

Women Empowerment through Microfinance

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INTRODUCTION

The persistence of gender inequality is most starkly brought home in the phenomenon of “missing women”. The term was coined by Amartya Sen in a now classic article in the New York Review of Books (Sen, 1990) to capture the fact that the proportion of women is lower than what would be expected if girls and women throughout the developing world were born and died at the same rate, relative to boys and men, as they do in Sub Saharan Africa. Today, it is estimated that 6 million women are missing every year (World Development Report, 2012) Of these, 23 percent are never born, 10 percent are missing in early childhood, 21 percent in the reproductive years, and 38 percent above the age of 60. Stark as the excess mortality is, it still does not capture the fact that throughout their lives, even before birth, women in developing countries are treated differently than their brothers, lagging behind men in many domains. For each missing woman, there are many more women who fail to get an education, a job, or a political responsibility that they would have obtained if they had been men.

Microfinance in India roots its history in the year 1970 when the Self Employed Women’s Association (“SEWA”) in the state of Gujarat formed an urban cooperative bank, called the Shri Mahila SEWA Sahakari Bank. It was promoted with the main aim of providing banking services to poor women employed in the unorganised sector in Ahmedabad City, Gujarat. In the year 1980, Microfinance sector paved its way around the concept of Self Help Groups (SHGs), informal bodies to provide its client small savings facility and credit services.

With the aim of linking informal women’s groups to formal banks NABARD in the year 1990 initiated the (SHG) Bank linkage programme and this paved the way to reach the unreached people and initiated the change in the bank’s outlook towards low income families. During the same period another apex level institution, SIDBI, initiated the Mahila Udyam Nidhi, a project to empower women with access to micro credit through NGOs.

According to the State of the Microcredit Summit Campaign 2001 Report, 14.2 million of the world’s poorest women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other nonbank financial institutions. These women account for nearly 74 percent of the 19.3 million of the world’s poorest people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment

records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women.

So, given these impressive statistics, can we pat ourselves on the back for our service to poor women and assume that women's empowerment and other gender issues will take care of themselves?

Although women's access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Some MFIs are providing a decreasing percentage of loans to women, even as these institutions grow and offer new loan products. Others have found that on average women's loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be a result of women's greater poverty or the limited capacity of women's businesses to absorb capital. But they can also indicate broader social discrimination against women which limits the opportunities open to them, raising the question of whether microenterprise development programs should do more to address these issues. And looking at the leadership of many MFIs, we see very few women. Their contributions whether setting the vision on a board of directors, designing products and services, or implementing programs are missing. Thus, as the industry becomes more sophisticated in developing targeted products and services, it makes sense to look at both targeting women and empowering women.

SIGNIFICANCE

This paper is not meant to be a comprehensive and exhaustive presentation of all that is known about the subject of microfinance and empowerment. Economic empowerment results in women's ability to influence or make decision, increased self confidence, better status and role in household etc. Micro finance is necessary to overcome exploitation, create confidence for economic self reliance of the rural poor, particularly among rural women who are mostly invisible in the social structure. This paper puts forward how micro finance has received extensive recognition as a strategy for economic empowerment of women.

LITERATURE REVIEW

- D' Espallier, Guerin and Mersland (2009) postulates that women are better borrowers in comparison to men in terms of utilisation of the loan amount in order to improve the family's life quality.
- (Krishna 2003) opines that the nature of empowerment of women should not only be at an individual level, but collectively as well. The first International Women's Conference in Mexico (1975) gave particular emphasis on the importance of women's productive role both for national economies and for women's rights and the importance of women's access to credit was highlighted.
- Linda Mayoux (2005) reveals that increasing evidence of the centrality of gender equality to poverty reduction and women's higher credit repayment rates led to a general consensus on the desirability of targeting women.

- Sakshikumar(2013) reveals that Microcredit has made women more productive by providing them opportunity to be self –dependent in terms of their finance, helping them earn, making them aware of their rights and making them independent which in turn has empowered them.
- VaniS.Kulkarni(2011) notes that the empowerment potential of micro financing has been articulated very forcefully in recent years, primarily because the key actors are women.

OBJECTIVES

- To analyse the relationship between Microfinance and Women Empowerment.
- To study various Microfinance initiatives started in India.
- To analyse the challenges in empowering women.
- To provide suggestions to meet those challenges.

RESEARCH METHODOLOGY

Research methodology is descriptive. For this study data and information has been collected with the help of Books, Magazines, Newspapers, Research Articles, Research Journals, E-Journals, etc.

WOMEN EMPOWERMENT AND MICROFINANCE

Most of us, when asked, have a great deal of difficulty defining empowerment. The word does not even translate literally into many languages. Yet most of us know empowerment when we see it.

One loan officer at Sinapi Aba Trust in Ghana defined empowerment as “enabling each person to reach his or her God-given potential.” Some clients have used the terms self-reliance and self-respect to define it. According to UNIFEM, “gaining the ability to generate choices and exercise bargaining power,” “developing a sense of self-worth, a belief in one’s ability to secure desired changes, and the right to control one’s life” are important elements of women’s empowerment.²¹ Empowerment is an implicit, if not explicit, goal of a great number of microfinance institutions around the world.

Empowerment is about change, choice, and power. It is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. The structures of power—who has it, what its sources are, and how it is exercised—directly affect the choices that women are able to make in their lives.²² Microfinance programs can have tremendous impact on the empowerment process if their products and services take these structures into account.

(Krishna 2003) opines that the nature of empowerment of women should not only be at an individual level, but collectively as well. The first International Women’s Conference in Mexico (1975) gave particular emphasis on the importance of women’s productive role both for national economies and for women’s rights and the importance of women’s access to credit was highlighted. This led to the setting up of the Women’s World Banking network and production of manuals for women’s credit provision. “Empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural, and environmental security among all peoples.”As this statement from the Fourth United Nations World Conference on

Women and much of the evidence presented thus far in this paper have shown, women's empowerment is a critical part of sustainable development. Yet microfinance's great potential to empower poor women to a large extent often goes unrealized. Although studies show that microfinance can and does empower women, it has the potential to empower many more, even more greatly.

Micro finance as a tool of poverty reduction and women's economic empowerment is gaining an extensive recognition. In India because of the gender inequality there is a considerable reason to target women for their economic empowerment. The World Bank has remarked that the societies that categorise on the basis of gender have slower economic growth, greater poverty, weaker control and a lower standard of living. Micro Finance in India is playing an important role in introducing several innovative financial services to the poor. The role of microcredit directed by the SHG's movement in empowerment of women is gaining recognition. Microfinance is helping women in strengthening economic roles by empowering them. MFIs are considering women as a preferred client because their income benefits their families in terms of health, education and wellbeing. It is also an observed fact that women have higher repayment rates in comparison to male.

IMPACT OF MICROFINANCE ON WOMEN'S EMPOWERMENT

A study conducted on the impact of microfinance on women empowerment in **Punjab** revealed that women's involvement in microfinance programs has not only considerably increased income, but has also developed regular saving habits among women. Apart from enhancing their social and psychological empowerment it has also enabled women to participate in household decision making through economic empowerment.

Similar results were found from study conducted in **West Bengal**.

- **Impact on Self-Confidence**

Self-confidence is one of the most crucial areas of change for empowerment, yet it is also one of the most difficult to measure or assess. Self-confidence is a complex concept relating to both women's perception of their capabilities and their actual level of skills and capabilities. It is related to Kabeer's concept of agency that allows women to define and achieve goals as well as the sense of power women have within themselves. URWEGO in Rwanda found that the greatest impact of its program on empowerment had been on self-esteem, with 69 percent of clients reporting increased self-esteem. Self-esteem and self-confidence are closely linked with knowledge as well.

- **Impact on Women's Status and Gender Relations in the Home**

Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household, thereby allowing her to influence a greater number of strategic decisions. Particularly in poor communities, men's domination of women is strongest within the household. As Naila Kabeer points out, "Many feminists recognize that poor men are almost as powerless as poor women in access to material resources in the public domain, but remain privileged within the patriarchal structure of the family."

- **Impact on Family Relationships and Domestic Violence**

Although there have been a few studies that have asserted that women's participation in microfinance leads to an increase in domestic violence, most practitioners have reported the opposite experience. Microfinance programs can strengthen women's economic autonomy and give them the means to pursue non-traditional activities.

- **Impact on Women's Involvement and Status in the Community**

Several microfinance and microenterprise support programs have observed improvements in women's status in their communities. Contributing financial resources to the family or community confers greater legitimacy and value to women's views and gives them more entitlements than they would otherwise have. Studies of microfinance clients from various institutions around the world show that the women themselves very often perceive that they receive more respect from their families and their communities—particularly from the male members—than they did before joining a microfinance program.

- **Impact on Political Empowerment of Women and Women's Rights**

Widespread political empowerment is a fairly rare outcome of most microfinance programs. Although microfinance programs offer services and products that can enhance individual women's abilities to participate effectively in politics, few microfinance organizations explicitly seek political mobilization or structure their programs in such a way as to deliberately nurture collective action. Nevertheless, many examples testify that women's participation in lending centres and groups increases their knowledge of political parties, processes, and channels of influence.

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.

MICROFINANCE INITIATIVES IN INDIA

One of the best ways to encourage economic growth in poor areas is to provide affordable small loans to farmers and small-business owners called microcredit or microloans, these programs can inject capital into communities that lack the collateral required by conventional banks.

There are several organisations which have played a creditable role in uplifting and empowering women.

SKS Microfinance: Hyderabad based SKS Microfinance is playing a pivotal role in empowering poor rural women and their families. In southern India, women are running businesses and contributing to family income. Hundreds of thousands of women are opening up grocery shops, making paapad or pickle, involving in poultry and livestock, pottery, vegetable vending, bangle shops, and beauty parlours. SKS, in Gollapally Village Andhra Pradesh has already disbursed over Rs 8,500 crore in loans to 47 lakh women; last year it lent Rs 3,600 crore.

It has recruited and trained 1,000 new loan officers or field assistants every month and over the last three years it has been growing at an annual compounded rate of 128%.

Bandhan: Bandhan was formed 13 years ago in a small village 60 kilometers from Kolkata with its goal to “address the dual objective of poverty alleviation and women’s empowerment.” In a study conducted by IIM in West Bengal reveals that women empowerment lead to the women member's influence over children-related decisions like educational expenses, family planning, girl education, daughter's marriage, among other things. The study reported that the average annual household net income increased at the rate of 13.81% from all sources. On an average ownership of non-farm business assets increased by Rs 15,588 of the households.

Microfin Limited (“SHARE”) and Asmitha Microfin Limited (“Asmitha”): Two of the five largest MFIs in India, have almost Rs 4,000 crore (\$900MM) loaned to over 5 million poor women in 18 Indian states (prior to the crisis, the combined outstanding loan portfolio had been as high as Rs 6,750 crore (\$1.525BN)).

Sampark: Women’s empowerment programme was implemented by Sampark in 1998 in 38 villages in Koppal by organizing poor women into small group. Revolving Loan Fund (RLF) organized by Sampark from various sources provided bridge loans to the cooperatives to meet their groups’ credit needs. Other initiatives of Sampark includes the formation of Eshwara cluster in 2006 which helped in meeting the unmet demands and the formation of various committees including the health committee focusing on the well-being of women and children.

CHALLENGES FACED IN EMPOWERING WOMEN

While the empowering potential of microfinance programs remains strong, the evidence of challenges, ineffectiveness and limitations of the potential is equally compelling. Although microfinance has the ability to empower women, the connection is not straightforward or easy to make. Impressive literature exist that records the challenges and gaps between the goals and the empowerment potential of microfinance programs that target women. Surveys have shown that many elements contribute to make it more Difficult for women empowerment through micro businesses. These elements are:

- Lack of knowledge of the market and potential profitability, thus making the choice of business difficult.
- Inadequate book-keeping.
- 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 ruin their business (many customers cannot pay cash; on the other hand, suppliers are very harsh towards women).

- Lack of awareness of the benefits and workings of Microfinance organisations.
- Increase in women's workloads and stress.
- Issue of loans pass-through hand over the loan sanctioned to their husband or another male in the household
- Patriarchal control over resources, polygamy and other Social norms acts as a barrier
- In case of participation in group loans programme time Consuming Meetings which restraints women's participation.

SUGGESTIONS TO MEET THE CHALLENGES

- Support holistic approaches to microfinance as part of an ongoing commitment to innovation, research, and development.
- Conduct and support action research on best practices in empowering women. Participate in women's basic education and literacy programs.
- Recognizing and esteeming women's activities, talents and priorities.
- Providing training related to the business.
- Culture interaction with microfinance promises.
- Promote women in leadership in the MFIs they support.
- Directing women towards work life balance and quality of work life.
- Motivate women to develop leadership quality and sense of ownership.
- Enhancing the abilities of women to use specific technologies for which finance required , formation of groups, and teaching.
- Provide marketing information to have awareness of the market.

CONCLUSION:

Microfinance has the potential to have a powerful impact on women's empowerment. Although microfinance is not always empowering for all women, most women do experience some degree of empowerment as a result. Empowerment is a complex process of change that is experienced by all individuals somewhat differently. Women need, want, and profit from credit and other financial services. Strengthening women's financial base and economic contribution to their families and communities plays a role in empowering them.

Women's empowerment requires an ultimate change in the development scheme not only at the micro level but also at the macro level to challenge gender subordination at the micro-level. Microfinance should focus on the combination of both the aims that is the combination of women's empowerment with sustainability. This can be achieved only with the extensive discussion with women, examination of their needs, strategies and limitations, and a process of negotiation between women and development agencies.

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