

## **CONTRIBUTION OF MICRO CREDIT PROGRAMME IN EMPOWERING WOMEN: A SPECIAL REFERENCE TO KILINOCCHI DISTRICT IN SRI LANKA**

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**ABSTRACT:** *The prime objective of this study was to assess the impact of micro credit in empowering poor women before and after joining with micro credit programmes. The study was conducted at Kilinochchi District in Sri Lanka as one of the war affected areas. Both qualitative and quantitative methods have been used to obtain a reliable data. Data were derived from a questionnaire survey of a sample of 94 women clients and three focus group discussions were conducted involving 18 women while in-depth interviews were carried out with another 12. The paired sample statistics was used to find out the significant differences between before and after joining the micro credit programme. The study indicated that the income levels of the majority of the clients have increased after the delivery of micro credit. The results have also been shown in the enhancement of the women's self-confidence with respect to the capability to work on their own and improve their lives. The study concluded that the microfinance activities are necessary for the overall empowerment except access of micro credit.*

**KEYWORDS:** Micro credit, Micro finance activities, Poor people, Post war development, Self-employment activities, Women empowerment.

### **BACKGROUND OF THE STUDY**

Women mostly suffer from poverty in many developing countries. Sri Lanka, being one of the developing countries, the case is a burning issue in the country. Considering the above, the present research deals with the role of micro credit and empowerment of women in selected areas of Kilinochchi District, Sri Lanka. As stated by Harper, (1996) women every where, particularly in poor countries are seriously disadvantaged due to various reasons. While women handle a large part of the world.s work, they receive a very small part of the reward of the work, in terms of money which they can control and social position. According to the World Bank (2001), gender inequalities in developing societies slow down economic growth and national development. According to Harper (1996), women empowerment differs from one country to another and between different income groups within each country. However, women.s economic, social and political position is generally worse in poor countries as compared to the rich. Women empowerment is giving the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in ones ability to secure desired changes and the right to control ones life. (Narayan, 2002:10). Women hold an equal or even a more powerful position under the communal mode of production. However, women.s role and their corresponding power in the household and the community eventually diminished. .

The Kilinochchi District is situated in the Northern part of the Island. The district is divided into 4 Administrative Divisions, common with the Divisional Secretariat Divisions. These are

Karachchi, Kandawalai, Poonagary and Pachchilaipallai, consisting in total of 95 newly demarcated Grama Officer Divisions. The total estimated population is 119,611, including 30,094 non-displaced and 89,517 resettled. Kilinochchi District is popular for the Agriculture products in Sri Lanka and it calls an agriculture District. The loan facilities are adequately available from Banks and other financial organizations to encourage the people to commence business and other income generating activities to uplift their livelihood. The foreign aids are also used to develop the local economy in Sri Lanka most probably in the war affected areas specifically in Kilinochchi and Mullaitivu District. This study deals with empowerment of rural women through the micro credit programmes under the post war development in selected rural areas in Kilinochchi District. Empowering women particularly rural women is a challenge. Micro enterprises in rural area can help to meet these challenges. Micro – enterprises not only enhance national productivity, generate employment but also help to develop economic independence, personal and social capabilities among rural women.

After 30 years war situation the people who are from Northern part of the Sri Lanka expect facilities in order to uplift their living standard. Microfinance institutions assist the poor people in several ways and the micro credit is one of the major instruments in empowering the poor women in the rural areas. However, a little research has been undertaken to look beyond microfinance's economic benefits, at social mobilization, peace building and harmony, through social capital enhancement most of the authors investigated the developments and situation of the regions in their reports and articles which were conducted by the aid of the NGOs and Other World nations. However most of the researches have been done regarding the women empowerment and micro Credit programmes in worldwide it is very little bit in Sri Lanka especially in Kilinochchi District.

Mahinda Chinthanaya, a ten year plan 2006 – 2016 developed and published by ministry of planning in Sri Lanka provides high importance for microfinance as a development tool and it suggests many strategies to develop the sector (Attapattu, 2009). In Post conflict era the rehabilitation works have been done by the government in Kilinochchi District. In this situation it is questioned that the rural people could be benefited from the developments. It is widely accepted that microfinance functions under similar principles in both stable and conflict – affected contexts. According to Doyle (1998), microfinance in a post-conflict context can be a multi-use tool.

It is generally believed that the women's access to credit result in their economic empowerment. The various national and international organizations provided micro credit to women in light for their productive role for the economic development and women's rights. However, many still questions the empowering capacity of credit in relation to the economic social and political conditions of women (Mayoux, 2002). Access to micro credit has a positive economic impact. The impact becomes larger for those closer to the poverty line and it also increases with the duration of membership or intensity of loans as members begin to invest in assets rather than consumption (Morduch and Haley, 2001). Micro credit delivery in various points of the world has improved the economic position of households, enhancing the asset base and diversification in to higher return occupations among members. However, there are also a number of issues within the women's empowerment framework that impede the poverty reduction capacity of micro credit (Skarlatos, 2004). First the size of the loans is too small which does not enable the women to make long lasting income change for the house hold.

Secondly, the increased access to credit in the same geographic area could contribute to market saturation of products provided by the women. This is because poor women usually engage in similar businesses. Thirdly, here is the possibility that the women's successful business might have a negative impact on the girl-child who might be required to help her mother leaving the school.

Dejene, (2007) in his study of 'Promoting women's economic empowerment in Africa' revealed that micro and small enterprises provide employment to the poor who have no other means of income. Women are highly represented in self employment and operating small income generating activity. However women's (Micro and Small Enterprises) MSE's are significant in terms of reducing the household vulnerability to poverty, many of them are not reaching their growth potential due to various factors such as labour burden, lack of adequate skill, lack of financial resources, weak infrastructure, limited access to markets, weak business organizations and limited enabling environment.

According to Arora, (2011) microfinance has been effectively contributing to women empowerment significantly to their family development for getting credit for housing repairs, education and marriage of their children and also for consumption purpose. This study revealed that good saving habit among females as maximum number of the respondents was having savings but still there are so many barriers in the way of financial inclusion of women such as lack of awareness regarding micro financing services being provided by the banks.

Social changes also result from the work of micro finance organizations rather than economic impacts. (Kabeer, 2005). The Micro finance organization strategies provide the poor the possibility of belonging to a group they choose despite the socially or economically imposed relationships (Kabeer, 2005). This helps for meeting with others of similar experience and share knowledge. Such practices in effect are believed to empower them both individually and collectively.

The provision of financial services is related with two specific sets of social aspects. The first relates to interaction with the staff of the organizations which have the potential to bring change through training and other activities. The second set of social relations is those between members of the groups organized by microfinance organizations. However, these groups do not embody the same principles of organization or the same kind of relationships between members (Mayoux, 2005). Child education also improves with the provision of micro credit. In this regard, the delivery of microfinance to women results in greater return as compared to men (Kabeer, 2005).

Claims that participation in microfinance activities has implications for women's empowerment within the household were investigated by a number of studies with varying results. Intra-household decision making was one commonly investigated indicator of women's empowerment. While there is evidence that microfinance can have an impact on women's role in household decision making, it has not occurred evenly in all contexts or in all areas of decision making (Cheston and Kuhn, 2002).

Dubreuil and Mirada (2010) study on 'Microcredit and women empowerment: an empirical case-study based in Catalonia' considered the effects of microfinance in developed countries, and specifically the startup of micro business by women entrepreneurs with limited access to credit, having benefit from a microcredit program to develop their self employment projects.

They established the following framework that consists a set of initial parameters (input variables) which refer to some characteristics of the entrepreneur's personal economic situation at the time she considered her self-employment project.

Microcredit is viewed as an effective tool for overcoming the political exclusion of women (Cheston and Kuhn, 2002). The global average of women's representation in national parliaments remains low at 17 percent as of 31 January 2007 (UN, 2007). Women in government, parliament, the judiciary and other institutions serve as role models and thus as pull factors for other women.

There is a range of possible mechanism to increase women's participation in political life with varying degrees of success (Byrne, et.al, 1996). The first is the reform of political parties through quotas and other forms of affirmative action. Another mechanism is training to develop women's skills and gender sensitive working with women's political organizations is the other mechanism to enhance their participation. Measures than can be taken by microfinance institutions to increase the quality of women's political participation include awareness between women in local government and quotas in NGOs and timing of meetings and provisions of child-care to fit with women's domestic responsibilities. Measures to increase the quantity of women representatives need to be accompanied by measures to improve the quality of their participation.

Even programs that are not explicitly addressing women's rights and political participation have had some impact on political and legal empowerment (Cheston and Kuhn, 2002). By contributing to women's knowledge and self-confidence and by widening their social networks, many microfinance programs give women the tools and skills need to participate more effectively and successfully informal politics and to informally influence decisions and policies that affect their lives.

According to Makombe, Temba and Kihombo, (1999), the study found that there is an improvement in gender relations and poverty alleviation and there is increased women involvement in decision making, control over household resources and freedom to used their time. Many factors were found to have influenced the process of poverty alleviation and the major ones are cooperation from husband, market availability, own effort and hard work, past experience in similar activities, income from other MFIs and good management. Further many factors were identified to have inhibited the process of poverty alleviation those are lack of market and stiff competition, bad weather, small capital, high running costs, sickness and pregnancy as well as high interest rates and short grace period. And also, the husbands squandering credit money, using credit money for family needs and long lean periods are the important inhibiting factors of the process of poverty alleviation. Further it was concluded that the difference in gender relations within households between the period prior to taking loans and the period after is significant. The gender relations between the two types of households with sustainable projects and those with non-sustainable ones are not significantly different.

Arulrajah & Philip, (2011) concluded in their research that the role of INGOs and NGOs has the moderate level contribution on the respondents' perception even though they have played a considerable role in improving equality and personality development of Women Headed Households in Sri Lanka (Manmunai South west DS Division). Further they highlighted that there are considerable gaps still exist in the area of equality and personality developments of WHHs.

Tilakaratna, Galappattige and Perera (2005) revealed in their study on Promoting Empowerment through Microfinance in Sri Lanka that microfinance is an important component of the lives of the poor who are keen on being entrepreneurs. A reasonable percentage of clients, who have started up their businesses with the aid of the MFIs, mentioned that training provided to them had helped them to improve their businesses. From their study, about 45 percent of the clients claimed that they were satisfied with the business development services provided by their organization though a majority did not comment. The main reason for the satisfaction was that the training facilities had been provided them.

According to the World Banks gender statistics database, women have a higher unemployment rate than men in virtually every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority and increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men (world bank, 2012). It is important to understand patriarchy in order to understand present day relations between women and men. Eshetu (2000) defines patriarchy as father rule, male domination on women's productive labor power, property and other economic resources.

Empowerment of women and gender equality are prerequisite for achieving political, social, economic, cultural and environmental security among people. (Beijing, 1995). As stated by Narayan (2002), in most poor countries, men's domination of women is strongest within the household. Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household thereby allowing them to influence a greater number of strategic decisions. Sri Lanka is also one of the poor countries where women situated at rural areas have a low standard of living. This study looks into micro credit as contributing to women's knowledge and self-confidence by widening their social networking.

Generally, this study deals with the role of micro credit in creating employment and income opportunities to women and subsequently in empowering them to play an active role in the economic, political and socio-cultural sphere in the study area. The economic empowerment approach attributes women's subordination to lack of economic power. It focuses on improving women's control over material resources and strengthening women's economic security. The following research question has been arisen as a research problem of this study.

*"Does micro credit has a vital role to empower poor women in the rural areas in Kilinochchi District?"*

### **Objectives and Hypothesis:**

The prime objective of the study is to assess the impact of micro credit in empowering poor women in Kilinochchi District.

The specific objectives include:

- Identifying and reviewing the role of micro credit in empowering women economically.
- Identifying and reviewing the role of micro credit in empowering women politically.
- Identifying and reviewing the role of micro credit in empowering women socio culturally.
- Identifying the role of micro credit in relation to self confidence.
- Assessing the challenges of women clients in the micro credit institutions in the study area.

The study mainly aims at assessing the extent to which micro credit contributes to women empowerment in economic, socio-cultural at household level, political and self-confidence.

The following hypotheses have been developed to investigate from the data analysis whether which meet the above objectives in this study.

- (H<sub>0</sub>) There is no significant differences in income level between before joining and after joining micro credit programmes
- H<sub>1</sub>: There is a significant differences in income level after joining micro credit programmes.
- H<sub>2</sub>: There is a significant differences in leadership and social status between before joining and after joining micro credit programmes.
- H<sub>3</sub>: There is a significant difference in confidence on political and legal rights between before joining and after joining micro credit programmes.
- H<sub>4</sub>: There is a significant differences in self confidence between before joining and after joining micro credit programmes.

The main objective of the study is to look into the role of micro credit in the empowerment of women. The findings of the study are believed to show the economic, political and social benefits of microfinance delivery to women in addition to its impact in enhancing their awareness and knowledge. Furthermore, the study also identifies the challenges women face with MFI. The findings of the study can be used by other researchers who might be interested to conduct further studies on the subject. In addition, the results of the study will serve as a source of information for people that need to know the role of MFI in the empowerment of women.

## **RESEARCH METHODS AND TOOLS**

Quantitative as well as qualitative methods were employed. While more emphasis was given to the qualitative method, quantitative analysis was used as a supplement to the former approach. Relevant research literatures such as books, brochures, articles, reports, etc. on the issues and roles of micro credit and women empowerment were reviewed and presented in this study. With the objective of obtaining accurate quantitative information, a questionnaire was developed for a total of 94 respondents. The study was designed in such a way that comparison of clients' empowerment levels before and after the intervention of microfinance is made. This study mainly focused on qualitative method with the view of assessing the areas and extent of empowerment resulting from the intervention of micro credit and also identifying the challenges and problems faced by the clients. In this regard, focus group discussion and in-depth interview methods have been used for the purpose.

The focus group discussion is held among individuals of 6 to 12 persons divided into a 2 to 6 groups. Rather than being a simple question-answer session, the discussion intends to snatch information regarding the ideas and opinion of the group towards an issue. In this study, three focus group discussions were conducted with 18 women that are clients of Rural Development Society. The discussions were moderated by the researcher. The focus groups were consisting of clients from different areas of Kilinochchi District namely, poonakari, Pachchilaipalli and Kandawalai. The participants were selected and discussion arranged by staff of the Rural Development Officers that have direct contact with the clients and are able to identify those

that provide more information. The focus group discussions lasted from half an hour to one hour and the information obtained was generally very valuable. The ideas raised, the dialogue held and the cooperativeness of the participants was also very much appreciable. Although some appear to be shy and a few attempt to dominate the discussions, the researcher has basically managed to handle the sessions well.

In-depth interview was used in addition to focus group discussion in order to obtain more information from the respondents. This method provided the opportunity to have a deeper understanding of ones beliefs, feelings, and behaviors on important issues. The structured questions raised during the interview deal with clients personal background and issues such as economic, political, and socio-cultural empowerment etc. Four persons have been selected from each DS Divisions. Most respondents expressed their ideas freely while a few showed reservations and lacked openness on some issues fearing that the researcher belonged to the political parties because already they have been affected by the political conflict more than 30 years. The researcher explained the objective of the research work to the respondents prior to the interview. The interviews generally lasted from 30 minutes to an hour.

## DATA ANALYSIS AND INTERPRETATION

The recording of both the in-depth interview and focus group discussion was initially transcribed. Then the transcripts have been read and taken notes. Interpretative reading involves constructing and documenting what the data mean or represent and then can describe and explain the phenomenon being studied from the data. After reading the transcripts, the main concepts were categorized and an index constructed which containing broad themes like economic empowerment and sub-themes such as how the women manage their money. Each category was then labeled using appropriate headings. Finally, the major findings under each topic and sub-topic were analyzed and interpreted.

With regard to the quantitative analysis, SPSS software was employed for the data entry and to assess the results. The resulting data was then analyzed and interpreted. To analyse the empowerment respondents were asked the questions before and after joining micro credit programmes and the following tables 1, 2, 3, 4, 5, 6, 7 and 8 shows that the level of income, confidence on political and legal rights, social status and leadership skill and self confidence on this regards with the paired sample statistics and t test.

### Economic Impact of Micro Credit

Participants were asked their level of income before and after they joined MFI, decision making power, ownership rights on assets, and savings in comparison with the time before and after joining MFIs. The replies received from the clients are presented and analyzed with the help of paired sample t test.

	Mean	N	Std. Deviation	Std. Error Mean
Before joining in the MFI how much income did you have?	2.26	94	1.077	.111
after joining in the MFI how much income do you have?	3.64	94	1.294	.133

Table 4.1 Paired Samples Statistics

Source: Survey conducted by the researcher

	Mean	Paired Differences				t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean	95% confidence interval of the difference				
				lower	Upper			
Pair 1 Income level before and after	-1.383	.856	.088	-1.558	-1.208	-15.656	93	.000

Table 4.2 Paired sample Test

Source: Survey conducted by the researcher

Table 1 shows that the mean differences of the factors before joining and after joining MFI. To analyze the economic impact of micro credit the respondents were asked the question how much income they have. The mean income level was 2.26 (SD =1.077) before joining MFI and 3.64 (SD = 1.294) after joining MFI. The difference between the mean level of income before and after joining MFI was examined with a paired samples t-test to prove the hypothesis 'There is a significant mean difference in income level between before joining and after joining MFIs'. The income level was significantly higher after joining MFI than before it  $t(93) = -15.656$ ,  $p < .05$  which has been explained by the table 2. The tables shows that the p value is .000 which is less than 0.05 therefore the above hypothesis has been accepted and the null hypothesis ( $H_0$ ) of 'There is no significant mean difference in income level between before joining and after joining MFIs' will be rejected.

Similar to the above, the results of the Focus Group Discussion (FGD) and in-depth interview revealed that the increases in income after joining the MFI are small for the majority of the clients. In addition, some respondents were not able to tell whether their incomes have actually increased or decreased after their membership in the MFI.

A 40 year old lady who has been a client of the MFI for three years expressed the situation as follows:

*I was previously engaged in small business and continued in the same after I joined the MFI. I have not seen any changes in my income level after my participation in the MFI. I could not say whether my income has improved or declined after joining MFI (interview 5).*



These respondents remain engaged in the same business both before and after joining the MFI and find it hard to trace the increase or decrease in income as a result of their participation in the MFI.

A 38 year woman with an experience of two and a half years with joining MFIs expressed as follows:

*I was occupied in small trade and continued in the same after I joined the MFI. I was able to expand my business and settle my loans timely after joining in the MFI. My income has somehow increased after I joined the MFI (FGD 2).*

Another one in the same group aged 42 and with an experience of two years stated that her income has decreased after she joined the MFI.

*I have been involved in small trade before and after joining in the MFI. However after joining MFI I was unable to run my business as before. My income has declined but I continue to settle my loan as per my commitment and I believe MFI that they will help me to expand my business (FGD 2).*

As we can see from the above cases, although small income increases have been recorded for some clients after joining MFI it is impossible to generalize that income increase with the delivery of microfinance. Income levels may or may not improve after the participation of MFI to various situations.

We have seen that MFI provided opportunities for self employment through the delivery of finance. In table 1 and 2 shows that there is some increases in income level after joining MFI from the quantitative results. As a result, the clients' incomes have increased although the amounts are small. However, looking at some of the clients, participation in MFI has a positive sign towards economic empowerment.

### Political Impact of Micro Credit

Participants were asked their confidence on political and legal rights in comparison with the time before and after joining MFIs. The replies received from the clients are presented and analyzed below:

	Mean	N	Std. Deviation	Std. Error Mean
Before joining the MFI did you work with confidence on political and legal rights?	2.31	94	1.262	.130
After joining the MFI do you work with confidence on political and legal rights?	1.56	94	.665	.069

Table 4.3: Paired Samples Statistic

Source: Survey conducted by the researcher

		Paired Differences			
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	Mean	Std. Deviation	Std. Error Mean	95% confidence interval of the difference		t	df	Sig. (2-tailed)
				lower	Upper			
Pair 2 confidence on political and legal rights	.745	1.209	.125	.497	.992	5.973	93	.000

Table 4.4 Paired Samples Test

Source: Survey conducted by the researcher

The political impact of micro credit was examined by using the question did they confidence on legal and political rights. Table 3 shows that the mean legal and political confidence was 2.31 (SD =1.262) before joining MFI and 1.56 (SD = 0.665) after joining MFI which has been declined. The difference between the mean level of political confidence before and after joining MFI was examined with a paired samples t-test. Table 4 shows that there is significant changes after joining MFI than before it,  $t(93) = 5.973, p < .05$ . The difference between the mean level of legal and political confidence before and after joining MFI was examined with a paired samples t-test to support the hypothesis 'There is significant mean difference in legal and political confidence between before joining and after joining MFIs'. The legal and political confidence was significantly higher before joining MFI than after it  $t(93) = 5.973, p < .05$  which has been explained by the table 4. The table shows that the p value is .000 which is less than 0.05 therefore the above hypothesis has been accepted.

Similar to the above, the results of the Focus Group Discussion (FGD) and in-depth interviews have also revealed that the majority of the clients generally show low interest and confidence on political and legal rights both before and after joining MFI.

A 28 years old respondent with 2 years experience with MFI stated the following:

*I have neither the interest nor awareness about political position and legal rights both before and after I joined the MFI. I in fact have no time to engage in politics as totally devote myself to working hard and improving my life (FGD, Group 3).*

Most respondents have indicated that they are not even aware of what their legal rights in and where to go when they need help or becomes necessary to complain. In this case, most of the respondents hesitated to say something in relation with the political and legal confidence as they were suffering with the conflict situation in last few years. After joining MFI, the priority becomes the making of money and business expansion rather than fighting for their rights. They also lack adequate time since they become busy working with their business and domestic activities. As a result from quantitative and qualitative analysis that we can see there is no positive sign towards political empowerment.

### Social Impact of Micro Credit

Participants were asked their leadership skill and social status, confidence in comparison with the time before and after joining MFIs. The replies received from the clients are presented and analyzed here:

	Mean	N	Std. Deviation	Std. Error Mean
Before joining the MFI how did you assess your leadership skill and social status?	2.01	93	.580	.060
After joining the MFI how do you assess your leadership skill and social status?	1.26	93	.464	.048

Table 4.5 Paired Sample Statistics

Source: Survey conducted by the researcher

	Mean	Paired Differences				t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean	95% confidence interval of the difference				
				lower	Upper			
Pair 3 leadership & Social status before and after	.753	.654	.068	.618	.887	11.104	92	.000

Table 4.6 Paired Samples Test

Source: Survey conducted by the researcher

Further, to analyze the Social impact of micro credit the respondents were asked the question how they assess their leadership skill and social status. The mean social status was 2.01 (SD = 0.580) before joining MFI and 1.26 (SD = 0.464) after joining MFI. The difference between the mean level of social status before and after joining MFI was examined with a paired samples t-test. There is significant mean difference in social status between before joining and after joining MFIs'. The leadership skill and social status was significantly higher before joining MFI than after it  $t(92) = 11.104$ ,  $p < .05$  which has been explained by the table 6. The table shows that the p value is .000 which is less than 0.05 therefore the above hypothesis has been accepted.

Similar to the above, the results of the Focus Group Discussion (FGD) and in-depth interviews have also showed that the majority of the clients generally show low interest on social status and leadership skill both before and after joining MFI.

A 33 years old respondent with two and half years experience with MFI noted the following:

*I have neither the interest nor awareness about social status and leadership*

*skill both before and after I joined the MFI. I in fact have no time to engage in social activities except participating in the meetings as totally devote myself to working hard and improving my life (FGD, Group 3).*

A 35 years old respondent with three years experience with MFI stated the following:

*I have no interest about social status and leadership skill before joined MFI. But after joining MFI I was the secretary in our women development society. In this situation I was able to participate in all social activities without hesitation. Now, I am the informer in my village and most of the people get advice regarding the loan facilities. (FGD, Group 2).*

A 30 years old lady who has been a client of the MFI for two years stated the situation as follows:

*I don't know what role I have in the social activities and leadership skill after joining MFI. I could not say whether I have leadership skill and social status after joining MFI before it (Interview 5).*

Most respondents stated that they have no social status and leadership skill after joining MFI. And also they have no awareness on this regards. And the quantitative results also revealed that they have no low social status and leadership skill after joining MFI before it. In this case also as a result from quantitative and qualitative analysis that we can see there is no positive sign towards social empowerment.

Further, Participants were asked their self confidence in comparison with the time before and after joining MFIs. The replies received from the clients are presented and analyzed below:

	Mean	N	Std. Deviation	Std. Error Mean
before joining the MFI how did you assess your self confidence?	1.51	94	.600	.062
after joining the MFI how did you assess your self confidence?	1.09	94	.349	.036

Table 4.7 Paired Sample Statistics

Source: Survey conducted by the researcher

	Mean	Paired Differences			t	df	Sig. (2-tailed)	
		Std. Deviation	Std. Error Mean	95% confidence interval of the difference				
				lower				Upper

Pair 4 Self Confidence	.426	.558	.058	.311	.540	7.391	93	.000
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Table 4.8 Paired Samples Test

Source: Survey conducted by the researcher

Self confidence through micro credit has been analyzed through the question of how they assess their self confidence. The mean self confidence was 1.51 (SD =0.600) before joining MFI and 1.09 (SD = 0.349) after joining MFI. The difference between the mean level of self confidence before and after joining MFI was examined with a paired samples t-test. There is significant mean difference in self confidence between before joining and after joining MFIs'. There is significant mean difference in social status between before joining and after joining MFIs'. The leadership skill and social status was significantly higher before joining MFI than after it  $t(93) = 5.973$ ,  $p < .05$  which has been explained by the table 6. The table shows that the p value is .000 which is less than 0.05 therefore the above hypothesis has been accepted. The difference between the mean level of self confidence before and after joining MFI was examined with a paired samples t-test. There is significant mean difference in self confidence between before joining and after joining MFIs'. The self confidence was significantly higher before joining MFI than after it  $t(93) = 7.391$ ,  $p < .05$  which has been explained by the table 6. The table shows that the p value is .000 which is less than 0.05 therefore the above hypothesis has been accepted.

It appears that from the replies of the FGD and interview participants that their self confidence and value toward themselves has no changes materiality after the intervention of microfinance. A 38 years old lady who is said the following:

*Previously I was financially dependent on my husband. My confidence has improved because now I have my own income (Interview 7)*

A 35 years old lady respondent stated that:

*Although my husband is not happy with the contribution I make to the household, my self confidence has increased because I have realized that I can work and become economically independent (FGD, Group 3) however my husband dislikes the activities.*

From the above all, the self confidence of most of the women has enhanced after their participation in MFI however, they have some restrictions from their husband and their family members. The cultural norms and other reservations have the barriers to the women to enhance their self confidence. This is obvious from the quantitative results.

## CONCLUSION

Microfinance plays a significant role in the economic empowerment of women. Through the provision of loans to women, particularly to the poor, uneducated and who are not able to fulfill the collateral requirements laid down by other lending institutions, micro credit enables them to be self-employed. Consequently, some of the women have managed to increase their incomes, although in small amounts, and improve savings. The impact of micro finance on women is substantial in building confidence, courage, skill development and empowerment but there is no positive impact in sustainable rural development especially reduction of poverty, creation of employment opportunities and creation of assets in rural areas (Premaratne et. al,

2005). The findings of this study indicate that the delivery of micro credit has positive impacts in the economic empowerment of the clients, although the income increases were small. However, access to microfinance has failed to result in significant changes in the gender relations at the societal level. Further, there is low impact of micro credit on social and political impact. Arulrajah and Philip (2011), concluded in their study that there are considerable gaps exists in the area of equality and personality development of women.

The study revealed that the access to microfinance has not resulted in the social and political empowerment of the women as reflected in the respect for their leadership skill and social status and political and legal rights. The women's self-confidence in relation to their capabilities to work on their own and improve their lives has improved after their participation in microfinance. The development of self-confidence is considered to be a positive step towards their empowerment. All in all, the delivery of micro credit has positive impacts in the economic empowerment of the clients, although the income increases were small. Participation in micro credit programme has also enhanced the women's self-confidence and enabled them to realize their potentials to engage in business and improve the household which is positive sign of empowerment. Maheswaranathan and Kennedy (2010, revealed in their study that the micro credit loans empower the poor to seek alternative ways to improve their life styles. However, it has basically failed to bring about the desired socio-cultural and political empowerment of women. The study of Tilakaratne, et.al, (2005) revealed that microfinance is an important component of the lives of the poor who are keen on being entrepreneurs. As per their conclusion and further we can suggest that micro credit should be considered with other financial services to empower poor women in the rural areas of Kilinochchi District because never micro credit alone helps to empower poor women.

## **CONTRIBUTION OF THE STUDY**

We have no doubt this study will contribute to the literature of women empowerment in Sri Lanka and Northern Province as well. In addition to this suggestive recommendations will have much effect on enhancing women empowerment through micro finance. The suitable policy formulation based on the findings of the study, to the best interest of the academic professional and future researchers as well as the country who are interested to do the researches or reports regarding the same above. And this study will help to continue the research in other war affected areas in Sri Lanka as well. And also there is no doubt it will help to make recommendations and suggestions by the policy makers in the MFIs for the enhancement of enterprises for rural people.

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