



## 7. Promotion of women empowerment through micro finance in rural India

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**Abstract :** *Microfinance is a source financial service for micro level entrepreneurs and small businesses in rural areas. This provides micro finances to people especially women who lack access to banking and other related finance services. Micro finance has become a movement in rural India through Self help groups. Micro finance has helped in alleviating rural poverty to a greater extent besides helping with financial inclusion policy. Microfinance is a way to promote rural economic development, enhance employment opportunities and supportive to growth to women. Microfinance programs have generally targeted women as clients because they prove to be more financially responsible with better repayment performance than men. This paper looks at the significance of micro finance as an intermediate of promoting women empowerment.*

**Key words:** *Micro Finance, Rural women empowerment, employment financial inclusion*

**"Microfinance stands as one of the most promising and cost-effective tools in the fight against global poverty." -Jonathan Morduch Chair, UN Expert Group on Poverty Statistic**

### Introduction

Micro-credit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions. Economic growth and political democracy cannot achieve their full potential unless the female half of humanity

participates on an equal footing with the male.

### Types of Micro Finance

The two main mechanisms for the delivery of financial services to such clients are:

1. relationship-based banking for individual entrepreneurs and small businesses; and



2. group-based models, where several entrepreneurs come together to apply for loans and other services as a group

(Report of World Bank - Microfinance Paper Wrap-Up: "Global Financial Development Report 2014).

### **Salient Features of Microfinance**

1. The borrowers are always from the low income group. They are not exposed to any banking services. They are marginalized groups & they do not have any income generation source
2. These Loans are of small amount – Hence they are micro loans
3. These loans are for short duration
4. These loans are offered without collaterals
5. These loans have high frequency of repayment
6. These loans are generally taken for income generation

purpose/petty family issues ,petty purchases.

7. These loans have no preferred installment criteria

### **Linkage to SHGs-**

Women have been helped with various micro finance channels & one of them is SHGs there is a bank-led microfinance channel which was initiated by NABARD in 1992.

1. Under this scheme women members in village are encouraged to form self help groups (SHGs) of around 10-15 members.
2. These members contribute their savings in the group periodically
3. From these savings small loans are provided to the members.
4. These SHGs are provided with bank loans for income generation purpose.
5. The group's members meet periodically when the new savings come in



6. The recovery of past loans is made from the members and also new loans are disbursed.

This model has been very much successful in the past and with time it is becoming more popular. The SHGs are self-sustaining and once the group becomes stable it starts working on its own with some support from NGOs. (Report of World Bank -Microfinance Paper Wrap-Up: "Global Financial Development Report 2014).

### **Implications on Women Empowerment through Microfinance:**

**Ensures physical mobility of the women** -The empowerment through microfinance has a positive impact on the physical mobility of the women. Women are successfully able to move whether is search of a wage earning job , or attending a meeting , or taking part in gram sabha proceedings , or going to a nearby bank, accompanying children to schools ,taking part in parents meetings in community ,etc. Her physical mobility has

enhanced her inclusive & participatory aspects which is a primary need for empowerment.

### **Leadership and recognition -**

The third aspect of empowerment relates to leadership and recognition within the community. The practice among groups of rotating leadership has proved to be a positive factor in building confidence of members. Moreover, the proportion of leaders emerging from the more backward caste groups in the study was more than their representation in the groups. There is indicative of empowerment of the women from these backward groups on two counts, gender and caste.

**Creates an identity-** An important indicator of strategic empowerment is whether the women's organizations are able to make their view heard in matters relating to non-gender specific issues such as caste and class issues. This was clearly evident from the groups' participation in



the Gram Sabhas and their articulation of non-gender specific goals, such as, getting access to drinking water, getting a road built

**Financial decision making power**

-The last aspect of empowerment relates to financial decision making power among women money management, greater control over resources and access to knowledge leads to greater choices and voices in a family and community matters

**Networking:** Building of existing network of women micro-entrepreneurs and training to women to sell hygiene products in their local communities.

**Improves in gender equality:** Microfinance, by targeting women, allows not only improvements in gender equality but also effective decreases in poverty through the positive effect of gender equality on development

**Mobilizing their productive capacities:** Using microfinance programs to give women access to financial services is a means of

mobilizing their productive capacities for the benefit of economic development

**Access to financial resources:**

Through access to financial resources, microfinance not only gives women access to self-employment, but also contributes to the amelioration of family life and influences the social situation of women by promoting self-confidence and the capacity to play an active role in society

**Ensures wellbeing of the whole family:**

Moreover, extrapolating from household expenditure by working women it appears that women are more inclined to be altruistic and spend most of their money on their families. In this way, the wellbeing of the whole family and society is improved.

**Enables the emergence of women empowerment:**

the social dimension of microfinance enables the emergence of women empowerment. In order to improve their effectiveness of the empowerment process,



microfinance programs must try to enhance their contextual adaptation and the political dimension.

### **Support through policy intervention:**

Policy intervention is needed especially when it comes to improve women's societal status

### **Reinforces women's rights:**

MF reinforces women's rights by stepping up the fight against sexual discrimination, by accelerating the politicization of women and by tackling patriarchal norms. Programs with a stronger focus on long term outputs can be perceived through training

### **Enhances Educational Opportunities**

MF not only supports the wellbeing of the family with generation of good income it also helps the women to send their children to schools. The dropout ratio calculation is comparatively less with women SHGs. Hence women make decisions to send their children to school & they

solve impediments if any in the way to continuing their education.

### **Self-Reliance:**

With the support of micro finance women could help themselves with little savings as well. They could save money for their future expenditures.

### **Enhancement in Wage Rates:**

Women daily wage earners are now being paid on par with men.

**Empowers girl child-** Thus savings & income generation among women has assisted the girl child to continue her education with good food, better clothing, healthier good practices. The bane of child marriage, proxy marriage, mal nutrition, lack of immunization, etc which the girl child was prey to, have been come down considerably. This has lessened the gender gap which was prominent in rural India.

### **Improves Healthier Habits-**

MFs supports women to imbibe best practices such as constructing sanitation facilities, drinking water facilities, vaccination, livestock health supervision,



universal education , health insurance, rural health schemes, consumption of nutritional add-ons

### **Involvement in Family Decision Making**

MFs also helps women to take important decision in the family In rural India all family decision are patriarchal in character but there is a slight change now a days as women are taking active participation in sending their children to schools, negotiating the marriage of their daughters, spending extra income on right purpose, investing on medical care , household funding , increased investment in family welfare, assets making ,investing in gold or silver etc.

### **Procuring Equal Position-**

Women are finding a good & superior position in the family as now they are being considered as equal to men. They are adding to the resources of the family they are taking active decision I the family welfare. They are proving themselves strong, superior &

stable. She has been able raise her voice against domestic violence , female infanticide , child marriage , mal nutrition , health care etc She has been given a position of equality & fairness inside her family. She is slowly helping herself with universal acceptance. This tendency has to amplify further more in coming days. This has helped the women to realize their potential & effectively combat probable impediments.

### **Prospective Strategy**

1. MF endorsement should be made more inclusive in rural India to reach all women folk irrespective of demographic differences.
2. It should make a supporting system for sustainable access for all women to all kinds of financial services
3. It should be sponsored through supportive & strategic partnerships both governmental & non governmental
4. It should be promoted by encouraging new partnerships



- like NGOs & innovative access plans to hold all women folk.
5. It should be promoted through meticulous plans the outreach the benefits of micro finance for all villagers.
  6. It should be more visible for public awareness & understanding as a very important part of the development situation

### Conclusion

Microfinance is becoming more diversified tool in empowerment of women. It is offering education, health, insurance and other amenities to members through financial inclusion. Thus women have sought better opportunities by realize their potential and make valuable contributions to the economy , as well as improve their living conditions, and reduce poverty and hunger in their communities. MF has increased

earnings and greater control over financial resources. Financial services thus reduce poverty and its effects in multiple concrete ways. These programs approach financial sustainability& hence the conceptualization of empowerment of women is achieved.

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