A STUDY ON THE ROLE OF WOMEN EMPOWERMENT IN MICRO FINANCE

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ABSTRACT

Micro finance programs are currently dominated by the financial self-sustainability pattern where women’s participation in group is promoted as key means of increasing financial sustainability while at the same time assumed to automatically empower them. The micro Finance was intended to develop the rural poor. The commercial banks and micro finance institutions are playing an essential role in payout of micro finance. The ultimate aim of micro finance is to strengthen the economic and other empowerment among the women. The role of Micro finance contributing for women’s empowerment includes leadership, decision-making, personality, economic, social, managerial, political and legal empowerment due to the micro finance offered by the commercial banks. In this paper an attempt has been made to study the impact of micro finance on women empowerment. Microfinance as a tool has been a gradual and evolutionary growth opportunity to people from rural India resulting into better living standard and quality of life for women. Microfinance is emerging as a powerful instrument for poverty alleviation in the new economy worldwide and in this paper it highlight the role of micro finance in both Indian and global context.

Keywords: Micro Finance, women empowerment, poverty, decision making.

INTRODUCTION

Micro Finance in very simple terms can be understood as financing to the poor. It is the provision of Financial Services to low-income clients who traditionally lack access to banking and other related services. The underlying motive of micro finance is to provide the poor permanent access to a range of financial services which includes not only credit but also savings, insurance and fund transfer.

An analysis of alternative financial institutions in the developing world in 2004 counted approximately 665 million client accounts at over 3,000 institutions that are serving people who are poorer than those served by the commercial banks. Of these accounts, 120 million were with institutions normally understood to practice microfinance. Regionally the highest concentration of these accounts was in India (188 million accounts representing 18% of the total national
population). With the kind of concentration of micro finance in our country it is evident that it is an effective tool in serving the rural poor. Even though there may be mixed response to micro finance like the case of Andhra Pradesh it still continues to play an important role in providing micro credit across the nation.

The empowerment of women is one of the central issues in the process of development of all developing countries in the world. Economic empowerment results in women's ability to influence or make decision increased self confidence, better status of women in household sector etc... Micro Finance is necessary to overcome exploitation from money lender create confidence for economic self reliance of the rural poor particularly among rural who are mostly invisible in the social structure. Micro finance programs have significant potential for contributing to women's economic, social and political empowerment Access to savings and credit can initiate or strengthen a series of interlinked mutually reinforcing “virtuous spirals” of empowerment. Women can use savings and credit for economic activity thus increasing income and control over these incomes assets. This economic contribution may increase their role in economic decision making in the household leading to greater well being for women.

OBJECTIVES OF THE STUDY

1. To understand the role of micro finance towards women empowerment.
2. To highlight the cases where women are empowered through micro finance.
3. To examine the impact of micro finance towards empowerment of women,
4. To analyze the factors such as socio, economic, education, skills which result in empowerment of women.

MICRO FINANCE AND WOMEN EMPOWERMENT

Micro finance: Micro-finance is defined as “The 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 their living standard”.

Women empowerment: Empowerment is the process of enabling or authorizing an individual to think, behaves, take action and control work in an autonomous way. It is the state of feelings of self-empowered to take control of one’s own destiny. It includes both controls over resources (Physical, Human, Intellectual and Financial) and over ideology (Belief, values and attitudes) (Batliwala, 1994).

Among the poor, the poor women are most disadvantaged –they are characterized by lack of education and access of resources, both of which is required to help them work their way out of poverty and for upward economic and social mobility. The problem is more acute for women in countries like India, despite the fact that women’s Labour makes a critical contribution to the economy. This is due to the low social status and lack of access to key resources. Evidence shows that groups of women are better customers than men, the better managers of resources. If loans are routed through women benefits of loans are spread wider among the household.

STATUS OF MICRO FINANCE IN INDIA

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. This gradual and evolutionary growth process has given a great opportunity to the
rural poor in India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households.

Financial institutions in the country continued to play a leading role in the microfinance programme for nearly two decades now. They have joined hands proactively with informal delivery channels to give microfinance sector the necessary momentum.

The emergence of microfinance has brought a sizeable section of the population within the ambit of financial services, especially during the last three decades. Various estimates however suggest that not more than 33 per cent of poor households are covered under any of the two major microfinance delivery mechanisms in India: the Self Help Group (SHG) — Bank Linkage model and the Microfinance Institutions (MFIs) (e.g. Asher & Shankar, 2007; Bhatt, 2006; Ghate, 2007; Menon, 2005). There is general agreement that the microfinance products currently on offer are not suitable for the poor, and the poor are generally not considered good customers even within the largely inclusive microfinance programmes (Navajas et al., 2000; Priyadarshree, 2010). According to Hulme (2000, p. 27), MFIs virtually never work with the poorest.

The recent decision of India’s central bank to Ease Borrowing for microfinance institutions may be the shot in the arm the industry needs to kick-start reforms. For all the industry’s troubles, microfinance institutions still attract customers in India: in the year through March 2011 the number of borrowers grew over 17% from the previous year to around 94 million. With traditionally loss-making rural banks shifting their portfolio away from the rural poor in the post-reform period, SHG-based microfinance, nurtured and aided by NGOs, have become an important alternative to traditional lending in terms of reaching the poor without incurring a fortune in operating and monitoring costs. The government and NABARD have recognized this and have emphasized the SHG approach and working along with NGOs in its initiatives. In spite of the impressive figures, the supply side of microfinance in India is still presently grossly inadequate to fill the gap between demand and supply but it holds the promise to act as a great opportunity for the financial sector and the economy as a whole.

The government has released the draft Micro Financial Sector (Development and Regulation) Bill, 2011, which seeks to make it mandatory for all microfinance institutions to be registered with the Reserve Bank of India, making it the sector regulator. The latest draft Bill proposes that a micro finance institution has to be registered with the Reserve Bank with the minimum net owned fund of Rs 5 lakh (Rs 500,000).

**Micro Finance and Women Empowerment in India**

There are many Micro Finance Institutions in India which cater to the needs of the women like:

1. SEWA
2. L&T Finance
3. SKS Micro Finance
4. SURYODAY Micro Finance Pvt. Ltd
5. MADURA micro finance Ltd.
6. ASMITHA Micro Fin Limited
7. FUSION Micro Finance
8. ADHIKAR micro finance Pvt. Ltd
9. MUTHOOT Fin Corp
10. MIMO Finance
11. SHARE Micro Fin Ltd
12. GRAMA VIDIYAL
13. SVCL  
14. SAIJA Empowering through Micro Finance  
15. ANJALI Micro Finance  
16. ASIRVAD  
17. TRIDENT Micro Fin Ltd

1. SEWA:

Microfinance in India started in 1974 in Gujarat with Shri Mahila SEWA (Self Employed Women’s Association) Sahakari Bank. Microfinance later evolved in the early 1980s around the concept of informal Self-Help Groups (SHGs). During 1992, NABARD started linking SHGs to banks in India.

SEWA Delhi has promoted mahila SEWA urban cooperative thrift ans credit cooperative society, to ensure financial inclusion and empowerment of poor self-employed women. This society was formed in February 2007 with 200 odd members and with a share capital of 1,08,000. Since August 2011, SEWA Delhi has been partnering with mission convergence department of the government of Delhi to further strengthen its micro finance programme. Mission convergence has been formed to converge various social welfare schemes and services with the objective of making entitlements reach the poor through a single window system in a hassle free manner. Financial inclusion is one of the focus areas of mission convergence.

The key deliverables of this alliance is:

1. Financial inclusion for 1 lakh women by 2016  
2. Expansion to all district of Delhi  
3. Financial literacy training for the members of the cooperative and/or community to empower them to take better financial decisions.  
4. Strengthening the operations and financial system of the cooperative to ensure better service delivery and risk management. 7500 women have been reached through the financial literacy campaigns.

2. L&T MICRO FINANCE

L&T finance started this initiative in July 2008 and is committed to developing India from the grass roots. We have been actively involved in helping the underserved get a sustainable livelihood through this initiative.

FEATURES

1. Financing through joint liability group (JLG) lending  
2. Loan available for low income group  
3. Micro loan funding available from Rs.5000 to 25000  
4. Loan amount decided based on the activity level of the borrower  
5. Duration of loan tenure ranges from 12-24 months  
6. Financing available without collateral security  
7. Easy monthly repayment schedule  
8. Reducing interest rate of 24% with fixed processing fee of 1%  
3. SURYODAY MICRO FINANCE PVT LTD

Suryoday Micro Finance Pvt. Ltd is a registered Non-Banking Finance Company, engaged in providing loans to women from Economically Weaker Sections, Below Poverty Line and the Marginal Poor who do not have access to traditional banking, with an objective to reduce poverty in its area of operation.

Suryoday, the Sanskrit word for sunrise, signifies the dawn of a new beginning. We believe that this word encompasses our objective of giving an impetus to the economically disadvantaged women to make a fresh start by utilizing our loans for income generating activities and enabling sustainable socio-economic progress.

4. ASMITHA MICROFIN LIMITED

Established in the year 2002 Asmitha Micro Fin limited is a microfinance institution that poor women access to financial resources in the form of collateral free small loans for income generation and livelihood promotion. This enables them to set-off small start up businesses, which soon translates into adequate nutrition, medical aid and education. With increased businesses, these low income women become economic agents intrinsic to development rather than simply homemakers.

5. MADURA.

Considering the achievements during the short span of the projects it is a true sense a successful project in terms of social and economic gains to the rural poor women. It s an integrated rural development project without subsidy but with cent percent repayment, resulting in effective use of credit and creation of micro finance.

MICRO FINANCE ACROSS THE GLOBE:

Micro Finance in Bangladesh

Grameen Bank:

The origin of Grameen Bank can be traced back to 1976 when Professor Muhammad Yunus, Head of the Rural Economics Program at the University of Chittagong, launched an action research project to examine the possibility of designing a credit delivery system to provide banking services targeted at the rural poor.

The Grameen Bank Project (Grameen means "rural" or "village" in Bangla language) came into operation with the following objectives: extend banking facilities to poor men and women; eliminate the exploitation of the poor by money lenders; create opportunities for self-employment for the vast multitude of unemployed people in rural Bangladesh; bring the disadvantaged, mostly the women from the poorest households, within the fold of an organizational format which they can understand and manage by themselves; and reverse the age-old vicious circle of "low income, low saving & low investment", into virtuous circle of "low income, injection of credit, investment, more income, more savings, more investment, more income".
ASA’S MICRO FINANCE

ASA micro finance operates as a private company registered under the companies act. Primary function of ASA micro finance covers west Bengal, Assam, Tripura & Bihar states. It offers a wide range of financial products covering loans, saving/ insurance ect. Along with the above few non- financial services such as health assistance is all provided by ASA.

It focuses on intervention in tribal areas of central India. Starting on an experimental basis, Action for Social Advancement (ASA) initiated its Micro-finance programme in Dahod (Gujarat) and Jhabua (Madhya Pradesh) districts in 1998. By 2002 it had developed a model suitable to the needs of the predominantly tribal population (mainly Bhils and Bhilalas) of the area.

MICROFINANCE IN TANZANIA:

Microfinance is still a relatively new concept in Tanzania. Beginning in 1995, it was mainly linked to women and poverty alleviation. The government tried to convince commercial banks to support small and medium businesses. Once the National Microfinance Policy was implemented in 2001, microfinance was officially recognized as a tool for poverty eradication and with its increased use and exposure to the country.

CHAMROEUN:

Entrepreneurs du Monde created Chamroeun (“Progress, development”) in 2006, in order to allow female small-scale market traders to access savings accounts, loans, training courses and health insurance. The programme has developed very well and has become an independent Cambodian microfinance institution which is financially self-sufficient.

Entrepreneurs du Monde presides over its board of directors and continues to collaborate closely with the institution, particularly regarding socio-economic services and the use of management tools linked to the strengthening of social performance.

Chamroeun is making efforts on its extensions to the province, towards populations for whom microfinance is even more out of reach. Besides, it begins offering, with the support of Entrepreneurs du Monde, access to energy products: improved and gas stoves, solar-powered lamps.

SEDA:

Small Enterprise Development Agency (SEDA) is one of the leading microfinance institutions (MFI) in northern Tanzania. It was initiated by World Vision Tanzania as a pilot project in 1995, with the objective of “improving the socio-economic and health status of households in poor communities through the development of micro-enterprises owned primarily by women.” SEDA’s services are targeted to the economically active urban poor, by making group loans to 8-15 individual members; women comprise 70% of the client base.

FINDINGS:

Micro Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro finance scene is dominated by Self Help Groups (SHGs) – Bank
Linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the “unreached poor”. Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful in not only in meeting peculiar needs of the rural poor, but also in strengthening collective self-help capacities of the poor at the local level, leading to their empowerment.

Micro Finance 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 micro finance 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.

CONCLUSION

The past few years in India have demonstrated a welcome willingness to innovate and to think afresh about financial services for poor people. India is the country where a collaborative model between banks, NGOs, MFIs and Women’s organizations is furthest advanced. It therefore serves as a good starting point to look at what we know so far about ‘Best Practice’ in relation to micro-finance for women’s empowerment and how different institutions can work together. The Indian self-help group-bank linkage model is an important example of home-grown innovation, and is currently receiving a much-deserved increase in attention at home and abroad.

REFERENCES


Reports and Publications