

## **MICROFINANCE AND FINANCIAL INCLUSION AMONG RURAL SC/ST WOMEN IN KARIMNAGAR**

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### **ABSTRACT**

*The role of microfinance growing because it addresses the financial needs of the low-income population and it is also regarded by the policy-makers as an important instrument for financial inclusion. Microfinance brings credit, loan, savings and other essential financial services 60-90% of the global population who are too poor to be served by regular banks. This study explores the barriers and enablers of financial inclusion among rural women entrepreneurs in India, aiming to understand the factors influencing their access to formal financial services. The main objective of this paper was to study the impact of microfinance on empowerment in Scheduled Caste (SC) and Scheduled Tribe (ST) women in Karimnagar District of Telangana State, India. Despite various government policies and financial programs, rural women entrepreneurs face multiple challenges such as limited access to credit, lack of financial literacy, gender bias, and socio-cultural restrictions that constrain their economic participation. Data were gathered from diverse rural regions across India to ensure comprehensive representation. Key findings indicate that while financial literacy and supportive microfinance institutions act as significant enablers, persistent barriers include inadequate collateral, limited awareness of financial products, and prevailing social norms. The study concludes that effective financial inclusion requires integrated strategies combining financial education, customized financial products, and institutional reforms to dismantle socio-cultural constraints. These insights have important policy implications, emphasizing the need for targeted interventions to empower rural women entrepreneurs and promote inclusive rural economic development.*

**Keywords:** Financial inclusion, Rural women entrepreneurs, microfinance growing

### **INTRODUCTION**

The alleviation of poverty for a long time has remained a very complex and critical concern among the third world countries. Microfinance sector has traversed a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance and micro pension. The strategy involves forming small, cohesive and participative groups of the poor, encouraging them to pool their thrift regularly and using the pooled resources to make the small interest-bearing loans to beneficiaries, in the process learning the nuances of financial discipline. Bank credit then follows. It needs to be emphasized that NABARD views the promotion and bank linking of SHGs not merely as accredited program, but as a part of an overall arrangement for providing financial services to the poor in a sustainable manner and also an empowerment process for the beneficiary of these SHGs. Empowering women is a vital tool for alleviating poverty. Empowered women contribute to the health and productivity of whole families and communities and to improved prospects for the next generation. There have been several institutions advocating for women empowerment, but women are still poor and vulnerable as compared to men, more so the Scheduled Caste (SC) and Scheduled Tribe (ST) category of women. The main reasons for the same are economic dependence on male members, unemployment, illiteracy and lack of access to credit. Rural women play a significant role in the domestic and socio-economic life of the society and therefore, national development is not possible without developing this segment of the society.



Microfinance has emerged as a powerful enabling tool for women empowerment in many ways. In India, Self-Help Groups (SHGs) - Bank Linkage Programme is the pioneer in microfinance distribution. Its main aim is to provide financial and other allied services to the poor section of society including the SC and ST women. the SHGs were the most contemporary models for poverty eradication and women empowerment in India. Efforts made to empower women will help the society in getting rid of social evils. It is still a long way to take poor women away from their poverty, however, the SHG's can become a significant tool to achieve this objective through implementation of the microfinance programs. With this backdrop, the main objective of this paper is to study the impact of microfinance on empowerment in SC and ST women belonging to SHG's in the pre-loan and post-loan period in the Karimnagar District of Telangana State, India. The government is also focused on undoing the historic injustices inflicted on the SC, ST, and BC within the state, making minorities feel empowered by protecting their rights and entitlements; these concerns are being addressed by extending reservations to these communities. The government increased the reservation of STs in Educational Institutions and State Government Services from 6% to 10%. Self Help Groups (SHG) play an important role in furthering financial inclusion as well as women empowerment and in this regard, the Government has been actively promoting and providing assistance to SHGs by facilitating bank linkages. In rural areas, the amount disbursed to SHGs has tripled

#### LITERATURE REVIEW

**Jayashree (2024)** Despite the growing body of research highlighting the positive impacts of microfinance on women's empowerment, and poverty alleviation there remain important questions regarding the mechanisms through which microfinance interventions influence women's lives, the long-term sustainability of these impacts, and the potential challenges and limitations inherent in microfinance approaches. this study seeks to deepen our understanding of how microfinance initiatives can effectively promote women's economic empowerment, challenge gender norms, and foster inclusive development. This paper supports the association between microfinance and poverty alleviation. Through research methodologies, including quantitative surveys, and comparative analysis. The researcher has used percentage method, Chi-square test, and Anova test for analysis purpose.

**Kalyani Raghunathan (2023)** Microfinance groups are a prominent source of small-scale rural credit in many developing countries. In India, evidence of the impact of the now ubiquitous women-only savings and credit self-help groups (SHGs) on household consumption and asset accumulation is inconclusive and based on small-scale interventions. Over four years, we find small but significant impacts of SHG membership on household expenditure and livestock ownership. Membership duration has a modest effect, suggesting that initial impacts may taper off as the program scales up, though small sample sizes limit our ability to draw inferences. Accompanying evidence on pathways is compelling; related work shows that SHG participation improves information, empowerment, and access to entitlements. While the direct impacts of SHG membership may not suffice to fill gaps in access to credit faced by the rural poor, impacts along these additional pathways could intensify the benefits of these groups

**Belay Mengstie (2022)** Women's economic empowerment a strategy aimed at enabling women in decision-making, increment in income and asset ownership. The main aim of the study is to examine the impact of microfinance on women's economic empowerment. Data were derived from a questionnaire of a sample of 346 women clients of microfinance. Multiple regression and paired sampled t-test data analysis techniques were used in the study. Multiple linear regression results revealed that age, marital status, education level, credit amount, and number of trainings have significant effect on women's economic empowerment. However, previous business experience did not have significant impact on women's economic empowerment. Paired sampled t-test result revealed that there is significant mean difference before and after microfinance service in terms of income, asset, and saving. Microfinance has significant positive effect on women's economic empowerment by improving women's independent income, increasing asset possession levels, and improved monthly saving amount. Moreover, the study proved that microfinance has a positive impact on women's entrepreneurship development and business exposure.

**V I Mutiara (2021)** Women play an important contribution to the agriculture and rural economy. However, agriculture sector is underperforming in some developing countries because women, who are an important resource in agriculture and the rural economy, facing some obstacles that lower their productivity. The fact that both men and women play an important role in rural development, in this paper, we identify empirical evidence from Nagari Indudur in West Sumatra, Indonesia, and show to what degree women's contribution in rural development. Differences of women and men by gender are based on cultures, community values and norms, so that gender construct may differ from one society to another. West Sumatra is known for its matrilineal culture. In the case of marriage, the inheritance of family property using maternal lineage. This study was done by a descriptive method using gender sensitive analysis. It was found that female time use is not only in reproductive activities, but also in productive activities, and social and political activities. In terms of reproductive activities, the women manage complex household activities.

**Sumeet Kaur (2020)** Women in India have always been subjected to disparity in the socio-economic status precisely expressed in terms of privilege, power and control, microfinance works with women empowerment as one of its missions and is considered as a means to upgrade the status of women. Microfinance has been widely accepted as a medium to eliminate poverty and socio-economic development of its representatives. These representatives are largely women, the empowerment of women through microfinance is a well-studied and debatable topic. Microfinance is necessary to overcome exploitation, create confidence for economic self-reliance of the rural poor, particularly among rural women. Although it is not a 'magic bullet', it is potentially a very significant contribution to gender equality and women's empowerment. Through their contribution to women's ability to earn an income, it has potential to initiate a series of 'virtuous spirals' of economic empowerment, and wider social and political engagement. The paper attempts to assess how microfinance has received tremendous validity as a strategy for economic empowerment of women. An effort is also made to suggest the ways to boost women empowerment.

### **Concept of Women and Rural Development**

Women Empowerment as a redistribution of social power and control of resources in favour of women's control over resources in turn include control both over societal resources like education, employment, and political power and household resources like income, property, health, nutrition and decision making. An important means of Women's Empowerment is economic independence through group activity. If a woman is economically versatile parasite, she can never claim an equal status with men. She is treated as a slave at service of the provider and this very often aggravates her subjectivity to exploitation by the male domination. The same feelings are reflected in the words of Jawaharlal Nehru when he opines— 'freedom depends on economic conditions even more free and self-earning she will have to depend on her husband or someone else and dependents are never free. This economic independence is an essential aspect of woman empowerment. Working in family-based occupations. These women were also developing skills in certain economical social activities. Thus, augmenting the human capital formation of Indias development economy.

### **Women and Rural Credit**

Empowerment is a multi-faceted process which encompasses many aspects i.e. enhancing awareness, increasing access to resources of economic, social and political etc. "In recent years women empowerment has become a subject of great concern for the nations all over the world especially in poor and developing countries. The impact of globalization is seen eventually on position of women in some form or other in most of the developing countries with the variation of degree. Women Empowerment refers to an increase in the strength of women such as spiritual, political, social or economic. The most common explanation of "Women's Empowerment" is the ability to excise full control over one's actions. Thus, women empowerment occurs in real sense when women achieve increased control and participation in decision making that leads to their better access to resources it often involves the empowered developing confidence in their own capacities. Women and concept of rural credit Sector in many parts of the country have achieved success in bringing the women to the main stream of decision making.

### **Socio Economic Development Programmes**

The independent India had formulated several schemes and implemented under five-year plans for developing rural areas. The rural development policy which was reflected in various developmental programmes formulated since the beginning of the planning has undergone change from time to time. The approaches adopted for rural development were classified as community development approach, people's participation approach, area approach, target group approach, employment approach, minimum needs approach, Integrated rural development approach. In spite of five decades of planning for the all-round development, the influence of rural poverty continues unabated. Most of these schemes have been of little success as they were conceived in isolation and implemented haphazardly. Perhaps the only exception was the community development programmes which was very comprehensive in nature and

attempted to bring about a complete socio-economic transformation in rural life. However, it was not an integrated developmental plan.

### **Supply-side constraints that influence rural women's financial inclusion**

Financial services providers – ranging from commercial banks to microfinance institutions, but increasingly also Fintechs and other digitally-enabled innovators – tend to refrain from extending their services to rural areas and concentrate more on urban areas, where risks and operating costs are lower. Rural areas commonly have spatially dispersed populations, lower literacy and education levels, and inadequate infrastructure for communication, electricity, transportation and banking. Rural women customers can be harder to reach through traditional delivery channels such as bank branches or ATMs, due primarily to the time and mobility constraints they face. Women's roles within rural markets are often hidden or invisible, because of gendered social norms and occupational segregation that pushes women into lower-value activities and sectors. Taken together, all these factors tend to increase the cost of serving customers in these areas. Gender norms also influence how women are perceived by financial institutions and influence their willingness to target and reach out to rurally based women customers with adapted financial services.

### **METHODOLOGY**

The Telangana State's Karimnagar city, which is one of its constituents, is considered as the region's most prosperous city financially. Because Karimnagar is the centre of all the newly established districts' (Erstwhile district of Karimnagar's) viz educational, employment, and business activities, among other things, it is the wealthiest city, which means that most of its inhabitants have amassed significant wealth through their endeavours. Rural residents have also moved to the city in search of employment, where women domestic workers can be found performing tasks like housekeeping in particular in the homes of their employers. In this regard, the city has selected areas where the majority of employers are situated, including Irukulla, Elbotharam, Nagunur, Khazipur, Nagulamalial, and Elgandal colony, for the purpose of examining the socio-economic situations of women domestic workers. Only women who work as housekeepers at their employers' houses have been included in the study. The present study's duration is from 2019 to 2022. Under proportional stratified simple random sampling, a sample size of 30% of the universe is chosen. The study employs a mixed-methods approach, combining quantitative surveys for measurable data on financial access with qualitative interviews to explore barriers and enablers faced by rural women entrepreneurs. This design is exploratory and descriptive, allowing for both pattern identification and deeper contextual insights into financial inclusion dynamics in rural India. It aligns with common practices in similar research, such as assessing financial literacy and access through integrated qualitative and quantitative lenses.

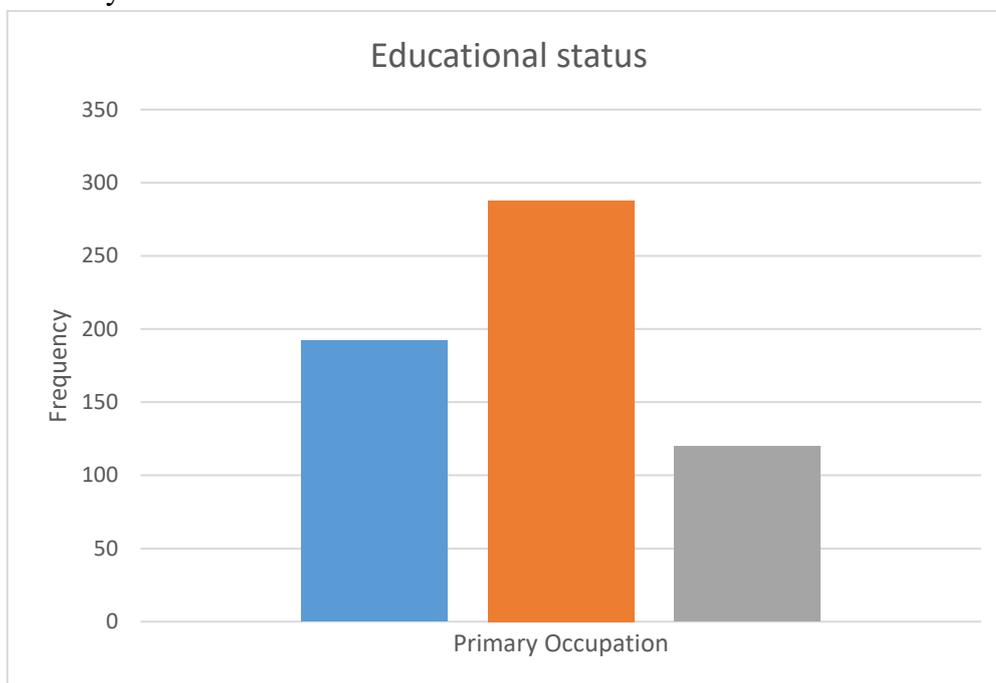
### **RESULTS AND DISCUSSIONS**

The income level of the respondents is determined by their occupation, it is one of the factors to measure the socio-economic conditions of the respondents and it an individual also socialized her in a particular manner which influences on the behavior and level of understanding in a particular socio-economic phenomenon of the respondents in the study area.

**Table 1: Secondary Occupation Wise Distribution of the WDWs**

S. No.	Educational Status	No. of Respondents	Percent
1	Labour	192	32
2	Daily wage workers	288	48
3	Others	120	20
<b>Total</b>		<b>600</b>	<b>100</b>

**Source:** Primary Data



**Graph 1: Secondary Occupation Wise Distribution of the WDWs**

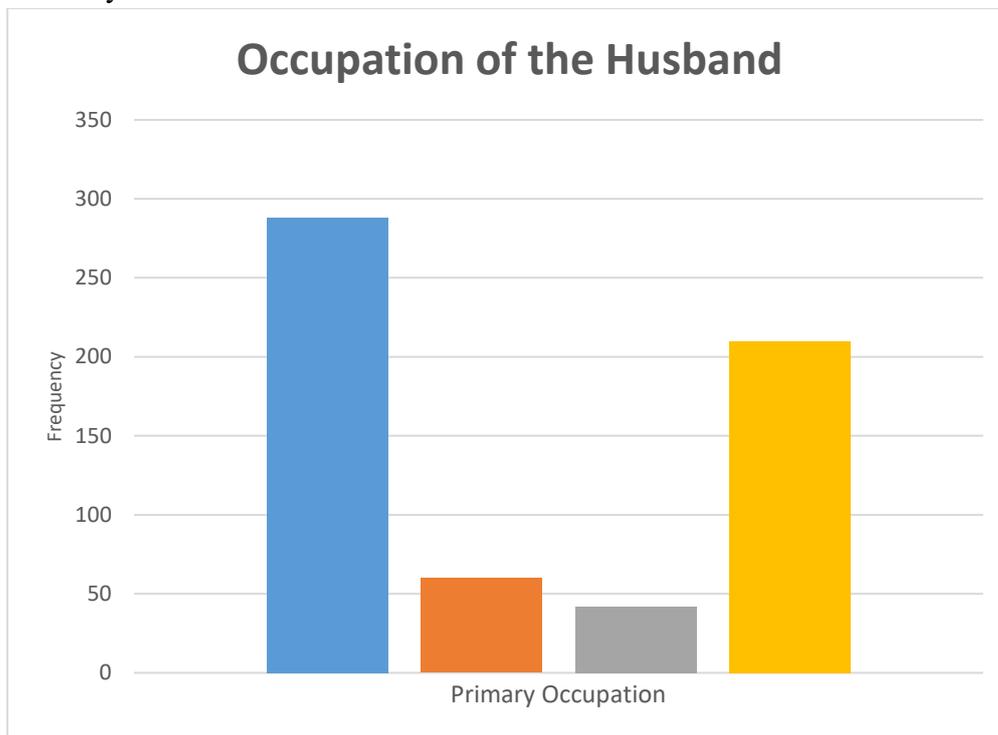
The table and graph describe the occupational level wise distribution of the respondents in the study area. 48 percent of the women domestic workers are engaged in the other workers for wages. 32 percent of the respondents as labourers are engaged in labour works and remaining 20 percent of the respondents are engaged on the demand-based works such as cattle breeding, 100 days scheme work, agricultural works and so on. It is found that the secondary occupation is very needful to meet their family expenditure.

It is one of the major factors to determine the socio-economic conditions of the respondents. The whole family financial burden is headed over by the head of the family. Hence, in the study area, occupation of the domestic women workers is the supplement income to the husband's and father's income that's why the table shows the occupation of the spouse of the respondents given below:

**Table 2: Occupation of the Husband/Father Wise Distribution of the WDWs**

S. No.	Occupation of the Husband	No. of Respondents	Percent
1	Labour	288	48
2	Artisan	60	10
3	Petty Business	42	7
4	Other	210	35
Total		600	100

Source: Primary Data



**Graph 2: Occupation of the Husband/Father Wise Distribution of the WDWs**

The table and graph display the occupation wise distribution of the husband/father, 48 percent of the husband/father of women domestic workers are doing the labour work for their family maintenance, 35 percent are engaged in the other works like construction, agricultural works, industrial based works etc., 10 & 7 percent represented as a artisans and petty business which is small portion in the sample size. It is observed that the most of the respondents their husband are engaged in the doing work of labourer due to the inadequate knowledge and skills.

### CONCLUSION

Conclusion The study on economic growth among SC/ST women in the rural areas of Karimnagar district clearly reveals that the process of socio-economic development is underway but remains uneven, gradual, and highly dependent on institutional support. Overall, the economic growth of SC/ST women in Karimnagar district is promising but incomplete. With the right support structure, these women have demonstrated resilience, entrepreneurial potential, and the ability to uplift their families and communities. Future progress requires a

multi-dimensional approach that integrates education, skill development, credit access, infrastructure improvement, digital empowerment, and strong institutional backing. In conclusion, sustainable economic growth among rural SC/ST women can be achieved only when development initiatives go hand-in-hand with social transformation. Empowering women economically must be coupled with dismantling caste-based discrimination, promoting gender equality, and ensuring equal opportunities. When SC/ST women gain access to resources, skills, and decision-making power, they not only improve their own lives but also contribute significantly to the rural economy. Thus, the study reaffirms that the economic growth of SC/ST women is both a developmental necessity and a powerful instrument of social justice, crucial for creating an inclusive, equitable, and prosperous Karimnagar district.

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