (OPI) is also calculated. Lorenz curve and Gini Coefficient are included for the measurement of income inequality. An overall Women empowerment index (OWEI) is computed by taking twenty two indicators covering in six domains namely economic, Socio-cultural, Familial/Impersonal, Legal, Political and indicators of education, skill and training. Various hypotheses are tested to understand the impact of availment of microfinance loan of income generation, reduction in poverty, reduction in income inequality and overall women empowerment. Economic and managerial interpretations are made in the present research.

Key Words: Microfinance; Self Help Group; Poverty, SEWA Bank; Overall Poverty Index (OPI), Income Inequality; Gini Coefficient; Lorenz Curve; Women Empowerment; Overall Women Empowerment Index (OWEI)