



Micro Finance Contributing Women Empowerment; A Review

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ABSTRACT

Microfinance is a powerful tool to self-empower the poor people especially women at world level and particularly in developing countries. Microfinance activities can give them a means to climb out of poverty, reached over 79 million of the poorest of the world. As such microfinance has the potential to make a significant contribution to women empowerment and promote sustainable livelihood and better working condition for women. Large number of micro level studies have been undertaken so far by various scholars, institutions, NGOs, and sponsors of micro finance programmes highlighting the strengths and weaknesses of the programmes at international, national, and regional levels. A review of the literature suggests that there is much debate at the theoretical level as to what constitutes empowerment and how best it can be achieved. The major themes of certain selected studies are reviewed in this paper.

KEYWORDS : Empowerment; Microfinance; Women empowerment; Sustainability; Self help groups; Gender mainstreaming.

Introduction

Women empowerment, is a basic parameter in measuring social development index, and gaining wider interests all over the world today. Several studies at micro and macro levels both in developed and developing nations bear testimony to this. As the problems and constraints faced by women are more or less the same all around, it is worthwhile to examine the various approaches to women empowerment. Large number of organizations provide microfinance services and they include non-governmental organizations, credit unions, cooperatives, non-bank financial institutions and some state-owned banks. Although most countries have long experience with informal community-based financial systems, the commercial provision of financial services to the poor has expanded rapidly only in recent years. Poor people have in general adequate access to credit for a various reasons; notably, their lack of collateral, the perception that poor people are bad credit risks, and the typically higher transaction costs associated with small loans. Solutions to the challenges have been provided through the introduction in the 1970s of successful micro-credit experiments in Latin America and South Asia, notably the Grameen Village Bank model.

Conceptual Analysis of Empowerment;

Empowerment is defined as the process and its result whereby the powerless or less powerful members of the society gain greater access and control over material and knowledge resources, and challenge the ideologies of discrimination and subordination, which justify this uneven distribution. Empowerment manifests itself as a changing balance of power in terms of resource distribution and changes in ideology, or ways of thinking. Women's empowerment, therefore, is the process by which women gain greater control over material and intellectual resources, and challenge the ideology of patriarchy and the gender-based discrimination against women in all institutions and structures of the society. It analyses the goals of empowerment as;

- (i) change and transform the ideology and practice of women's subordination.
- (ii) Transform the structures, systems, and institutions, such as family, caste, class, ethnicity, and the social, economic, and political structures, the media, the law, top-down development models, etc., which have upheld and reinforced this discrimination.
- (iii) Gain access and control over material and knowledge resources.

The author identifies three approaches to women's empowerment: the integrated development approach, which focuses on women's survival and livelihood needs, the economic development approach, which aims at strengthening women's economic position, and the consciousness-raising approach, which organizes women into collectives that address the sources of oppression. To be effective, empowerment strategies must simultaneously address women's practical gender needs as well as strategic gender needs.

Women's empowerment is the transformation of the structures of subordination, including changes in the law, civil order, property and inheritance rights, and control over women's bodies and labour, and the social and legal institutions that endorse male control. They call for resources (finance, knowledge, and technology), skill training, leadership on the side and democratic process, dialogue, participation in policy and decision-making, and techniques for conflict resolution, if women are to be empowered. Empowerment should lead to capacity building and personal enrichment. It also should help them develop leadership qualities, entrepreneurship, and exposure to the outside world.

Women's empowerment is the key to socio economic development of the community; bringing women into the mainstream of national development has been a major concern of government. The ministry of rural development has special components for women in its programmes. Funds are earmarked as "Women's component" to ensure flow of adequate resources for the same. Besides Swarnagayanti Grameen Swarazgar Yojana (SGSY), Ministry of Rural Development is implementing other scheme having women's component. They are the Indira Awas Yojana (IAJ), National Social Assistance Programme (NSAP), Restructured Rural Sanitation Programme, Accelerated Rural Water Supply programme (ARWSP) the (erstwhile) Integrated Rural Development Programme (IRDP), the (erstwhile) Development of Women and Children in Rural Areas (DWCRA) and the Jowhar Rozgar Yojana (JRY). Women empowerment is a social process that seeks to neutralize oppression of women and achieve equity in the society.

Micro Finance Analysis;

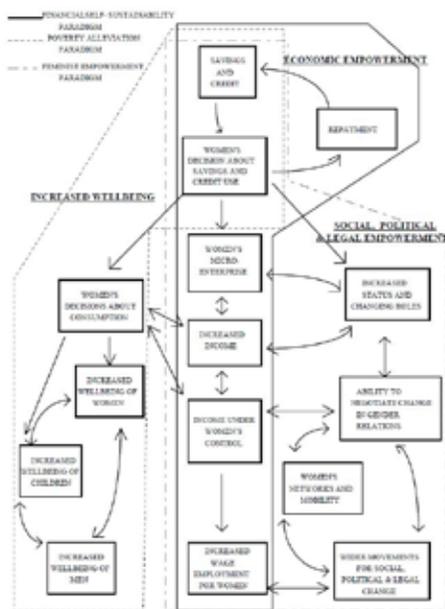
Microfinance targets low income category people who have no access to the formal lending system.

Various researches in MF sector have proved that it's a very important tool to boost economic growth, to counteract the effects of economic instability and to empower women. MF programs target women because of the following reasons cost efficiency rationale, it has been confirmed through studies that women's repayment rates are much higher than men. Secondly, equity in terms of employment opportunities among men and women is very important issue especially in developing countries and thirdly as women are more concerned about the wellbeing of their family so investing in women creates a "multiplier effect" that improves the effectiveness of credit funds.

The Government initiated the Integrated Rural Development Programme (IRDP) in 1980-81 with the objective of directing subsidized loans to poor self-employed people through the banking sector. NABARD was established in 1982. In the same year, the Government also introduced the Development of Women and Children in Rural Areas (DWCRA) scheme as a part of IRDP. In 1991, India faced a balance of payment crisis. The foreign currency reserves fell to low levels, affecting the country's ability to meet foreign debt obligations. The crisis,

however, propelled the government to introduce structural changes in the economy, commonly referred to as the Economic Reforms of 1991, gradually resulting in greater autonomy to the financial sector. As a result, new generation private sector banks such as UTI Bank, ICICI Bank, IDBI Bank (all established in 1994) and HDFC Bank (early 1995), emerged. The Narsimhan Committee report of 1991 also recommended phasing out interest rate concessions and around the same time, the Brahm Prakash Committee recommended reducing the state involvement in cooperative banks. It was around this time that the first self-help groups (SHGs) started emerging in the country, mostly as a result of non-governmental organization (NGO) initiatives. The Mysore Resettlement and Development Agency (MYRADA) was one of the pioneers of the concept of SHGs in India. These SHGs were large enough for the banks to have transactions with, and were also very responsive and flexible to the needs of their members. While MYRADA did not directly intervene in the credit market for the poor, it facilitated 'banking with micro institutions established and controlled by the poor.' These early initiatives were largely responsible for the emergence of the modern MF sector in India.

Fig. 1 VIRTUOUS SPIRALS: PARADIGMS COMPARED



ROLE OF MICROFINANCE IN WOMEN EMPOWERMENT ;

Women can be successful and better entrepreneurs if given the much needed conducive environment and provided with enough resources most importantly the required amount of capital. The studies of rural women have proved their business excellence. They have been found to be better in credit utilisation than men but because of lack of access to assets they are often more vulnerable to poverty than males.

There are many successful women organisations working for the overall upliftment of the rural women like Shri Mahila Griha Udyog Ijjat Papad (1959), Self Employed Women association (SEWA) established in 1972, The Working Women's Forum (WWF) in 1978, Rashtriya Mahila Kosh (RMK), a govt. Organisation for women established in 1993, Mann Deshi Mahila Sahakari Bank Ltd. (MDMSB) in 1997 etc. Though there can be no magic bullet, which can bring about radical structural transformation that the empowerment of women needs, the success of micro financing organizations in building up the organizational capacity of the poor women Various helping hands are available for women to provide finance as classified below:

- Formal Sector- It covers the entire banking industry including all public, private, regional rural banks, NABARD and RBI.
- Semi-formal sector- It covers all exclusive Micro financing institutions (MFIs), NGOs and various Self Help Groups (SHG).
- Informal sector- It covers family, friends, relatives, moneylenders, pawnbrokers, traders and landlords etc.

Generally, the micro finance products are classified into three categories -Micro Credit, Micro Savings and Micro Insurance. Various credit products are available ranging from consumption to production besides savings products. However, micro insurance is still in experimental stage.

Commercial Banks' Schemes for Women Commercial banks	Name of the scheme
Bank of India	Priyadarshini Yojana
Canara Bank	CAN Mahila
Central Bank of India	Cent Kalyani
Dena Bank	Dena Shakti
Oriental Bank of Commerce	Orient mahila Vikas Yojana
Punjab National Bank	Mahila Udyam Nidhi Scheme Mahila Sashaktikaran Abhivan PNB Kalyani Card Scheme
Punjab & Sind Bank	Udyogini Scheme
State Bank of India	Stree Shakti Package
State Bank of Mysore	Stree Shakti
SIDBI	Mahila udyam Nidhi
Union Bank of India	Viklang Mahila Vikas yojana
ICICI Bank	Women's account
IDBI Bank	Mahila Udyog Nidhi Mahila Vikas Nidhi
Vijaya Bank	Assistance to Rural Women in Non-Farm Development (ARWIND) Assistance For Marketing Of Non-Farm Products Of Rural Women (MAHIMA)

Microfinance is a powerful tool to self-empower the poor people especially women at world level and especially in developing countries. Microfinance activities can give them a means to climb out of poverty, reached over 79 million of the poorest of the world. As such micro-finance has the potential to make a significant contribution to gender equality and promote sustainable livelihood and better working environment for women. (ILO Geneva) It has been well documented that an increase in women resources or better approach for credit facilities results in increased well-being of the family especially children.

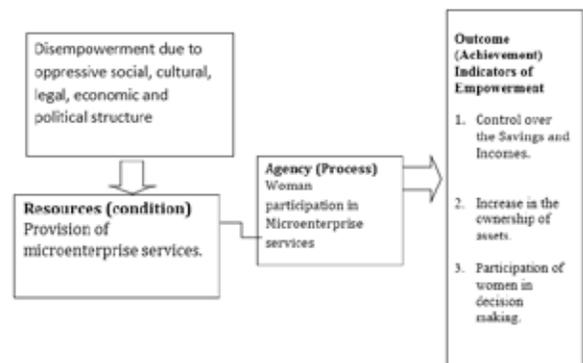


Figure 2. A framework for understanding women empowerment: Author's construct using the idea of Kabeer (2001b), Malhotra and Schuler (2005), and Chen (1997).

Contributions of Self Help Groups ;

Empowerment in the context of women's development is a way of defining, challenging and overcoming barriers in a woman's life through which she increases her ability to shape her life and environment. It is an active, multidimensional process which should enable women to realize their full identity and power in all spheres of life. Empowerment can give power to women to have control over the circumstances of their lives. Empowerment of women is critical not only for their own welfare but also for the development of the country. Empowering women through education, ideas, consciousness, mobilization and participatory approach can enable them to take their own decisions, make them self-reliant and self-confident.

If the goal of a microfinance programme is to empower women, the path to take would be quite different from one where the explicit goal

is poverty reduction or credit provision alone. The latter orientation leads to a supply orientation, whereby the effort is to provide micro credit to women. This can lead to empowering effects, but can also lead women in to more indebtedness, without giving them improved access to cash and other productive resources.

Profile of Micro credit services by various Agencies in India:

The Indian micro credit sector is characterized by a variety of micro credit service providers. These include various apex financial institutions like SIDBI and NABARD, Government owned Societies like Rashtriya Mahila Kosh, formal sector financial institutions, Commercial Banks, Regional Rural Banks, in addition to member-based institutions like Cooperative, Mutually Aided Cooperative Societies, SHG Federations, private sector companies like specialized NBFCs, Societies, Trusts etc.

BASIX : BASIX is a livelihood promotion institution established in 1996, working with over a million and a half customers, over 90 percent being rural poor households and about 10 percent urban slum dwellers. It has a staff of over 3500, of which 80 percent are based in small towns and villages. BASIX mission is to promote a large number of sustainable livelihoods, including for the rural poor and women, through the provision of financial services and technical assistance in an integrated manner. BASIX will strive to yield a competitive rate of return to its investors so as to be able to access mainstream capital and human resources on a continuous basis. BASIX strategy is to provide a comprehensive set of livelihood promotion services to rural poor households under one umbrella. BASIX and many of the bigger micro-finance companies are working with insurance companies to innovate products suited to regions and types of livelihoods of their clients.

BANDHAN: Bandhan, the Kolkata-headquartered micro-finance institute (MFI), opened its first microfinance branch at Bagnan in Howrah district of West Bengal in July 2002. Bandhan started with 2 branches in the year 2002- 03 only in the state of West Bengal and today it has grown as strong as 670 branches across 10 states of the country!

The organization had recorded a growth rate of 500 percent in the year 2003-04 and 611 percent in the year 2004-05. Till date, it has disbursed a total of Rs. 1,759 crores among almost 13 lakh poor women. Loan outstanding stands at Rs. 547 crores. The repayment rate is recorded at 99.88 percent. Bandhan has staff strength of more than 3,980 employees. Bandhan is working towards the twin objective of poverty alleviation and women empowerment. It started as a Capacity Building Institution (CBI) in November 2000 under the leadership of Mr C. S Ghosh.

MYRADA: MYRADA is a large NGO with 487 staff working directly with 1.5 million poor people. "Building poor people's institutions" is its short mission statement. MYRADA has founded a microfinance institution (MFI) called Sanghamithra, which lends exclusively and directly to SHGs. It is also involved with bilateral and multilateral organizations in Myanmar, Cambodia, Indonesia, East Timor, Viet Nam and Bangladesh, largely in promoting the self-help group strategy and participatory approaches to natural resources management.

SPANDANA: Spandana is one of the fastest expanding microfinance institutions in the country. It is not only amongst the largest MFIs, but also the most efficient in the country with an operating expense ratio of 5.5 percent on portfolio. Spandana has achieved this remarkable distinction in a short span of just under a decade since its inception in 1998. This has been possible on account of its highly focused and clearly structured operations.

SKS Microfinance: SKS Microfinance launched in 1998, and it is one of the fastest growing microfinance organizations in the world, having provided over US \$ 1.3 Billion (6,640 Crore) and has maintained loans

outstanding of US\$ 451 Million (Rs 2,284 Crore) in loans to 3,953,324 women members in poor regions of India. Borrowers take loans for a range of income-generating activities, including livestock, agriculture, trade (such as vegetable vending), production (from basket weaving to pottery) and new age businesses (Beauty Parlor to photography).

Rashtriya Mahila Kosh (RMK): It was set up in March 1993 as an independent registered society by the Department of Women and Child Development in Government of India's Ministry of Human Resource

Development with an initial corpus of Rs. 310,000,000 - not to replace the banking sector but to fill the gap between what the banking sector offers and what the poor need. It is a tool for empowerment of the poorest; the delivery is normally through Self Help Groups (SHGs).

Gender Equity and Well-being ;

A growing literature examines the impact of micro finance, credit in particular, on gender relations. Goetz and Sen Gupta writing on Bangladesh, demonstrate the fact that women belong to the schemes and have access to loans does not mean that they retain control once the funds are inside the household. Mayoux drawing together a range of evidence from South Asia and Africa demonstrates the variety of effects - both positive and negative - on women, intra-household gender relations and women's relations to the wider community and society that are evidenced in practice. This leads to the, perhaps unsurprising, conclusion that transactions around micro finance are located within existing sets of gender relations both within the household and within the wider society. Like most interventions, it is necessary to specifically orient micro finance interventions towards addressing aspects of these relations in order to have systematically positive impacts on gender relations for most women, most of the time. Yet again, this means that it is the way in which an intervention is implemented that matters.

Economic Empowerment;

Micro finance goes well beyond savings and loans. It also means access to social security, healthcare, housing, and even more fundamental needs such as employment and education. True economic empowerment means that one has the ability and opportunity to earn money, options for using that money, and mechanisms by which one can ensure that the money is used in the most useful manner possible. Operationally, women's empowerment calls for creating a political, economic, and social environment, which enables their equal access to and control over means that are critical for leading socio-economically productive and healthy lives.

Social and Political Empowerment

It is not only economic exploitation, but socio-cultural oppression that has led to women's subordinate status, argues Ramesh C Srivastava . Subordination of women in all walks of life manifests itself in the marginalisation of women in the economy. What the nation requires today is socio-economic development of the country with the participation of women. For this, according to him, the potentialities and capabilities of women have to be fully tapped. Equality and dignity of women should be maintained at any cost to seek their full cooperation in the process of nation-building.

Conclusions;

It is revealed from the survey of the empirical literature that most of the studies deal with either the role or the impact of governmental organisations and NGOs, donor agencies, and self help groups in empowering women through micro financing in different parts of the world. While some have labelled this as revolutionary and new paradigm for development, others ponder over the real impacts of micro credit.

Thus it can be concluded from the above study that microfinance is playing a vital role in the social, psychological as well as economic empowerment of women in India. Microfinance loan availability and its productive utilization found to be having a profound role and impact on women empowerment. The empirical findings of the study suggests that microfinance has a profound influence on the economic status, decision making power, knowledge and self worthiness of women participants of self help group linkage program

The evidence with respect to the impact on women's status and well-being is mixed. Most of all the works reflect on the positive impact of micro credit on rural women. They also reveal how the goal of women empowerment can be achieved, and suggest some corrective measures to overcome the problems in this regard.

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