

Role of Microfinance in Empowerment of Women

Dr. Shrawan Kumar
Associate Professor
Department of Commerce
J.N. College, Dhurwa, Ranchi

Abstract

Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. The main aim of microfinance is to empower women. Empowerment of women is one of very important issue in developing countries. As women are integral part of society, her status and participation in decision making as well as economic activities is very low. Microfinance plays role in improving women decision making by contributing in economic activities. In this study an attempt is made to explore the socio economic determinants of women empowerment in which microfinance is crucial economic determinant. Microfinance is major explanatory variable in this study has some positive role in empowerment but not as much as was expected. It is suggested that education facilities and family protection must be provided in proper way. Microfinance institutions should strengthen and expand their support to resource poor women.

Keywords : economic determinant, self-confidence, self-esteem

Introduction

The year 1975 was declared as a 'year for women'. Also, the decade from 1975 to 1985 was declared as a 'decade for women'. During this period, the movement for empowerment of women received a fillip. The importance of role of women, which consists 50% of the society, was highlighted in this span of period. It was emphasized that woman should get the same opportunities as that to men.

The year 2001 was declared as a 'year of women empowerment'. Efforts were being made in the direction that women should have a role in all walks of life; and special provisions should be made in the budget for activities related to the development of women. Many schemes were planned and started to be executed, at government level, in respect of women education, laws regarding prevention of atrocities on women, their participation in economic and political spheres etc. At this juncture, SHG movement also started and in a way journey towards women empowerment began. Empowerment is a process of change by which individuals or groups gain power and ability to take control over their lives. It

involves access to resources, resulting into increased participation in decision-making and bargaining power and increased control over benefits, resources and own life, increased self-confidence, self-esteem and self-respect, increased well being. It means 'empowerment' is a multi-fold concept that includes economic, social & political empowerment.

Working women contribute to national income of the country and maintain a sustainable livelihood of the families and communities, throughout the world. As they face many socio- cultural attitude, legal barriers, lack of education and personal difficulties. Traditionally, women have been marginalized. They are rarely financially independent and often they are more vulnerable members of society. About 70% of world's poor are women. Yet they have no access to credit and other financial services. Therefore, microfinance often target women. Microfinance is a critical tool to empower women from poor household. So, particularly women can get benefit from microfinance institutions as many microfinance institutions target only women, to empower them.

For economic empowerment it is necessary for a woman to have access to and control over productive resources and to ensure some degree of financial autonomy. According to the report by National Commission for Women (NCW), in India, women work for longer hours than men do. The proportion of unpaid activities to the total activities is 51% for females as compared to only 33% for males. Over and above this unpaid work, they have the responsibilities of caring for household which involves cooking, cleaning, fetching water and fuel, collecting fodder for the cattle, protecting the environment and providing voluntary assistance to vulnerable and disadvantaged individuals in the family. This shows that though there is still a long journey ahead towards women empowerment. To achieve the goal, there is an urgent need of change in the mindset of the entire society. In rural region, where winds of changes development have yet to reach and basic economic needs are yet to be fulfilled, the main source of employment for women is farm labour. But this does not fulfill all their needs. Indebtedness has become the hallmark of the rural life. Participation in self-help groups helps in saving some money out of their daily household expenses. Also, they can avail loan with lower interest rates. This has led a sort of change in the society's view towards woman, in general.

Materials and Methods

For the purpose of in depth study the contents have been taken from relevant books ,articles, journals, websites. The method is analytical and descriptive.Both primary and secondary sources of information have been taken.

Results and Discussions

All over the world, the significant of women entry into the workforce over the past three decades has produced profound transformations in the organisation of families, society, Urn economy, and urban life. Since the late 1950s, women economic activities have been steadily increasing. Women have always actively participated in their local economic In Africa, for example, women produce 80 per cent of

the food and in Asia 60 per cent and in Latin America 40 per cent. In many cases, women not only produce the food bill market it as well, which gives them a well-developed knowledge of local markets and customers.

In spite of the remarkable importance of women's participation, their jobs have been considered as an "extra income" to family survival or simply to improve its living conditions. Moreover, micro-enterprises owned by women have been considered as a way to meet primary needs instead of a profitable source of income. Unfortunately, labour markets have followed this perception and have offered less favorable conditions to women. Women workers consistently earn less than their male partners do. Women have had to fight against an adverse environment, which traditionally had been minimising and exploiting their capacities. As a consequence of this reality, in some cases, women are just satisfied with the non-financial benefits, such as the psychological satisfaction of "social contact".

Women and Microfinance

Although men, as well as women, face difficulties in establishing an additional enterprise, women have barriers to overcome. Among them are negative; socio-cultural attitudes, legal barriers, practical external barriers, lack of education and personal difficulties, [n spite of this, for women and especially for poor women, micro-enterprise ownership has emerged as a strategy for economical survival. One of the most essential factors contributing to success in micro-entrepreneurship is access to capital and financial service for various reasons; women have had less access to these services than men.

In this context, credit for micro-enterprise development has been a crucial issue over the past two decades. Research has shown that investing in women offers the most effective means to improve health, nutrition, hygiene, and educational standards for families and consequently for the whole of society. Thus,

a special support for women in both financial and non-financial services is necessary. Regarding limited access to financial services, women depend largely on their own limited cash resources or, in some cases, loans from extended family members for investment capital. Smaller amounts of investment capital effectively limit women to a narrow range of low-return activities which require minimal capital outlays, few tools and equipment and rely on farm produce or inexpensive raw materials. In general, women need access to small loans, innovative forms of collateral, frequent repayment schedules more appropriate to the cash flows of their enterprises, simpler application procedures and improved access to saving accounts.

Elements for Women failure in Business

Surveys have shown that many elements contribute to make it more difficult for women in small businesses to make a profit. These elements are:

- ❖ Lack of knowledge of the market and potential profitability, thus making the choice of business difficult.
- ❖ Inadequate bookkeeping.
- ❖ Employment of too many relatives which increases social pressure to share benefits.
- ❖ Setting prices arbitrarily.
- ❖ Lack of capital.
- ❖ High interest rates.
- ❖ Inventory and inflation accounting is never undertaken.
- ❖ Credit policies that can gradually run their business.

Women's empowerment and Microfinance: different paradigms

Concern with women's access to credit and assumptions about contributions to women's empowerment are not new. From the early 1970s women's movements in a number of

countries became increasingly interested in the degree to which women were able to access poverty-focused credit programmes and credit cooperatives. In India organizations like Self-Employed Women's Association (SEWA) among others with origins and affiliations in the Indian labour and women's movements identified credit as a major constraint in their work with informal sector women workers.

The problem of women's access to credit was given particular emphasis at the first International Women's Conference in Mexico in 1975 as part of the emerging awareness of the importance of women's productive role both for national economies, and for women's rights. This led to the setting up of the Women's World Banking network and production of manuals for women's credit provision. Other women's organizations world-wide set up credit and savings components both as a way of increasing women's incomes and bringing women together to address wider gender issues. From the mid-1980s there was a mushrooming of donor, government and NGO-sponsored credit programmes in the wake of the 1985 Nairobi women's conference.

The 1980s and 1990s also saw development and rapid expansion of large minimalist poverty-targeted microfinance institutions and networks like Grameen Bank and ACCION among others. In these organizations and others evidence of significantly higher female repayment rates led to increasing emphasis on targeting women as an efficiency strategy to increase credit recovery. A number of donors also saw female-targeted financially-sustainable microfinance as a means of marrying internal demands for increased efficiency because of declining budgets with demands of the increasingly vocal gender lobbies.

The trend was further reinforced by the Micro Credit Summit Campaign starting in 1997 which had 'reaching and empowering women' as its second key goal after poverty reduction. Microfinance for women has recently been seen as a key strategy in meeting not only

Millennium Goal 3 on gender equality, but also poverty reduction, health, HIV/AIDS and other goals.

Feminist Empowerment Paradigm

The feminist empowerment paradigm did not originate as a Northern imposition, but is firmly rooted in the development of some of the earliest microfinance programmes in the South, including SEWA in India. It currently underlies the gender policies of many NGOs and the perspectives of some of the consultants and researchers looking at gender impact of microfinance programmes. Here the underlying concerns are gender equality and women's human rights. Women's empowerment is seen as an integral and inseparable part of a wider process of social transformation. The main target group is poor women and women capable of providing alternative female role models for change. Increasing attention has also been paid to men's role in challenging gender inequality.

Microfinance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political empowerment which focuses on gender awareness and feminist organization

Microfinance instrument for women's empowerment

Microfinance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years, there is questioning of whether micro-credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus on microfinance as a solution for the poor-has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor.

Credit for empowerment is about organizing people, particularly around credit and building capacities to manage money. The focus is on getting the poor to mobilize their own funds,

building their capacities and empowering them to leverage external credit. Perception of women is that learning to manage money and rotate funds builds women's capacities and confidence to intervene in local governance beyond the limited goals of ensuring access to credit. Further, it combines the goals of financial sustainability with that of creating community owned institutions.

Before 1990s, credit schemes for rural women were almost negligible. The concept of women's credit was born on the insistence by women-oriented studies that highlighted the discrimination and struggle of women in having the access of credit. However, there is a perceptible gap in financing genuine credit needs of the poor especially women in the rural sector. There are certain misconception about the poor people that they need loan at subsidized rate of interest on soft terms, they lack education, skill, capacity to save, credit worthiness and therefore are not bankable. Nevertheless, the experience of several SHGs reveals that rural poor are actually efficient managers of credit and finance.

The government measures have attempted to help the poor by implementing different poverty alleviation programmes but with little success. Since most of them are target based involving lengthy procedures for loan disbursement, high transaction costs, and lack of supervision and monitoring. Since the credit requirements of the rural poor cannot be adopted on project lending approach as it is in the case of organized sector, there emerged the need for an informal credit supply through SHGs. The rural poor with the assistance from NGOs have demonstrated their potential for self help to secure economic and financial strength. Various case studies show that there is a positive correlation between credit availability and women's empowerment.

Steps to increase women's participation in Microfinance activities

Both governments and donors should explore ways of developing innovative credit programmes using intermediary channels or

institutions closer to the target groups such as co-operatives, women's group associations and other grassroots organisations. Savings and credit programmes should be designed in a way not to exclude women from participating. Additionally, there is a need to examine the impact of structural adjustment policies on men and women at the family level as well as within various sub-sectors of the labour market and within the small enterprise sector itself. In general terms, in order to facilitate the participation of women in micro- and small-enterprise, donors should:

- ❖ Encourage micro-enterprise programmes to develop specific strategies for recruiting women as clients from within their existing target groups.
- ❖ Encourage micro-enterprise programmes to expand their target groups to include the sizes and types of enterprise activities in which women engage and/or experiment with assistance strategies, business and technical assistance needs of these types of enterprises.
- ❖ Consider expanding support to a broader range of organisations, especially poverty-focused organisations active in rural areas. Support for these organisations should include technical assistance and training in programme planning, management and in developing teams of female staff to assist clients in business planning and management.

Conclusion

Microfinance brought psychological and social empowerment than economic empowerment. Impact of micro finance is appreciable in bringing confidence, courage, skill development and empowerment. The SHG members feel free to move with their groups and leaders. It leads them to participate on various social welfare activities with good co operation. While interacting with the respondents, it is noticed that some members are expecting the NGO to come up with more training sessions in income generating activities. All they need

is a way to develop their skills and talents by participating in various training programs.

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