



ROLE OF MICROFINANCE IN WOMEN EMPOWERMENT

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ABSTRACT

Women in India have always been in the disparity of socio-economic status precisely expressed in terms of gender equality, respect, power and control, Micro and Macro finance works with women empowerment as one of its mission and is considered as a means to upgrade the respect, power, equality and status of women. Micro and Macro finance 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 micro and macro finance is a well-studied and challenging topic. Micro and Macro finance is necessary for women to gain equal status in the



men dominating society and and gave them power so that they can overcome from exploitation, and create self-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 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 strategies help for economic empowerment of women. An effort is also made to suggest the ways to do women empowerment.

KEYWORDS: Microfinance, Women Empowerment, Socio-economic Status, Self-Reliance, Self-Confidence, Magic Bullet.

INTRODUCTION

Microfinance is a type of financial services provided to low-income individuals or groups who are typically excluded from traditional banking. Most microfinance institutions focus on offering credit in the small working capital-loans sometimes called microloans and microcredit. **Microfinance** mainly refers to micro-credit. A **micro-credit** is a small loan which is mainly granted to people with a low income. Microfinance, as we know it today, was popularized by Muhammad Yunus, winner of the Nobel Peace Prize in 2006. Dr. Yunus, known as the "banker to the poor" was the founder of the first microcredit institution, the Grameen Bank, in 1976 in Bangladesh. Historically, other banking organizations already existed before the Grameen Bank. In Europe, for example, Raiffeisen, the first savings and credit cooperative, was created in Switzerland in 1849. The Caisse du Crédit Mutuel was created in Strasbourg in 1882, strongly inspired by the Swiss model.

The taskforce on supportive policy and Regulatory Frame work for Microfinance has defined microfinance as “Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards”.

Microfinance Institutions (MFIs) are financial institutions that offer financial and non-financial products and services to the poor and rural groups that would otherwise not have access to the services from the formal financial institutions.

Across the world and especially among the developing nations, there is a general perception that Microfinance and micro credit have the potential to eliminate poverty and is linked to socio-economic empowerment of its beneficiaries. Several studies have shown that microfinance contributes to poverty reduction, gender equity of both at the rural and urban level and it contributes to the empowerment of women participants. However this potential of microfinance is also surfaced with a lot of problems. There are a lot of inhibiting factors in and around the representatives which reduce the socio-economic empowerment.

WOMEN EMPOWERMENT

Women’s empowerment is the process of giving powers to the women for meeting necessity and live a respectable life. Taking the example in a family there is one earning person and on another family both the men and women are earning, then who will have a good life style. The answer is simple, the family where both the men & women are earning money. Thus, the country where both the men and women are working develops a faster rate.

Empowerment can range from personal empowerment that can exist within the existing social order. Thus this kind of empowerment would correspond to the right to make one’s own choices, to increased autonomy and to control over economic resources. Empowerment signifies increased participation in decision-making and it is this process through which people feel themselves to be capable of making decisions and the right to do so (Kabeer, 2001).

MICROFINANCE AND WOMEN EQUALITY:

Microfinance provides women with the financial banking they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision making, thus encourage gender equality. Although no magic bullet’, they are potentially a very significant contribution to gender equality and women's empowerment, as well as proper development and civil society strengthening.

Through their contribution to women’s ability to earn an income these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Micro finance services and groups involving men also have potential to question and significantly change men's attitude and behavior as an essential component of achieving gender equality.

Majority of microfinance programmes focus women with a view to empower them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be apriority. A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive Microfinance as a tool in the fight for the women’s rights and independence.

Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more responsible and reliable borrowers.

OBJECTIVES AND ROLE

Role of Women in economy of Microfinance. Role of Microfinance for Women Empowerment. To encourage the opportunity for entrepreneurship and self sufficiency To offer suggestion for betterment livelihood women and their empowerment through microfinance.

LITERATURE REVIEW

Economic Empowerment and Social Empowerment helps women empowerment:

The concept Economic empowerment is thought to allow poor people to think beyond immediate daily survival and to exercise greater control over both their resources and life choices. The literature on economic empowerment is vast, and a large part of this focuses on the economic empowerment of women—a key strategy in addressing gender inequality. More generally, the discourse on economic empowerment centers around four broad areas: a) the promotion of the assets of poor people; b) transformative forms of social protection; c) microfinance; and d) skills training, where as social empowerment is understood as the process of developing a sense of autonomy and self-confidence, and acting individually and collectively to change social relationships and the institutions and discourses that exclude poor people and keep them in poverty.

The positive & negative impact of Microfinance in women empowerment: The merits of microfinance include small loan provided to women entrepreneurs to start or expand micro, small, and medium enterprises. Ranjula Bali Swain (2006), in her study, has shown a definite economic impact on households, with increase in income and decline in vulnerability. It further reveals a significant impact on SHG (Self Help Group) households in terms of control, management ability, self-confidence, change in behavior and decision-making. Apart from social empowerment, the SHG households also demonstrated greater awareness and participation in local politics. However, the impact is not reflected in certain key decisions, which would –according to this paper–be true evidence of women’s empowerment. For instance, no vital significant changes are observed in the decision-making power of women in the field of adopting family planning measures or buying and selling of land.

Debadutta Kumar Panda (2009) studied the impact of participation in microfinance, in 3 states Orissa, Jharkhand and Chhattisgarh of India. The study concluded that there is a positive impact of self-help group-based microfinance intervention in the income, assets position, savings, employment, literacy, and consumption and migration reduction.

The highest impact was found for household savings, followed by literacy position, migration reduction, employment days, and expenditure on house hold consumables, expenditure on education, assets position, income and expenditure on food. The migration was reduced due to higher employment demands from the group-initiated micro-enterprises. The employment days was increased due to the employment demand from the micro-enterprises and increased employability of family members.

On the other side a study conducted by Lakshmi Rand Vadivalagan G (2010), revealed that the SHGs have greater impact on both economic and social aspects of the beneficiaries. The study showed that the main reason for joining SHG was not to merely get credit, but it was an empowerment process. After joining SHG the women were economically and socially empowered. Lalitha K and Prasad

A study by Sarumathi Sand MohanK (2011) studied the psychological, economical and sociological dimensions of empowerment. The Results of their study highlight positive correlation between the variables indicating improvement in literacy and awareness for children education reduction in poverty level, resulting in improvement in standard of living. It has been found that me an salary after joining SHG is significantly higher and that microfinance has made a very positive impact on the age group of 20-30.

Bhardwaj K R, and GebrehiwotK (2012), compared the socio economic aspects of members under NABARD model II, III, SHGs and SGSY (Swarnajayanti Gram Swarojgar Yojana). It was found to be better in socio economic aspects than their counterparts in SHGs under SGSY, as they received larger loan amounts and borrowed higher amount of loan for farm purposes. The results how that after joining SHGs the decision making power/ability of women members regarding the access to credit, asset building, and income and money expenditure was increased than before. Their participation in political

and social activities also increased. Maximum proportion of women members participating in Panchayati Raj Institution was under SGSY model whereas the participation of women members was higher in academic and technical work under NABARD model.

METHODOLOGY AND ITS NATURE OF STUDY

The study is mainly descriptive in nature. Secondary data are used for the purpose of the study. Secondary data was collected from websites, various articles and journals. The scope of the study includes research articles published in peer reviewed journals.

LIMITATIONS OF THE STUDY

Lack of primary data Time consuming As the research mainly depends on secondary data, it may not be hundred percent accurate. The study is limited to India only.

DISCUSSIONS AND CONCLUSIONS

It can be concluded from the above study that microfinance and SHG is playing a very outstanding role in the social, as well as economic development, reducing poverty, empowerment of women, and creating awareness which finally result in sustainable development in India. The literature reviewed in this paper focuses that women have been the most underprivileged strata of the society, but there is definitely an impact of microfinance on empowering women in India. It is more apparent on the socio economic variable of empowerment. The social variables which showed a Positive impact were decision making power, knowledge and self-worthiness, self-confidence, self-esteem in women through Microfinance. Microfinance has great impact on the standard of living of the poor people and on their livelihood. On the other hand, education level of women has surfaced as the important predict or for all aspects of empowerment. Some studies and our ancient history also proves that a women is the best manager, in the ancient period they use to do both the activities like households activities and outer activities in a proper way as compared to men. Certain agents which are acting as hindrance for women empowerment have also been highlighted like: lack of institutional support for self-employment of women members; conventional values, superstitions and socio-cultural factors which demote the empowerment impact.

Despite of this, micro finance has the maximum potential to serve the poorest sections of society and playing the substantial role in empowering the women in sustainable development in India. In the backdrop of above reviewed literature, it can be seen that the adoption of mobile banking services in India is just 2%.So it becomes important for the service providers to increase the rate of adoption of mobile banking users.

RECOMMENDATIONS

In general terms, in order to facilitate the empowerment of women in Micro and Small enterprise, MFI's should: Encourage microenterprises to make strategies for recruiting women as clients from within their existing target groups.

Encourage microenterprise to work for the development and creation of self-confidence, self-esteem for the holistic development of the underprivileged strata (women) of society.

Consider expanding support to a broader range of organizations, especially poverty-focused organizations active in rural areas. Support for the organizations should include technical assistance and training in programme planning, management and in developing teams of females to assist clients in business planning and management.

It has been proved that microfinance plays a significant role in the economic development and the promotion of gender equality. When women are financially independent they meet their basic necessities and meet with greater decision making power.

Within their households. Replicate and expand existing successful methodologies for delivering small working-capital loans to women for their empowerment.

Promote credit policies that are open to both small-scale enterprise activities and enterprises operating in trade, commerce and other small enterprise sectors where women have higher participation rates for their upliftment.

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