ROLE OF MICROFINANCE IN WOMEN EMPOWERMENT

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Women's development is directly related with National development. The effective management and development of women's resources, their abilities, their interests, skills and potentialities are of paramount importance in Human Resource development.

In the planning process it was expected that women will equally benefit along with men. This has been belied by the actual development. The ninth plan data reveals the fact that inspite of many developmental and constitutional legal guarantees – women have lagged behind in almost all sectors.

The emergence of liberalization and globalization in India aggravated the problem of women workers especially in the unorganized sector in the early 1990s from bad to worse and most of the women who were engaged in self employment activities lost their livelihood. Despite the tremendous contribution of women in agricultural sector , their work is considered just as an extension of household domain and remains unrecognized and non monetized.

Economic empowerment results in women's ability to influence or make decision, increase self confidence, better status and role in household etc. Micro Finance is one the main economic support that contributes to overcome exploitation, create confidence for economic self reliance of the rural poor, particularly the rural women who almost invisible in the social structure.

Women Empowerment as a concept was introduced at International Women's Conference in 1985 at Nairobi, which defined it as a redistribution of social power and control of resources in favour of women.

Since women 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 the government. The ministry of rural development has special components for women in its programmes funds are earmarked as "Women Components" to ensure flow of adequate resources for the same. Besides Swarna Jayanthi Grammen Swarozgar Yojana (SJGY), Ministry of Rural Development is implementing other scheme having women's component. They are the Indira Awaz Yojana(IAY) , National Social Assistance Programme (NSAP), Restructured Rural Sanitation Programme (RRSP), Accelerated Rural Water Supply Programme (ARWSP) the IRDP and Development of Women and Child in Rural Areas (DWRCRA) and JRY.

Micro Finance is emerging as a powerful instrument for poverty alleviation in the new economy. Micro Finance is dominated by Self Help Groups(SHG) – Bank linkage programme as a cost effective mechanism for providing financial services to the "unreached poor" which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self help capacities of poor, leading to their empowerment. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country.

The term Micro Finance is of the recent origin and is commonly used in addressing issues related to poverty alleviation , financial support to micro entrepreneurs, gender development etc. There is no statutory definition of Micro Finance but it has been recognized as provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise their income levels and improve living standards. The term ‘Micro’ literally means ‘Small’. The term Micro Finance sometimes is used interchangeably with the term Micro Credit. Micro credit refers to purveyance of loans in small quantities. The term Micro Finance has a broader meaning covering in its ambit other financial services like saving, insurance as well. The essential features of Micro Finance are to provide financial services through the groups of individuals formed either in joint liability or co obligation mode.

Micro Finance programmes are the key strategy for Women Empowerment. It helps increasing women’s income level and leads to greater levels of economic independence. Micro finance programmes targeting women have been a productive program for upliftment of women.

By setting up or expansion of micro enterprises there are range of potential impacts like access to network markets, enhancing perceptions of women’s contribution to household income and family welfare. Increasing women’s participation in household decision making and leading a greater expenditure on women’s welfare, more general improvements in attitudes to women’s role in household and community.

Many evaluations of micro finance programmes have assumed that high take up and repayment levels indicate the impact on women.

In relation of micro finance programmes, evidences suggests that women often prefer individual rather than group loans and that in many content group formation has been problematic.

The micro credit programmes that mobilize and organize at the grassroots levels and provide access to supportive services, the issues of women’s empowerment started to constitute the cornerstone of any discussion on planning and intervention for poverty alleviation.

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The Micro credit helps the poor women in mainly three ways –

a. By providing the independent sources of income outside home, it tends to reduce economic dependence of women on husband and thus helps in enhancing autonomy.
b. The independent source of income helps in setting of new ideas, values and social support and makes women more independent.
c. Micro credit programme helps in raising women’s prestige and status.

Being empowered by such financial income female recipients have asserted their autonomy. It has helped in rapid economic improvement in the situation of women. The credit members are reported to be more confident, assertive, intelligent, self reliant and conscious of their right.

Only emancipation of the women from the clutches of the age old bondage could free the society from the rots that it faces in the journey towards progress.

MICRO FINANCE INSTRUMENTS FOR WOMEN EMPOWERMENT

The European Commission (EC) supports micro finance in a number of ways – through the National Indicative Programmes (NIPs) , the non governmental organizations (NGOs) budgetary lines, special lines such as the modest credit facility for women and to limited extent from European Development Fund(EDF) managed by the European Invest Bank (EIB) . There is also a budgetary line to promote the integration of gender in development and co operation.

Most Micro Finance institution(MFI) customers operate in the informal sector generating income from a range of activities. These economic units are usually referred to as micro and small enterprises (MSEs) and when analyzed usually exclude primary agriculture.

There are five main types of institutions directly involved in microfinance those related to Governments, those in the private sector, NGOs, co-operative type institutions and informal lenders.

1. Government Related – BRI, Indonesia, is a state owned bank with 2.5million loans outstanding.
2. Privately Owned – Barclays Banks of Kenya Limited and kenya Commercial bank offer some small loans including the informal sector, Commercial Bank of Zimbabwe provides US $300 loans to urban clients using solidarity group methodology ADEMI, Dominian Republic is a non profit organization managed by a trustees with 16,000 customers, k-rep Commercial microfinance bank with 10,000 customers with 46 thousand customers.
3. NGOs – CARE, Niger with 12,000 customers , Accion , Oxfam, Opportunity, Trust.
4. Co-operative owned- Credit unions , village banks , Self help groups.
5. Individuals – Money lenders/ friends , relatives and suppliers.

Majority of Microfinance provide credit on the basis without collateral, Grameen type lending. The group lending method is the most common and is offered by some government related institutions, privately owned institutions and NGOs . It lends money to large number of customers who are economically backward.

Credit Unions are co operative financial institutions which started operating in 1950s. They provide short term credit. The demand for loans exceed the supply of savings and therefore it limits the membership. Women are not much benefitted form credit unions as they cannot sabe the amount required and provide security.

Village Banking – It was developed in 1980s as an alternative to rural credit Bolinia. The purpose was to organize informal banks which could use a line of credit from a financial intermediary to provide non – collateralized loans to members.

Self Help Groups/ Associations – Rotating savings and credit associations (ROSCAS) are the best known and most common form of SHG. They are female organizations who save usually very small amount and can borrow these savings on a rotating basis. ROSCAS and other SHGs have sometimes been used by MFIs for group lending. They strive to reach the target audience.

Micro finance is emerging as the powerful instrument for poverty alleviation in the new economy. Before 1990s credit scheme for rural women were almost negligible. The concept of women's credit was born on the insistence by women oriented studies that highlighted the discrimination and struggle of the women in having the access of credit. However there is a perceptible gap in financing genuine credit needs of the poor especially women in rural sector.

Credit for empowerment is about organizing people particularly about credit and building capacities to manage money. The focus is on setting the poor to mobilize their own funds, building their capacities and empowering them to leverage external credit. Perception of women is that learning to manage money and rotate funds builds women's capacities and confidence to intervene in local government beyond the limited goals of ensuring access to credit.

Development seeks to fulfil practical needs of men and women. These are concerned with everyday needs such as food, health, employment and finance. Education, self confidence and self reliance are some of the factors that will result in empowerment. Credit gives the option to exercise choice in their life. Women have to go further to reach empowerment and that micro finance could be a significant tool in this process.

Micro finance has emerged has one of the most sustainable and effective tools for enabling the poor and disadvantaged sections of the society, to have access to institutional credit. The Indian banking system on its part has shown a willingness to experiment and join the micro finance movement in a way that has no parallel anywhere in the world. With 504 banks providing access to credit to 116 lakh poor families through 30942 participating branches supporting over 7 lakh Self Help Groups upto March 2003. The micro finance movement in the country has come to be recognized as the largest in terms of its outreach.

In India, the micro finance movement was formally started in 1992 with the NABARD launching the Pilot project for linking SHGs with banks. After a hesitant beginning, the movement gathered movement largely due to efforts made by NABARD.

PROBLEMS AND CHALLENGES

Surveys have shown that many elements contribute to make it more difficult for women empowerment through micro business. The elements

- Lack of knowledge about 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 rate
- Inventory and inflation accounting is never undertaken

- Credit policies that can be gradually ruin their business
- Many customers cannot pay cash and many a times the hand suppliers are sometimes harsh towards women.

CONCLUSION

Some studies have revealed that there is a rapid changes in female/male relationship in terms of increased freedom, autonomy and mobility . Micro finance programmes have led to joint action to deal with social issues such as violence, alcoholic habits, abuse over women , dowry etc. The income earning capacity of women increases the likelihood of children attending school. The financial support helps women to overcome the obstacles they face in these relationships which helps them to achieve financial stability.

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