



An Inclusive Approach For Empowerment Of Women Through Micro-Credits

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ABSTRACT

Inclusive approach for employment of women is based on programme approach linking support organizations with the credit institutions through their essential support mechanism such as training, orientation and capacity building etc. It also includes participation of different types of institutions in micro-finance bringing the microfinance activities, within the regulation and supervision of competent authorities and making available capacity building funds & start-up capital for different types of activities. Thus, the inclusive approach for empowering women requires credit for productive purposes in a sustainable manner safeguarding their interest and also includes the growth of rural non-farm sectors for their livelihood support among creation of gainful employment opportunities. The focus of the paper is on the concept of micro-credits, inclusive strategies for empowering women and suggestions to provide promotional support.

Keywords : Empowerment, Women, Microfinance

"Micro enterprise is the heart of development because micro-enterprise programmes work-they lift women and families out of poverty. It is called 'micro' but its impact on people is 'macro'.we have seen that it takes just a few dollars, often as little as \$10 to help a woman gain employment, to lift her and her family out of poverty. It is not a handout; it is a helping hand."

-Hillary Clinton

"If we can come up with a system which allows everybody access to credit while ensuring excellent repayment-I can give you a guarantee that poverty will not last long."

-MohdYunus

Micro Credit is understood in India as the provision of thrift, credit and other financial services and products of very small amounts to the poor enabling them to raise their income levels and improve living standards. It is claimed to be a win-win solution to most of the problems faced by the poor.

Micro-Credit rests on the premises that: (a) Formation of self employment enterprise is viable alternate means of alleviating poverty (b) lack of access to capital assets/credit acts as a constraint on the existing and potential micro-enterprises: and (c) the poor are capable of saving despite their poor income level. In essence, therefore, micro-credit/micro-finance could be referred to as an institutional mechanism of providing credit support in small amount and usually linked with small groups along with other complementary support such as training and other related services to the people with poor resources and skills for enabling them to take up economic activities.

For a country like India where 36 percentage of population is poor, access of the poor to banking services is important not only for poverty alleviation but also for optimising their contribution to the growth of the national economy. This realization has led to certain important banking related policy initiatives in the last three decades .There were nationalization of major commercial banks: setting up of RBIBs; launching of large credit supported banks to participate in such programmes aimed at creating self-employment opportunities for the poor and persuading banks to participate in such programmes etc. Although these

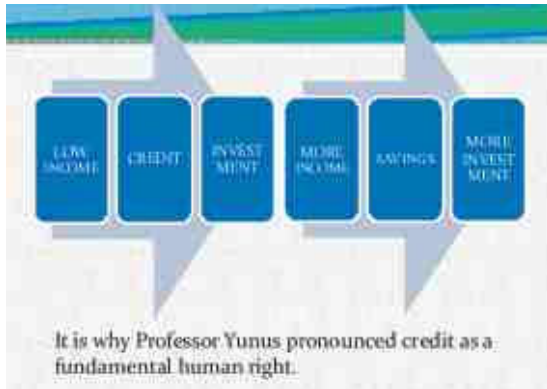
measures have greatly increased the outreach of the banks among the poorer sections of the society, it was increasingly felt that even these initiatives perhaps succeeded in reaching only the upper crust of the poor and bypassed the lower rungs of the society. Experience has shown that many of the poverty alleviation programmes through organised credit channels have not had the required success.

The inability of credit institutions to deal with the credit requirements of the poor effectively has led to the emergence of micro-finance or micro credit system as an alternative credit system for the poor. Usually, credit institutions provide finance for emergency purposes. Which many a time cannot be catered by the formal credit system or Government sponsor and poverty alleviation schemes. In rural India, it can be seen that the poorer sections of society and destitute cannot avail of the credit from banks and other formal financial institutions due to their inability to deposit collateral security and mortgage property. The government sponsored poverty alleviation programmes are evolved centrally and planned without participation of the local people and, therefore, often fail to address the need requirement of the poor. Lack of participatory approach in planning and execution of these programmes result in complete failure to improve socio-economic condition of the poor masses for which these were evolved.

Finance is one of the crucial inputs for economic activity, growth and development. However if finance through own accumulated resources or equity is neither available nor sufficient, credit assumes a major significance. With proper credit institutions and credit policies it is possible to lead a society towards a desired shape.

The more credit one can receive the more resources one can receive, the more resources he can command the more powerful he is. Credit creates entitlement to resources asserts MdYunus, the founder of Grameen Bank. Credit helps poor people to increase their income. It accelerates the wheel of economic development.

It can reverse the age old vicious circle of LOW INCOME-LOW SAVINGS-LOW INVESTMENT into an expanding system of LOW INCOME-CREDIT- INVESTMENT-MORE INCOME-SAVINGS-MORE INVESTMENT and so on.



According to the Asian Development bank, microfinance services are provided by three types of sources:

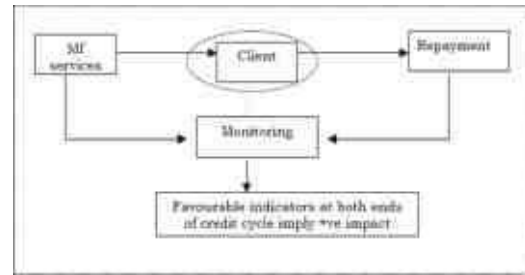
- formal institutions, such as rural banks and cooperatives
- semiformal institutions such as non-governmental organisations and
- informal sources, such as money lenders, shopkeepers

The formal and semiformal institutions are included in institutional microfinance. A microfinance institution is an organization that addresses the problem of poor especially women by putting capital in their hands. In collaboration with the microfinance institutions there are also a number of other 'non-governmental self help promotional institutions' engaged in cooperative enterprises ,healthcare, family planning, education or other social and local activities. The role of these financial self help groups is often to channel subsidised credit to individual borrowers or to mobilise internal savings. This vary considerably according to origin, objectives, membership, institutional affiliations and financial experience and have their origin in neighbourhood or local communities in religious, social or economic activities (Holloh, 1998)

Microfinance is one way of reaching the hardcore and assetless poor which has demonstrated its effectiveness .An important concern of microfinance has been to increase penetrative outreach. So that credit can be institutionalised and a large number of people can benefit through improved access to credit. These microfinance programmes are unique in that they foster the participation of the poor in the processes of economic growth by creating employment opportunities, increasing the access of poor to income generating assets and by raising the productivity of these assets both physical and human, enabling the poor to manage risk better. In more simpler terms microfinance has a direct and significant impact on income and poverty. When credit is invested in an income generating activity, it leads to the establishment of a new enterprise or the growth of an existing one. Profit from the enterprise provides increased income and a general strengthening of income sources. Increasing income plays a important role in reducing vulnerability, fostering social and economic empowerment and thus releasing people's potential to achieve their goals. According to Muhammad Yunus of Grameen Bank a successful circle can be set up: "low income, credit, investment, more income, more credit, more investment, more income". (IDSS 1994 cited in Hulme&Mosely 1997).It is believed that one, two or three doses of credit infusion could break the cycle. Hence credit is a major policy thrust for poverty alleviation. This new paradigm of unsecured small scale financial service provision helps poor people take advantage of economic opportunities, expand their income, smoothen their consumption requirement, reduce vulnerability and also empowers them. The common underlying assumption behind reliance on such parameters is belief in the linear cycle of credit, starting from credit off take

followed by economic activities, rise in income/assets and repayment out of additional income. The figure below illustrates this:

Cycle of Credit



Microfinance And Empowerment of women:

United Nations (2001) defines empowerment as the processes by which women take control and ownership of their lives through expansion of their choices. Krishna (2003) defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions that both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets." Mayoux (1998) suggests, empowerment is a process of internal change, or power within, augmentation of capabilities, or power to, and collective mobilization of women, and when possible men, or power with, to the purpose of questioning and changing the subordination connected with gender or power over. Mayoux's (2000) definition of empowerment relates more directly with power, as "a multidimensional and interlinked process of change in power relations". It consists of: (1) 'Power within', enabling women to articulate their own aspirations and strategies for change; (2)'Power to', enabling women to develop the necessary skills and access the necessary resources to achieve their aspirations; (3) 'Power with', enabling women to examine and articulate their collective interests, to organize, to achieve them and to link with other women and men's organizations for change; and (4) 'Power over', changing the underlying inequalities in power and resources that constrain women's aspirations and their ability to achieve them. These power relations operate in different spheres of life (e.g., economic, social, political) and at different levels (e.g., individual, household, community, market, institutional). 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. But self confidence and self-esteem also play an essential role in change. The nature of empowerment can be diverse, depending upon the parameters that define the lack of power within the institutional framework in operation. North (1990) points out that institutions are humanly devised constraints that shape human behaviour and they structure incentives in human exchange, whether political, social or economic. It is the social or cultural environment that results in the varying degree of empowerment of different members of the society and which are broadly determined by not only formal constraints, such as rules of law, but also informal constraints, such as the codes of conduct. Malhotra (2002) constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. Since these dimensions cover a broad range of factors, women may be empowered within one of these sub-domains.

They give the example of "socio-cultural" dimension which covers a range of empowerment sub-domains, from marriage systems to norms regarding women's physical mobility, to non familial social support systems and networks available to women. The World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets."

The Draft Country Paper-India for the Fourth World Conference on Women held at Beijing in 1995 proposed the following qualitative and quantitative indicators for evaluating women's empowerment:

Qualitative Indicators

- Self-confidence understands what she wants, express it and tries to get it, feels proud of herself has positive self image.
- Articulation.
- Awareness about health, nutrition, legal rights, political activities, government policies and programmes.
- Less burden of work and more leisure time.
- Changing role and responsibilities within the family.
- Decrease in violence within the family.
- Changing attitudes towards tradition and customs like child marriage and dowry.
- Physical mobility-walk freely within the village, go to city or town, to banks, post .office, go to shopping, cinema, exhibition and visit relatives.
- Become member of women's groups or any other people's organization.
- Self-identity.
- Decision making power regarding number of children, education of children, budgeting of the family.
- Control over individual and family income.
- Access to resources like land, house, jewellery, house site etc.
- Access to information, knowledge and skills.

Quantitative Indicators

- Increase in age at marriage.
- Reduction in fertility rate or number of children.
- Becoming beneficiaries of development programmes.
- Visible in physical status/nutritional status.
- Improvement in literacy level; and.
- Becoming member of a political party or local self government.

Conclusion:

- Individuals cannot address the problem of their powerlessness; this can only be done through collective action. Credit in the absence of organisation cannot serve the desired purpose. Economist Amartya Sen points out, "What is important is not so much what people receive, as how much involvement they have ,and what part they play in the process or growth itself."
- A holistic approach incorporating awareness creation, group organisation, struggle for the fair implementation of various legislations in their support, support in marketing, skill training, legal aid, health and child care, maternity and social security, and getting out of the debt are some of the key elements that need to go hand in hand with the availability of credit
- At the very formation of the groups, interventions of professional NGOs must be available so that cohesive and manageable groups are formed. It needs to be ensured that only eligible beneficiaries are included in the groups so that no undeserving women enter the groups. The interventions at this stage should be informal and the role played by the professionals must be participatory in nature. Efforts be made more to listen to these poor women. Imposing ideas without involving them may prove to be counter productive. The needs of women at the micro level be discussed in detail.
- Imparting training is a successful intervention for empowering women. The poor women need to be imparted new skills so that they are able to assume the roles which are expected from them after they become SHG members
- Training modules have to make women recognise clearly how society structures their perceptions. The employment provided as a result of skills imparted should not interrupt women's household tasks or take them away from their homes.
- The women may be taken for exposure trips to such of the SHGs which are found to be successful. Authorities need to monitor that the funds on account of training are not diverted for any other purposes.
- The credit doses may be made available to the poor women in time. There should not be any procedural delay in the matter. It needs to be ensured that the credit given through inter loaning has been invested for the development of the family as a whole. The credit through inter loaning be always on need prioritisation.
- Bankers have a definite role in the field of micro financing. They must be aware of this fact that the poor are credit worthy. The banks right from the formation of SHG should be aware of the group activities and observe professionally the profile of every women member in a group. Bankers may now have to leave their chambers and reach these poor clients in their little hutments.

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