



ORIGINAL RESEARCH PAPER

Commerce

A REVIEW OF MICRO FINANCE LITERATURE WITH REFERENCE TO WOMEN EMPOWERMENT

KEY WORDS:

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ABSTRACT

Microfinance is a financial service of small quantity provided by financial institutions to the poor. Besides size and clientele group what makes micro credit different from normal credit is that the latter is 'walk in' and the former is 'walk out' business for the financial institution. Besides, credit is provided with collateral substitute in this study the reviews have been presented on the various research studies which have been conducted previously on the impact of micro finance and its effects on economic, social and political life style of people.

Naganagound S.P (2011), in this paper author put his efforts to appraise the performance of the micro finance through stree Shakti programme of Karnataka at the district level. Stree Shakti programme was focused on empowerment of rural women and making them financially, socially, and politically capable.

As explained by **Das Kanti Sanjay (2012)** the role of SHG as financial intermediary for enhancing women empowerment. The study shows the realistic experience and observation to beneficiaries of SHG of Nagoan district of Assam and Dhapukuri development block. The study shows that the SHG- bank linkage of micro finance programme has intense influence on the economic status, decision making power, knowledge & self worthiness of women participants.

The MIT study by Banerjee, Duflo, Glennerster and Kinnan (2009) found no impact on measures of health, education, or women's decision-making among the slum dwellers in the city of Hyderabad, India. Similarly, the study by Dean and Zinman (2009), which measured the probability of being below the poverty line and the quality of food that people ate, found no discernible effects.

Micro finance is developing strategy that provides credit and savings to the poor, particularly rural women, for income generating projects has been analysed by **Julia C. Kim, FRCP, Charlotte H. Watts, et.al.** In this paper they also studied have been conducted in south Africa and Study shows that the micro finance reduces sexual violence and it also improves the self confidence, financial confidence.

Khavul Susanna (2010) In this paper author introduce the topic of micro financing to a wider audience of management researchers and identify opportunities for future research in this new and growing area. The study shows that the serving loan facilities to poor by traditional financial institutions are risky and expensive. They have limited information on the creditworthiness & reliability of specific individuals. It presents micro finance as a solution on traditional financial institution for lending capital to poor.

The study has been conducted in rural Ethiopia by **Gobezie Getaneh (2010)**. In this paper author explore the contribution of micro finance to women's empowerment by two models which were used in Amhara region of Ethiopia and neighboring areas.

Two approaches to micro finance are:-

- (i) Group Guarantee lending model (GGLM)
- (ii) Community managed loan funds

Author highlighted how these models contribute to the empowerment of women.

- (i) Group guarantee lending model: - Group guarantee lending model developed by the Grameen bank. Under this system, potential clients are required to organize a peer group that will commit to a mutual loan repayment guarantee. Credit is then delivered through small, affinity based groups (usually five to

seven members each) with about to 10 to 15 groups meeting at one centre. Monthly meetings are held to discuss group dynamics and collect payment and savings. Priority for credit is given to the poorest members, especially to women. GGML model is well matched with social structures in rural Ethiopia. It removes the main entry barriers for the very poor such as lack of collateral, limited literacy, weak technical knowledge, and little prior money management experience.

- (ii) Community managed loan funds: - it was an alternative approach to the top down GGLM model (where groups have to be approved by MFI officers and loans terms and condition are determined by MFI) is to use existing local social network as a platform for the delivery for financial services, particularly to very poor women.

In both approaches author has suggested the CMLFs as most appropriate fund delivery model because the CMLFs have the greatest potential to reach women in the poorest and most isolated area.

Singh N. Tejmani, in this article author gave the overview of micro finance and he covered all the aspects of micro finance in India like:- its essence, the different institutions involved in its promotion, the different modes of delivery, its weakness and the challenges that lie ahead, the programs of micro finance. The key players of micro finance system have been described in this article. (i) NABARD, (1982) national bank for agriculture and rural development, (ii) Reserve bank of India, (iii) self help groups (SHGs), (iv) MFIs, (v) NGOs etc.. Author said that the micro finance can contribute to solving the problem of inadequate housing and urban services as an integral part of poverty alleviation programs.

The paper focused on various determinants and indicators of women empowerment focusing on women who have availed the loan facility is written by **Khan Rana Ejaz and Noreen Sara (2012)**, micro financial institution written by He also indicates one important tool to success of micro finance i.e. the loan should be utilized by females only. Loan utilization by female has better effects of micro finance on empowerment as compared to the loan utilized by other member of family. Author express the five indicators to measure the women empowerment these are:- child health, education, selection of spouse of children, purchase of basic goods and decision of house hold savings In this article author suggested that women empowerment can be enhanced by increasing the amount of loan and the loan should be utilized by women.

Sarumathi S. and Mohan K (Sept 2011) in this paper study has been conducted in Pondicherry region by using primary and secondary data. The primary data have been collected by field survey and secondary data from NGOs reports and other documents. Author has described the role of micro finance in women empowerment with three dimensions namely psychological, social, and economical. Author focused on the performance of self help groups, problem faced by the members of SHGs and the freedom of women members, to study the role of micro finance in women empowerment.

Chengappa Manjula Balthajira, paper attempts to focus on the role of NGOs in women empowerment through micro finance. Study shows NGOs are instrument in building a network of micro enterprises in rural areas and are providing counseling services to women entrepreneurs.

Brau C. James, Woller M.Gary, the purpose of this article is to introduce micro finance to the academic finance community and to provide an outline for future research. In this article author reviewed 350 articles related to the issue of MFI sustainability, products and services, management practices, clientele targeting, regulation and policy and impact assessment. He categorized those literatures into six sections: - in section (I) self sufficiency & sustainability: according to this, the MFI should be able to covers its operating & financing cost. In section (II): this section includes only the client focused articles. Section (III): in this section author argues that best practices vary and change constantly as the micro finance field matures. Some of them highlight the importance of research to develop sound practices of MFI design and management. Section IV discussed primary issues in client targeting. And section V includes those literatures which focused on policy and micro finance. Final section expresses the impact of micro finance institutions.

In the same series Ondoro O. Charles and Omena Dorine (2012) investigate the effects of micro finance services on the financial empowerment of youth in Migori county in Kenya. The study reveals the effects of micro finance on savings by youths, effects of investment by youth, and effects on financial management skills of youth in Migori county. Author concluded that the no much effects on the savings, income and recipients of the credit facility.

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