

## Impact of Micro-Finance in Women Status Upliftment

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### Abstract

The term micro-finance refers to the practice of providing financial services such as micro credit, micro savings or micro insurance to poor people to alleviate poverty. Small loans are given to start the business of their own. These loans generate employment and income. Income from these businesses started with micro credit enables the borrowers to enjoy better housing, health care and education. When they earn additional income, they get hope for a better future.

It can be seen as an umbrella of financial services under which micro credit is provided to low income groups. Micro-finance is an effective mechanism for providing financial services to the “unreached poor women”, and also in strengthening their collective self-help capacities leading to their empowerment. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country. Economic empowerment gives strength and power for progress in every sphere of life.

Although MFIs cannot directly empower the women, they provide them training and support and creates awareness among them. Microfinance 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 and microfinance is the only medium for uplifting women’s status.

Microfinance programmers extend small loans to very poor people for self employment projects. This helps them generate income which allows them to care for themselves and their families. Microfinance enables the poorest of the poor, especially women, to generate income for themselves and their families. Microfinance today only reaches around 20 million people through 7000MFIs. In India about 300 million people are in need for microfinance. The microfinance sector in India has experienced a tremendous growth in the last decade due to the efforts of various agencies, including government, international donor agencies and development banks. There is now a reasonably good supply of loan funds in the micro finance sector. In spite of all these efforts, the outreach of micro finance services in India is still considerably small in comparison to the demand for such services.

### Need for Micro Finance in India

20 million poor families access micro finance through 881154 Self Help Groups (SHGs) linked to over 30000 branches of 504 banks comprising commercial banks, Regional Rural Banks and cooperative banks ( 90% SHGs are all women ).

Research studies conducted by NABARD during the early eighties showed that despite having an extremely wide network of rural bank branches which implemented specific poverty alleviation programmers that sought creation of self employment opportunities through bank credit for almost two decades, a very large number of the poorest of the poor continued to remain outside the fold of the formal banking system. These studies gave signals that the existing banking policies, systems and procedures and deposit and loan products were perhaps not most suited to meet the immediate needs of the very poor. What they really needed was a better access to these services and products, rather than cheap subsidized credit. Further, the priority of the rural poor was for consumption credit, savings, production credit and insurance, in that order.

### Strengths of the micro finance programmers in India

A distinction is made between men and women-headed households in the target group, allowing for the design of gender specific strategies during the implementation phase. Project formulation takes place after looking into best practices and incorporating gender issues, especially in case of new age micro finance programmers. The very fact that the majority of the clients in the programme are women highlights the importance given to challenging the basic concern of inequality at household level.

Some programmers which have been started by Government are sensitive to recognizing women's contribution and their knowledge as the first step. They appreciate that women require principally social support to fight their sense of inadequacy and fears to enhance their self-respect and dignity. With the help of micro finance, women’s burden of work is reducing and they are becoming economically and socially independent. In recent times, they have started controlling their land and property as well.

## Weakness of the micro finance programmes in India

There is no provision for gender specific strategies at the design stage to address the different needs and constraints on men and women. Women are not consulted in deciding on the products and services meant for them.

## Micro finance through Self Help Group (SHG)

Has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. Women have been the most underprivileged and discriminated strata of the society not only in India but the world over. In spite of all Governmental and Non-Governmental efforts, women have been largely ignored by the financial sector. In the modern times, microfinance has been emerging as a powerful weapon to self-empower the poor women and particularly the rural women at world level and especially in developing countries. Apart from the informal sector of finance, the formal and semi formal sectors like commercial banks, NGOs etc. are taking much interest in providing microfinance to women considering it to be a profitable commercial activity. Women are also participating in the microfinance movement by availing the microfinance services being provided by the various financial channels.

## Self Help is the best approach

Experiments in various developing countries prove that the poor can be helped by organizing them into small self help groups. To touch the core of poverty, women are the best agents. Hence women self help group(SHG) have become the ray of hope to the developmental practitioners.

The SHGs comprise very poor people who do not have access to formal financial institutions. They act as the forum for the members to provide space and support to each other. It also enables the members to learn to cooperate and work in group environment. The SHGs provide savings mechanism, which suits the needs of the members. It also provides a cost effective delivery mechanism for small credit to its members. The SHGs significantly contribute to the empowerment of poor women. Self help group acts as mediators to empower women in rural areas. SHGs have been instrumental in empowering by enabling women to work together in collective agency. The SHG model was introduced in the ninth plan in India (1997-2002). It is not mandatory that every Self help group should be registered. They are generally non-profit organizations (NGOs) that aim empowering women, developing leadership abilities

among poor people, increasing children enrolments in the school and improve the health conditions etc.

## Objectives of Self Help Groups

Main objectives of micro finance are:

- (i) To enhance the confidence and capabilities of women.
- (ii) To encourage habit of saving among women and facilitate the accumulation of their own capital resource base.
- (iii) To motivate women taking up social responsibilities particularly related to women development
- (iv) To change in roles and responsibility in family & community;
- (v) To increase in articulation, knowledge and awareness on health, nutrition reproductive rights, law and literacy
- (vi) To decrease violence against women and girls
- (vii) To bring about changes in social customs like child marriage, dowry and discrimination against widows;

## Women's Upliftment

Gender discrimination is a persistent problem faced by women all over the world, which has led to the need to empower women for uplifting their status as recognized by Millennium Development Goals (2010).

The main aim of microfinance is to empower women. Microfinance is the provision of financial services to low-income clients, including consumers and the self employed, who traditionally lack access to banking and related services.

Nobel Laureate **Amartya Sen (1993)** explains that the freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on a variety of factors, including personal characteristics and social arrangements. However, the full accounting of individual freedom goes beyond the capabilities of personal living. For example, if we do not have the courage to choose to live in a particular way, even though we could live that way if we so chose, can it be said that we do have the freedom to live that way, i.e. the corresponding capability?

**The main aim of this paper is to highlight the role of micro-finance in uplifting the women's status in India.** Women play an important role in every field of life such as economic, political, social, educational and enterprising etc. Women are the crucial part of the Indian Economy. Without their upliftment in terms of economical progress is impossible. So economic upliftment shows in women's ability to influence or make decision, increased confidence, better status and role in household etc. Women upliftment is a universal challenge because most women have been relegated to the back side and under controlled of men.

Women are as capable as men of exercising will, controlling desires and taking decisions but males enjoy

support of social institutions and women are excluded as the 'other'. Women are often not treated as "ends in themselves", persons with dignity who deserve respect from laws and institutions instead they are treated instrumentally as reproducers, caregivers, sexual receivers, agents of family's general prosperity.

According to United Nations (2001), **“Women empowerment is the process by which women take control and ownership of their life through expansion of their choices.”**

Due to various reasons, women are the target of micro services. It is estimated that 70 per cent of world's poor are women. Unemployment rate is higher among women. Informal sector activities are largely in the hands of women. Gender inequalities inhibit overall economic progress of countries. In those economies where gender inequalities are higher, there is high degree of poverty, slower economic growth, weaker governance and a lower living standard for the people. By helping the caretaker of the family with micro finance, they are enabled to earn additional income. These extra incomes help women to meet the requirements of children. Micro finance enables women to empower themselves

### **In which fields does Microfinance lead to Women's Upliftment?**

The questions surrounding women's empowerment and the condition and position of women have now become critical to the human rights based approaches to development. The Cairo Conference in 1994 organized by UN on Population and Development called attention to women's empowerment as a central focus and UNDP developed the Gender Empowerment Measure (GEM) which focuses on the three variables that reflect women's participation in society – political power or decision-making, education and health. The 1995 UNDP report was devoted to women's empowerment and it declared that if human development is not engendered, it is endangered. Equality, sustainability and empowerment were emphasized and the stress was that women's emancipation does not depend on national income but is an engaged political process.

The assumption that credit facilities for women from micro-finance institutions lead to women empowerment has been a controversial issue. Some studies describes the positive effect on women empowerment, other studies focuses on loans and savings but there is question arises why women are leaving microfinance programme ? Women become strong in three ways by the help of micro finance:

#### **1. Economic Upliftment**

Micro –credit helps to Upliftment the women economically as they start saving in micro finance institutions, after six months of their joining they can apply for loans. They use these loans to restart or expand their family business or new business which

ultimately in return acts as an income to the women and makes them economically empowerment.

#### **2. Social and Political Upliftment**

When women are economically uplifted, it leads to social and political upliftment as well. Due to development of skills, knowledge and self assessment ability among them, they become socially uplifted. Social upliftment involves freedom of movement, educating females' children, freedom from violence, etc. They participate in the family in decision making process as well as starts thinking about the education of their children. Even they can attract the attention of local politicians to solve the issues related to society safety and well being. So we can say that they become politically as well as socially uplifted.

**“We recognize that gender equality, the empowerment of women, women's full enjoyment of all human rights and the eradication of poverty are essential to economic and social development, including the achievement of all the Millennium Development Goals” (Draft resolution of General Assembly. Millennium Summit, 2010, p. 3).**

Since 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.

#### **Benefits of Women Empowerment as an Upliftment**

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. Main benefits those are achieved women for their upliftment and empowerment:

S.NO.	Benefits of Upliftment	Empowerment
1.	Rise in Economic status	Helps in increase in their income Consumption level also increases. Control on Expenditure and Expand Savings
2.	Self Esteem	Work in groups Strong Coordination Able to make decision in business life as well as in personal life
3.	Self Assurance	Be able to face criticism Be able to take and tackle risks In a position to influence others at work place
4.	Social Position	Involvement in Social works Involvement in Political activities Positive & Strong Image Inspired other women to be a member

**Conclusion**

In the modern scenario one is in a position where women contribution for the growth of an economy is increasing at a very speedy rate. Efforts are being taken and laws are being made which has guaranteed equal rights of participation in politics rights in employment and education. There is a need to arrange short term programmes like seminars, workshop, conference, group discussion etc to reach each and every woman and get them benefited from it. They should be encouraged to be a part of micro finance institutions to uplift their standard of living.

In recent years microfinance has spread throughout India, making an impact on the lives of the poor by providing them with microcredit to start their own small businesses, so they can generate income and provide for their families. Many of these loans are distributed to women in rural areas providing them with tools to become self sufficient and independent. Indian women are often considered as second-class citizens in India and microfinance has the capability of empowering women by giving them the opportunity to be heard and the means to make educated decisions. A number of programmes also found increased political participation, including involvement in civic action and women clients being elected to office. Self-help groups intermediated by micro credit have been shown to have positive effects on women. They have played valuable roles in reducing the vulnerability of the poor through asset creation, income and consumption smoothing, provision of emergency assistance, empowering and emboldening women by giving them control over assets, increased self-esteem and knowledge. One

important indicator of empowerment is the ability to make decisions within the household.

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