



Microfinance, Microfinance Institutions And Women Empowerment

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Abstract

The use of Microfinance has become an effective method for reducing poverty in the modern economy. Within India, the dominant approach for providing financial services to the impoverished is through the Self Help Group and Commercial Bank Linkage Programme. This approach has not only been successful in meeting the financial needs of rural women but has also helped to build their collective self-help abilities, resulting in their empowerment. Economic empowerment allows women to make decisions, increases their self-confidence, and improves their status and role within the household. This article aims to highlight the widespread recognition of microfinance as a strategy for promoting the economic empowerment of women. The study investigates the role of Microfinance institutions in facilitating economic empowerment and poverty alleviation among rural women. Additionally, the article suggests ways to further empower women.

Key Words: Microfinance, Microfinance Institution, Women Empowerment

1. Introduction

The term "microfinance" has recently become widely used to address various issues, such as poverty reduction, financial support for small-scale entrepreneurs, and gender development. However, there is no official definition for microfinance. According to the taskforce on supportive policy and regulatory framework for microfinance, microfinance refers to the provision of small-scale financial services, such as savings, credit, and other financial products, to the poor in rural, semi-urban, or urban areas to help them improve their living standards and increase their income levels. Microfinance institutions (MFIs) are financial institutions that offer financial and non-financial products and services to the poor who do not have access to formal financial institutions. In India, there are many registered financial institutions, a few hundred of which are microfinance institutions located in Karnataka. Women Entrepreneur Programme is one such microfinance institution that provides financial services to those in need, especially women. The concept of microfinance institutions and their operations originated from the Grameen Bank model in Bangladesh, which was founded by Professor Mohammed Yunus, a Nobel Peace Prize laureate. He is celebrated for establishing the most successful microfinance institution in the world, with the highest number of registered members and borrowers and the highest effective repayment rate. His work has been adopted and replicated by many developing countries and has even spread to developed countries as an effective tool for poverty alleviation through the provision of small and affordable loans to the poor through solidarity and on-lending procedures. There are numerous financial programs established in India

to promote women's empowerment, and one such program is microfinance. Microfinance is aimed at providing financial aid to individuals who are unable to obtain loans from traditional banks or financial institutions. The goal of microfinance is to empower women. Microfinance is a significant method of extending small loans or financial aid to underprivileged individuals for developing areas that lack access to credit. Various microfinance institutions, including financial inclusion organisations and non-governmental organisations, typically target low-income individuals. Microcredit provides sufficient financial assistance to enhance the value of physical capital.

This study evaluates the impact of microfinance programs, including complete access to microcredit and savings groups, on women's empowerment. The primary objective is to empower women through microfinance programs. Microfinance refers to a range of financial services that are aimed at providing assistance to individuals and small businesses who do not have access to traditional banking and related services. These services may include microcredit, which involves providing small loans to poor clients, as well as savings and checking accounts, microinsurance, and payment systems, among other offerings. The goal of microfinance is to reach customers who are typically excluded from traditional banking services, often due to poverty, social marginalisation, or geographic isolation, and to help them become self-sufficient. Initially, microfinance had a narrow definition, which focused on providing small loans to impoverished entrepreneurs and small businesses that lacked access to credit. The primary delivery mechanisms for financial services were relationship-based banking for individual entrepreneurs and small businesses, as well as group-based models in which multiple entrepreneurs came together to apply for loans and other services as a collective.

However, over time, the scope of microfinance has expanded to become a broader movement with the goal of providing a wide range of affordable and high-quality financial products and services to all individuals, particularly those who are poor, socially marginalised, or part of disadvantaged households. This includes not only credit, but also savings, insurance, payment services, and fund transfers. The overarching aim of microfinance is to create a world where everyone has access to financial products and services that can help them achieve greater economic stability and independence. Advocates of microfinance often assert that providing access to financial services can help impoverished individuals lift themselves out of poverty. This perspective is shared by supporters of initiatives such as the Microcredit Summit Campaign, who see microfinance as a means of promoting economic development, employment, and growth by supporting micro-entrepreneurs and small businesses. Others view microfinance as a tool for enabling the poor to better manage their finances and take advantage of economic opportunities while also managing risks. However, critics of microfinance point out that it can lead to indebtedness and other negative outcomes. Numerous studies have been conducted to evaluate the effects of microcredit programs. Recent studies on microfinance emphasise the need for a better understanding of the microfinance ecosystem so that microfinance institutions and other facilitators can develop sustainable strategies that will create social benefits by improving service delivery to the low-income population. The microfinance sector is subject to the "Qualifying Asset" norm of the Reserve Bank of India, and only certain entities such as NBFC/NBFC MFIs and u/s 8 companies are qualified to upload borrower level data on the Credit Information Bureau. However, the Indian microfinance industry is highly complex, with various legal forms and models, and no uniform regulation. Despite the diverse agencies with financial operations, only NBFCs, NBFC MFIs, and banks are entitled to upload borrower level data on the Credit Information Bureau. Unfortunately, some local political leaders are taking advantage of the non-inclusive nature of the policy framework, misleading borrowers and negatively influencing repayments. Nevertheless, microfinance has played a crucial role in empowering women and helping to eradicate poverty while improving the standard of living. The microfinance industry in India will need additional capital to meet the target of 25-30 percent growth per year for the next three years. Microfinance, also known as microcredit, is a financial service that offers loans, savings, and insurance to aspiring entrepreneurs and small business owners who lack access to traditional sources of capital like banks or investors. It provides an opportunity for impoverished individuals to start a business and improve their financial situation. The primary goal of microfinance is to reduce poverty by providing financial support for productive activities, leading to full-time employment and savings generation from economic surplus. Microfinance is often delivered through self-help groups (SHGs) by Microfinance Institutions (MFIs) and banks. Through these efforts, people are breaking the vicious circle of

poverty and adopting microfinance as a development strategy, enabling them to enhance their activities, generate income, repay loans, and save money. The government of India has initiated various poverty alleviation and employment generation programs, along with subsidies and loans from banks and MFIs, to further reduce poverty. Since the establishment of the first MFI in 1996, the microfinance sector has experienced steady growth, with significant momentum since 2004. The number of institutions providing microfinance services has multiplied, benefiting millions of clients and reaching a substantial loan portfolio. Various providers, including banks, SFBs (Small Finance Banks), and NBFCs (Non-Banking Financial Companies), contribute to serving microfinance customers. The outreach of MFIs, measured by client coverage and loan portfolio, is a crucial indicator of their impact on financial inclusion and deepening. This study provides an overview of MFIs' outreach, geographical distribution, loan disbursement, and loan purpose based on data from 208 MFIs. The continued growth of microfinance demonstrates its positive contribution to poverty reduction and economic development in India.

1.1 Microfinance in india

Due to inadequate security and rising operational costs, many traditional banks in India were reluctant to offer loans to the impoverished population. As a result, microfinance institutions emerged and flourished in the country, aiming to establish financial equality. In India, microfinance operates through two channels: the SHG-Bank Linkage Programme (SBLP) and Microfinance Institutions (MFIs). One of the pioneering modern-day microfinance institutions in India was SEWA (Self-Employed Women's Association) Bank, founded in 1974 as a cooperative bank in Ahmedabad. In 1982, the National Bank for Agriculture and Rural Development (NABARD) was established to provide and regulate credit and other services to promote economic activities in rural India. The western and southern states of India have witnessed the highest concentration of microfinance loans. Microfinance institutions employ the concept of Joint Liability Groups (JLG) to lend money. A JLG typically comprises 5 to 10 members who collaborate to obtain a bank loan either individually or collectively, with the loan being provided against mutual guarantees. The following are the top 10 microfinance institutions in India:

- ❖ Shri Kshethra Dharmasthala Rural Development Project (SKDRDP)
- ❖ Credit Access Grameen Ltd. (CAGL)
- ❖ Asirvad Microfinance Ltd.
- ❖ Fusion Microfinance Ltd.
- ❖ Muthoot Microfin Ltd.
- ❖ Annapurna Finance Pvt. Ltd.
- ❖ IIFL Samasta Finance Ltd.
- ❖ Satin Creditcare Network Ltd. (SCNL)
- ❖ Spandana Sphoorty Financial Ltd.
- ❖ Svatantra Microfin Pvt. Ltd.d

Table 1 :- List of Top 10 MFIs in terms of Loan Portfolio (rs. in Cr.) as of March 2022

S. No.	Name of MFI	Gross Loan Portfolio (₹ Cr.)
1	Shri Kshethra Dharmasthala Rural Development Project (SKDRDP)	16,712
2	CreditAccess Grameen Ltd. (CAGL)	13,732
3	Asirvad Microfinance Ltd.	7,002
4	Fusion Microfinance Ltd.	6,654
5	Muthoot Microfin Ltd.	6,567
6	Annapurna Finance Pvt. Ltd.	6,553
7	IIFL Samasta Finance Ltd.	6,484
8	Satin Creditcare Network Ltd. (SCNL)	6,409
9	Spandana Sphoorty Financial Ltd.	6,199
10	Svatantra Microfin Pvt. Ltd.	5,447

Source:- The Bharat Microfinance Report 2022

Top 10 MFIs contribute rs. 81,759 of loan portfolio which is 61% of sector's total and rest of other 203 MFIs hold only 39%.

2. Objectives of study:

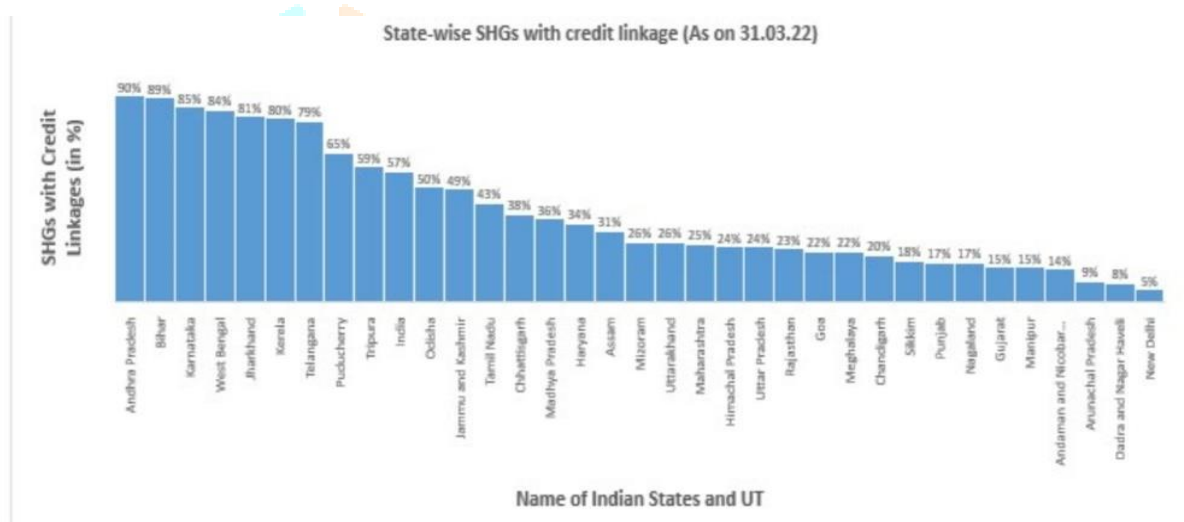
- ❖ To explore the Role of Women in the Indian Economy.
- ❖ To assess the Role of Microfinance for Women Empowerment.
- ❖ To examine the impact of microfinance in India.
- ❖ The aim is to analyse the growth and patterns of MFIs in India.

3. Research Methodology

The current research primarily relies on secondary data, with a specific focus on Microfinance Institutions in India. The data was sourced from various reputable authorities, including the Government of India, the Economic Survey 2021-22, the websites of RBI (Reserve Bank of India), NABARD (National Bank for Agriculture and Rural Development), Micro Finance Pulse Report, as well as relevant books and newspapers. It is essential to approach the information presented in sources with a critical mindset, as the data might have been originally gathered for different purposes. Furthermore, many secondary sources lack clarity in describing the study's objectives, data collection methods, analysis, and interpretation, which poses challenges for researchers to assess their reliability. To overcome this issue, I have adopted a triangulation approach, utilising multiple independent sources of secondary data. The information regarding the problem was gathered from various sources, including Research Journals, Trade Magazines, Annual Reports of Banks, and the Internet. To evaluate the "role of Microfinance in Women Empowerment," I have prioritised recent material, seeking access to the latest developments in this field through articles published in academic journals and trade magazines. Additionally, I have considered secondary information from Internet-based discussion forums.

4. Current Status of Microfinance in India

As of March 31, 2022, the program now includes a substantial number of US\$ 140 million families and US\$ 11.9 million SHG groups, with a cumulative savings amounting to US\$ 472.4 billion. The credit linkage achievements have been impressive, with US\$ 3.4 million SHGs being credit linked during FY 2021–22 (compared to US\$ 2.9 million groups in 2020-21), resulting in loans worth US\$ 997.2 billion being disbursed. As of March 31, 2022, the total credit outstanding for US\$ 6.74 million SHGs stands at US\$ 1510.5 billion, averaging US\$ 0.24 million per SHG. While the individual loan amounts may not be large, the impact can be transformative, as evidenced by the numerous success stories highlighted in this publication. The EShakti program, which digitised financial and non-financial data for over US\$ 1.2 million SHGs, aims to facilitate credit linkage with banks and is expected to further enhance the credit linkage process. The figure provided below illustrates the state-wise credit linkage status of SHGs as of December 31, 2022. Among the US\$ 11.8 million SHGs with savings, 57% have outstanding loans with banks. Nine states have a credit linkage percentage higher than the all-India average, with Andhra Pradesh leading at 90% of its SHGs having loans outstanding, followed by Bihar (89%) and Karnataka (85%). The Southern and Eastern states, along with Tripura, dominate the list.

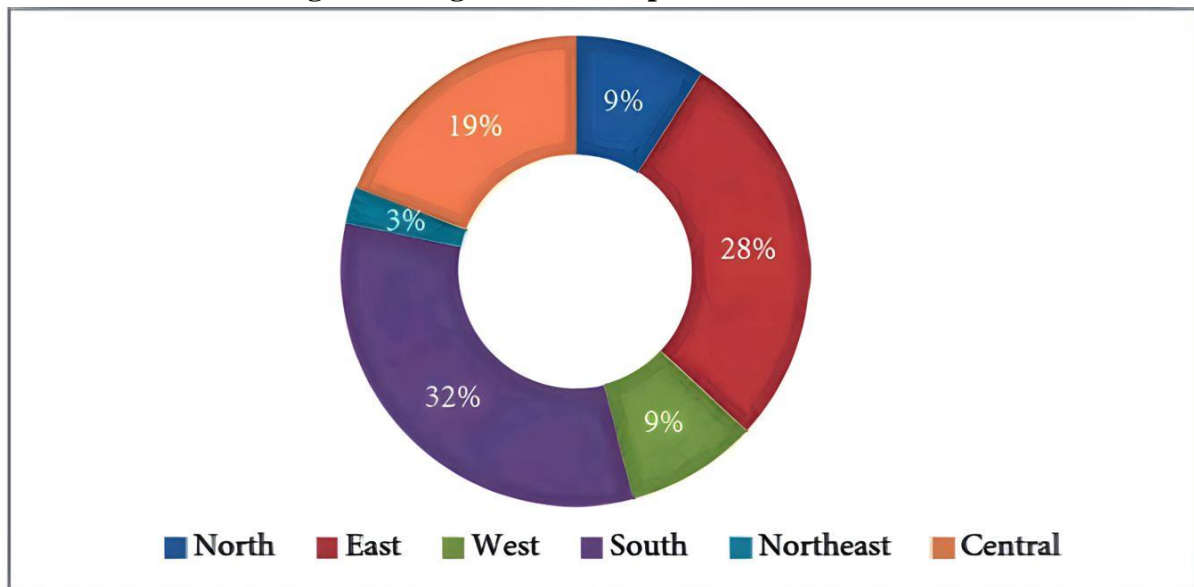


Source: - google(IBEF : Evolution of Microfinance

3.1 Regional Outreach of MFIs

The Southern region holds the highest proportion of the total client base, accounting for 32% of the 448 lakh clients. The Eastern region follows closely with 28%, while the Central region comprises 19%. Both the Western and Northern regions have an equal share of 9%. The Northeast region has the smallest client outreach, representing only 3% of the total.

When comparing the outreach shares, there have been some changes. The Eastern region's share has increased from 27% to 28%, and the Northern region's share has also risen from 8% to 9%. In contrast, both the Southern and Northeast regions experienced a slight decline of 1%, with the former going from 33% to 32% and the latter from 4% to 3%. The Western and Central regions' shares remained stable at 9% and 19%, respectively.

Figure 1: Regional break up of Client Outreach

Source:- The Bharat Microfinance Report 2022

3.2 State-wise Client Outreach

Table 2 presents the client outreach in different States/Union Territories (UTs). The analysis reveals that certain States/UTs, including West Bengal, Kerala, Maharashtra, Tamil Nadu, Puducherry, Andhra Pradesh, and nearly all North Eastern states such as Assam, Sikkim, Mizoram, Meghalaya, Nagaland, and Manipur, have witnessed a decline in active clients. Conversely, States like Uttar Pradesh, Bihar, Rajasthan, Madhya Pradesh, Haryana, Arunachal Pradesh, Tripura, and others have shown a positive growth in their client outreach.

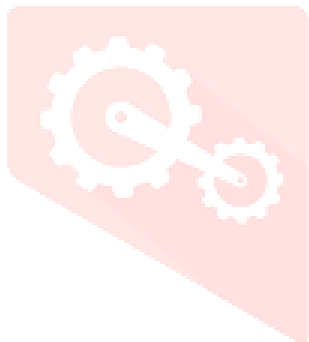


Table 2 : Client Outreach (in lakhs) of MFIs across States/UTs – 2022 & 2021 (decreasing order)

State/UT	2022	2021	Growth (%)
Karnataka	70.64	65.20	8.35%
Tamil Nadu	57.35	57.39	-0.07%
Bihar	52.60	46.12	14.04%
Uttar Pradesh	43.32	36.22	19.59%
Madhya Pradesh	32.82	29.78	10.21%
Odisha	30.60	30.27	1.09%
Maharashtra	27.73	27.75	-0.08%
West Bengal	27.40	28.93	-5.30%
Rajasthan	20.82	18.10	15.03%
Jharkhand	13.27	10.53	26.01%
Gujarat	12.25	11.39	7.58%
Kerala	11.69	11.99	-2.53%
Chhattisgarh	10.29	9.90	3.89%
Punjab	10.02	9.54	5.04%
Haryana	8.66	7.17	20.75%
Assam	7.74	11.33	-31.64%
Tripura	2.89	2.73	5.97%
Uttarakhand	2.59	2.00	29.57%
Andhra Pradesh	2.29	2.65	-13.59%
Puducherry	1.21	1.36	-10.83%
Himachal Pradesh	0.47	0.29	62.30%
Manipur	0.40	0.42	-4.23%
Telangana	0.33	0.28	17.53%
Goa	0.31	0.25	22.14%
Delhi	0.14	0.14	0.89%
Jammu & Kashmir	0.13	0.08	58.95%
Meghalaya	0.10	0.15	-36.34%
Chandigarh	0.08	0.07	9.14%
Sikkim	0.08	0.18	-57.57%
Mizoram	0.05	0.09	-40.67%
Arunachal Pradesh	0.03	0.02	70.10%
Andaman & Nicobar Islands	0.02	0.02	-20.99%
Nagaland	0.01	0.02	-34.40%
Dadra & Nagar Haveli and Daman & Diu	0.00	0.00	0.00%
Ladakh	0.00	0.00	0.00%
Lakshadweep	0.00	0.00	0.00%
Total	448	422	6.24%

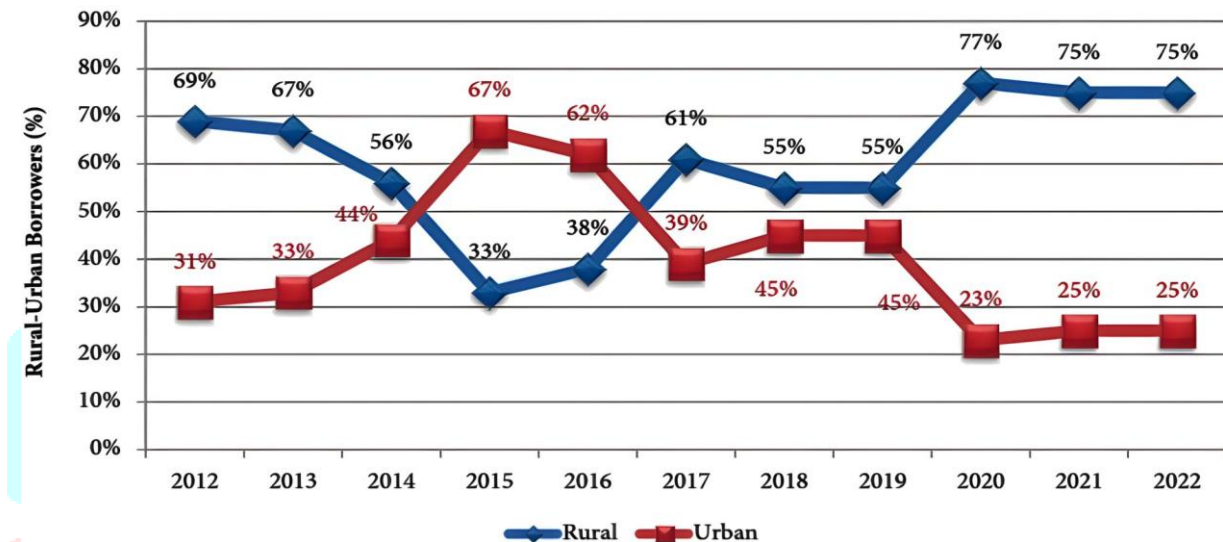
Source:- The Bharat Microfinance Report 2022

3.3 Rural – Urban Share of MFIs Borrowers

Microfinance institutions (MFIs) cater to both the rural and urban poor. In Latin America, Africa, and many parts of Asia, microfinance is predominantly concentrated in urban areas. However, in India, it has historically been more focused on serving rural regions. The percentage of rural clients was 69% in 2012, but it declined to 56% in 2014, and then dramatically dropped to 33% in 2015.

The situation changed when Bandhan Bank and eight other MFIs transitioned into Small Finance Banks, leading to a reversal in this trend. Currently, the rural clientele constitutes a significant portion, accounting for 75% of the total. This aligns well with India's demographic composition, where approximately 70% of the population still resides in rural areas. Generally, smaller MFIs tend to have a stronger emphasis on serving rural communities.

Figure 2: Trends in Rural - Urban Share of MFI Borrowers

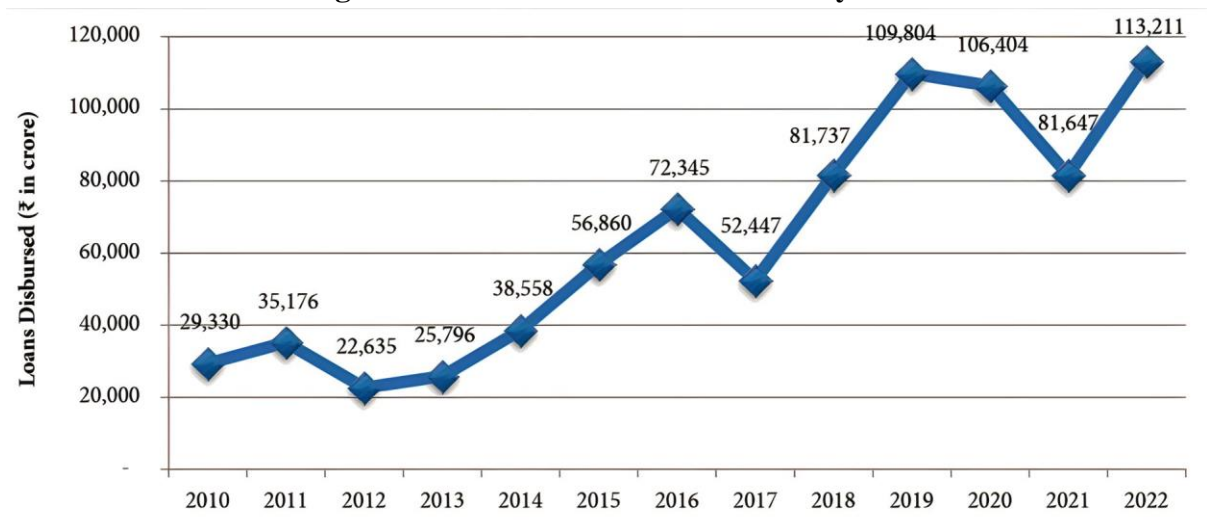


Source:- The Bharat Microfinance Report 2022

3.4 Loan Disbursement

The loan disbursement by MFIs showed consistent growth, with occasional disruptions in certain years due to external factors like demonetization and the COVID-19 pandemic. However, in the fiscal year 2021-22, the microfinance sector rebounded vigorously, witnessing a substantial increase in loan disbursement. The total disbursement reached rs 1,13,211 crores, marking a remarkable 39% rise compared to the previous year. Among this total, rs 90,560 crores was disbursed by 18 MFIs with a portfolio size exceeding rs 2,000 Crores.

Figure 3: Loan Disbursement over the years



Source:- The Bharat Microfinance Report 2022

4. Role of women in Indian Economy

Around the globe, the increasing presence of women in the workforce during the past three decades has led to significant transformations in families, societies, economies, and urban life. Since the late 1950s, the economic activities of women have steadily grown. Women have always actively participated in local economies, with impressive contributions in different regions. For example, in Africa, they produce 80 percent of the food, 60 percent in Asia, and 40 percent in Latin America. Not only do women produce the food, but they also engage in marketing, giving them valuable knowledge of local markets and customers. This example highlights the importance of women's work in society, but it barely scratches the surface of their actual contributions, particularly in developing countries. Women not only form a crucial part of the labour force but also serve as significant income sources for their families. In Africa, women are responsible for all tasks related to family support, as their presence is often essential for the survival of their families due to cultural and traditional reasons. However, women, especially impoverished mothers, face the challenge of balancing their "productive role" in the workforce with their "reproductive role" in the family, managing numerous demands on their time. For these women, time is a valuable resource, as their livelihoods heavily rely on fulfilling various household and marketplace demands. Despite the pivotal role of women's participation, their jobs are often seen as providing "extra income" for family survival or improving living conditions. Even microenterprises owned by women are perceived as a means to meet primary needs rather than a profitable source of income. Unfortunately, labour markets have perpetuated this perception and offered less favourable conditions to women, resulting in consistently lower earnings compared to their male counterparts. Women have had to face an unfavourable environment that traditionally downplays and exploits their capabilities. As a consequence, some women find satisfaction in non-financial benefits, such as the psychological reward of "social contact." Microfinance and women's empowerment are perceived in diverse ways. Some view it as a positive and cost-effective means to alleviate poverty, while others consider it a misallocation of resources with limited effectiveness. Microfinance programs come in various models, like self-help groups and poverty-targeted banks, each having different delivery methods, group functions, and support services. Three main approaches to microfinance and women's empowerment include the financial sustainability approach, integrated community development approach, and feminist empowerment approach. Nevertheless, evaluations of these programs have shown the need to question the underlying assumptions of all three approaches. In reality, most women only experienced limited benefits from these programs, often lacking control over loan use and being involved in low-paying, traditionally female activities. The increase in income was generally modest, and women's resources and time were constrained due to their responsibilities for household consumption and unpaid domestic work. The microfinance programs sometimes led to domestic tensions between spouses, loss of spousal income and support, and group repayment pressures that created tensions among women. Additionally, many women focused on personal rather than social objectives in their pursuit of empowerment.

5. Role of Micro Finance in Women Empowerment

When discussing empowerment, it is important to distinguish between relative and absolute well-being. According to Hashemi et al. (1996), empowerment indicators for women involved in microfinance include mobility, economic security, social freedom, decision-making power within the household, freedom from male domination, and political and legal awareness. Absolute empowerment is measured by outcomes such as education, health, nutrition, and labor force participation, while relative empowerment involves comparing a woman's decision-making and resource control within the household to that of men. This empowerment process often occurs through meetings, discussions, and collaboration with family members and credit staff. Economic empowerment leads to women's ability to make decisions, increased self-confidence, and an improved role in the household. Microfinance is essential to combat exploitation and build economic self-reliance, particularly among rural women who may be overlooked in society. Empowerment encompasses the expansion of assets and capabilities for individuals to influence and hold institutions accountable for their impact on their lives. Empowerment is the process of enabling individuals to think, act, and take control of their work autonomously,

leading to a feeling of self-empowerment and the ability to shape their own destiny. It involves both control over resources (physical, human, intellectual, and financial) and ideology (beliefs, values, and attitudes). According to Mayoux (2001), the provision of credit facilities and noncredit facilities has economically and socially empowered women. Access to microfinance facilities has various impacts on women entrepreneurs, helping to reduce poverty and empower women by providing them with essential resources. The benefits of microfinance include economic empowerment, improved decision-making, increased well-being, access to savings and credit facilities, and control over financial resources. Microfinance can also increase women's bargaining power within households and protect them from violence and abuse. It enables women to reinvest interest income, leading to the expansion of their businesses and increased control. Moreover, access to credit empowers women to make economic decisions, enhance household welfare, and improve the health and education of their families. Evidence shows that women maintain significant control over their loan activities, leading to empowerment and entrepreneurship. Financial freedom in families can contribute to stable relationships and reduce domestic violence. Access to credit has also improved health, education, and balanced diet choices for families.

6. Organisations for the Women and by the Women

Several successful forums and organisations are working to bring rural women together for development initiatives. Examples include the Working Women's Forum (WWF), SEWA, Shri Mahila Griha Udyog Lijjat Papad (Lijjat), and Mann Deshi Mahila Sah Bank Ltd. The Working Women's Forum (WWF) was established in Madras in 1978 and has united over 13,000 urban women around the issue of credit. These women, mostly residing in slums, work as small-scale traders and vendors, with their earnings often contributing to more than half of the family income. The WWF was created to provide low-interest loans to these women, enabling them to expand their businesses. A key aspect of WWF is the neighbourhood loan groups, consisting of 10-20 women from the same area who act as mutual guarantors for each other's loans. This approach has resulted in over 7000 women receiving loans with a repayment rate exceeding 90%. The WWF has also extended its activities to address political and social issues faced by working women. They run day care centres, skills training centres, and remedial classes for school children. Additionally, they launched a family planning program, realising the link between income generation and family size. The WWF has empowered women to gain control over their lives, including their fertility, by focusing on a critical issue, utilising local leadership, organising women around existing neighbourhood ties, and implementing decentralised management. The Self-Employed Women's Association (SEWA), established in Ahmedabad in 1972, is a union of women workers with over 220,000 association members. SEWA aims to fight poverty through full employment and self-reliance, advocating for the right to work for food, income, and social security. They recognize the need for both struggle and creating alternative economic organisations to fulfil workers' demands, needs, and priorities. Joint action between the union and cooperatives has been SEWA's organising strategy over the years. Shri Mahila Griha Udyog Lijjat Papad, known as Lijjat, has played a crucial role in empowering poor urban women across India for four decades. Starting with a small group of seven women in 1959, Lijjat now boasts over 40,000 members in 62 branches across 17 Indian states. Only women can become members of Lijjat, and all members collectively own the organisation. Their main product is a thin, round, savoury snack called papad, and papad rolling is the primary activity of the "member sisters." Everyone receives equal remuneration, and profits and losses are shared equally among the members, preventing asset and wealth concentration. Lijjat refuses donations but instead provides donations to those in need. Alongside papad, Lijjat has introduced other products like Sasa detergent and soap, but papad remains its core identity product.

6.1 Key Factors for Success of Lijjat

The integration of ownership and membership has facilitated consistent and steady organisational growth.

- ❖ The product's unwavering quality has played a crucial role in establishing and upholding Lijjat's brand reputation in the market for the past four decades.
- ❖ The Sarvodaya philosophy has been instrumental in laying the foundation of Lijjat.
- ❖ Lijjat has emerged as an innovative organisation that welcomes women from all religious, caste, and class backgrounds as members. The pledge and all-religion prayer foster cooperation among women regardless of their caste or religion.
- ❖ Transparency in operations and a nonhierarchical structure have fostered organisational accountability among the member sisters.
- ❖ Lijjat encourages its members to contribute to others rather than relying on external help. By refusing donations and giving donations instead, Lijjat enhances the members' self-esteem and pride in their organisation.
- ❖ Addressing the members as "sisters" creates an informal work environment. Regular meetings, open interaction, and collaborative task distribution reduce the likelihood of disputes arising from communication gaps and promote smooth operations.
- ❖ Lijjat provides economic opportunities through domestic activities. Engaging in these activities, women gain confidence and status as they earn money in a respectable manner. The more enterprising, responsible, and experienced member sisters have the opportunity to advance in the organisation, exemplifying how ordinary women can become leaders.

Mann Deshi Mahila Sah Bank Ltd., founded in 1997 in Mhaswad, Maharashtra, became the first rural women's financial institution to receive a banking licence from RBI, with 100% of its clients being women with average annual incomes of around US\$400. It is also the first bank in the country to have more than 2000 members from backward castes. The bank serves over 47,000 clients (as of 2005) ranging from street vendors to shepherds, wage earners, and small women entrepreneurs. The bank has an integrated approach that sets it apart from other microcredit efforts. While credit is crucial, it alone is not sufficient for sustained and substantial employment. Poor people need access to financial services as well as market information, social security services, technology, and support services to share in economic growth and improve their livelihoods. Mann Deshi Mahila Sah Bank focuses on helping women gain asset ownership, as it is essential for their financial and social security. Each loan program is designed to assist women in transferring family assets into their names, including agricultural land, houses, tools, shops, livestock, bank accounts, shares, and savings certificates.

7. Microfinance institutions (MFIs) in India face several challenges, including:

- ❖ Regulatory challenges: MFIs encounter difficulties in navigating the intricate and constantly changing regulatory environment in India.
- ❖ Financial viability: MFIs face obstacles in maintaining their financial sustainability and stability, particularly when catering to low-income communities.
- ❖ Increased competition: MFIs experience intense competition from other financial institutions, leading to heightened pricing pressure and reduced profitability.
- ❖ Technology adoption hurdles: MFIs encounter challenges in embracing new technologies to enhance their operations and improve efficiency.
- ❖ Negative reputation: MFIs often grapple with a negative public image, making it difficult to attract new clients and secure funding.
- ❖ Loan recovery difficulties: MFIs face obstacles in recovering loans from low-income clients, especially in rural areas where poverty and illiteracy levels are high.
- ❖ Socio-economic context: MFIs encounter challenges in serving low-income communities due to the complex social, economic, and political factors prevalent in India.

- ❖ Scaling limitations: MFIs face difficulties in expanding their operations to reach more clients, particularly in remote and underserved regions.

8. Conclusion

The study suggests that microfinance can play a significant role in addressing issues like inadequate housing and urban services as a vital component of poverty alleviation programs for women. A promising approach involves offering multipurpose loans or composite credit that can be used for income generation, housing improvement, and consumption support. Consumption loans, especially during the initial stages of a new economic activity, are found to be crucial in bridging the gap until positive income is generated. To make this concept effective, it is essential to conduct thorough research on the financing demand and savings behaviour of potential borrowers and involve them in determining the mix of multi-purpose loans.

In conclusion, microfinance not only has the potential to empower women economically but also socially. By providing access to financial resources and tailored credit options, microfinance can positively impact women's lives by helping them address both their economic needs and other crucial aspects, such as housing and consumption support.

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