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EMPOWERING WOMEN THROUGH MICROFINANCE- BOON TO THE ECONOMY

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ABSTRACT

Under the drop down theory in the planning method it was expected that women will be equally benefitted along with men. However, this has been belied by the actual development. In India, the problem of women workers in unorganized sectors aggravated from bad to worse with the emergence of liberalization and globalization in early 1990's. This is because; most of the women who were engaged in various self- employed activities have lost their livelihood. Also, their contribution in the agriculture sector is considered as just an extension of the household domain.

Empowerment may be explained as a way of creating a social environment in which one can take decisions for social revolutions. It strengthens the inherent ability by way of acquiring knowledge, power and experience as well. Microfinance is budding as a powerful implementation for poverty alleviation in the new economy. In India, Microfinance sector is conquered by the Self Help Group (SHGs). Also, rapid progress in SHG formation has now bowed into an empowerment society among women across the country.

Economic empowerment results in women's capability to make decision increased self confidence and power in household etc. Micro finance is thus, required to overcome exploitation, create confidence for self reliance among rural women particularly. This article emphasis on how micro finance has got extensive recognition as a policy for empowerment of women. This article also seeks to look at the impact of Micro finance with respect to poverty alleviation and socio-economic empowerment of women in rural areas.

Keywords-Gender equality, women empowerment, economic development, micro finance, poverty alleviation

INTRODUCTION

In India, the effects of macroeconomic policies have literally failed to resolve the problem of gender inequality. Women have always been the weaker section of society and constitute a substantial segment of the poverty-struck population. Women face numerous gender specific barriers to access education, employment, health etc. Micro finance deals with women below the poverty line. Micro loans are accessible solely and entirely to rural women as well. The problem is more delicate for women in countries like India, although women labour makes a critical involvement towards the development of the economy.

Since, women's empowerment is the key to economic development of the country; bringing women into the majority of development of the nation has been a major concern of government. The ministry of rural development has several special schemes for women such as, Swarnagayanti Grameen Swarazgar Yojona (SGSY), Indira Awas Yojona (IAJ), National Social Assistance Programme (NSAP), the Integrated Rural Development Programme (IRDP), Restructured Rural Sanitation Programme, the (erstwhile) Development of Women and Children in Rural Areas (DWCRA), Accelerated Rural Water Supply programme (ARWSP), and the Jowahar Rozgar Yojana (JRY).

CONCEPT OF MICRO FINANCE

The term micro finance is commonly used in addressing issues associated to poverty alleviation, financial support to small and medium entrepreneurs, gender development etc. However, there is no statutory definition of micro finance. The term "Micro" literally means "small". As per Micro Credit Special Cell of the Reserve Bank Of India , the borrowal amounts upto the limit of Rs.25000/- could be measured as micro credit yield and this amount could be progressively increased up to Rs.40000/- over a period of time which roughly equals to $500, which is a standard for South Asia as per international perceptions.

The term micro finance is also sometimes, used interchangeably with the term micro credit. However, micro credit refers to releasing of loans in small quantities; but, the term micro finance has a broader meaning which covers other financial services like saving, insurance etc.

Basically, the groups can be of two types:

Self Help Groups (SHGs): In this case, SHGs does the financial intermediation on behalf of the formal institution. This is the major model followed in India.

Grameen Groups: In this case, financial assistance is provided to the rural individual in a group by the formal institution on the power of group's assurance. This microfinance system was initiated by Bangladesh Grameen Bank and is used by some of the Micro Finance Institutions (MFIs) in India.

WOMEN'S EMPOWERMENT AND MICRO FINANCE

Concern with women's access to credit and contributions to women's empowerment are nothing new. In India, organizations like Self- Employed Women's Association (SEWA) among others with origins in the Indian labour and women's movements, identified credit as a major restraint in their work with informal sector women workers.

The problem of women's way to credit was given particular importance at the first International Women's Conference in Mexico in 1975 as part of the rising awareness of the importance of women's fruitful role both for national economies and women's rights as well. This led to the setting up of the Women's World Banking network and also production of manuals for women's credit provision. From the mid-1980s, there was a rapid increasing of donor, government and NGO-sponsored credit programmes in the wake of the 1985 Nairobi women's conference.

The 1980s and 1990s also saw expansion and rapid growth of large minimalist poverty-targeted micro-finance institutions like Grameen Bank. In these organizations, evidence of significantly higher female refund rates led to rising emphasis on targeting women as an efficient approach to increase credit recovery. The trend was further reinforced by the Micro Credit Summit Campaign started in 1997 which had 'reaching and empowering women' as its second key objective after poverty alleviation. Micro-finance for women has been recently seen as a key strategy in meeting not only gender equality, but also poverty alleviation, health improvement, HIV/AIDS eradication and other goals.

POVERTY ALLEVIATION MODEL

The poverty alleviation model under goes numerous NGO integrated poverty-targeted community development programmes. In this model, Poverty alleviation is defined in broader terms to cover increasing capacities and decreasing the susceptibility of poor people. The main objective of these programmes is on developing sustainable livelihoods, community development and provisions of social service such as literacy, healthcare and infrastructure development. Some programmes have developed effectual methodologies for poverty targeting and operating in remote areas. Such strategies have recently become a center of interest from the Microcredit Summit Campaign. However, although gender inequality is recognised as an issue, the spotlight is on assistance to households and there is a tendency to see gender issues as culture and thus this is not subjected to outside intervention. The assumption is that increasing women's access to micro-finance will facilitate women to make a better contribution to household income and this will transform into improved well-being for women and enable women to fetch wider changes in gender inequality.

FINANCIAL SUSTAINABILITY MODEL

The financial self-sustainability model underlies the models of microfinance promoted since the mid-1990s by some of the Best Practice guidelines promoted in publications by USAID, UNDP, World Bank, and CGAP. The ultimate objective is huge programmes which are profitable and fully self-supporting in contest with other private sector banking organisations and able to raise funds from international financial markets rather than relying on funds from the development agencies. The main target group is the 'bankable poor' i.e., small entrepreneurs and farmers. This importance on financial sustainability is seen as essential to create institutions which could reach significant numbers of poor people in the framework of declining aid budgets. Within this model gender lobbies have been able to fight for targeting women on the basis of high female repayment rates and the need to stimulate women's economic activity. This model do not match up systematically to any single organisational model of micro-finance. Micro-finance providers with the same organisational form, for e.g. village bank, Grameen model or cooperative model, may have very diverse gender policies and strategies for poverty alleviation.

The two models represent dissimilar 'discourses' each with its own relatively consistent internal logic concerning aims to policies, based on different understandings of economic development. They are not only different, but frequently seen as 'incompatible discourses' in uneasy tension and with repeatedly contested degrees of dominance. Although women's empowerment may be a declared aim in the style of official gender policy and program promotion, but in practice it becomes marginalised by concerns of financial sustainability and poverty alleviation.

MICRO FINANCE MECHANISM FOR WOMEN'S EMPOWERMENT

Micro Finance is emerging as a powerful mechanism for poverty alleviation in the economy. In India, the outlook of micro finance is conquered by Self Help Groups (SHGs) aimed at providing a cost effective mechanism for financial services to the poor people. Micro Finance for the poor and women has received wide recognition as an approach for poverty reduction and for financial sustainability. Although there is questioning of micro credit is most effective approach to economic empowerment of poorest and women in particular. Micro Credit for empowerment is about organizing people, particularly around credit to manage money. The thrust is on getting the poor to organize their own funds, structuring their capacities and empowering them to influence external credit.

Before 1990's, credit schemes for rural women were negligible. The concept of women's credit was born on the assertion by women oriented studies that focused on the discrimination and struggle of women particularly in having the access of credit. However, there is still a perceptible gap in financing credit needs of especially women in the rural sector. There are also certain misconceptions about the poor people that they require loan at subsidized rate of interest. Nevertheless, the experiences of several SHGs disclose that rural poor are actually efficient managers of finance. Availability of timely as well as adequate credit is crucial for them to take on any economic activity.

The Government measures have attempted to assist the poor and women by implementing different poverty alleviation programmes. Since, most of them are target based involving extensive procedures for loan disbursement, higher transaction costs and lack of supervision. There emerged the necessity for an informal credit supply through the SHGs.

PROBLEM AND CHALLENGES

Various surveys have shown that a lot of 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.
- Employment of many relatives which increases societalpressure to share benefits.
- Setting prices arbitrarily.
- Lack of capital.
- Inadequate book-keeping.
- Inventory and inflation accounting is never undertaken.
- High interest rates.
- Credit policies that can gradually spoil their business.

CONCLUSIONS AND SUGGESTIONS

Numerous traditional systems of credit that were already in existence before micro finance came into rage. Hence, the practicality of micro finance needs to be understood from a dimension in looking at its long-term aspects too. Very minute attention has been given to empowerment questions in which both empowerment and sustainability objectives may be accommodated. An effort has been made here to present some of these aspects to complete the picture.

It can be concluded that micro finance can contribute to solve the problems of inadequate housing and urban services as an integral part of poverty alleviation and financial sustainability programmes. The challenge lies in discovery of the flexibility level in the credit instrument that could match the credit requirements of the low income borrower. A capable solution is to provide multipurpose loan or composite credit for income generation, house improvement and consumption support. Careful researches on demand for financing of the potential borrowers are essential in making the concept work.

However, ensuring that the micro-finance sector continues to move ahead in relation to gender equality and women's empowerment will necessitate a long-term strategic method of the same order as the one in relation to poverty. This method will include:

• Ongoing exchange of experience and innovation among practitioners
• Constant awareness of 'bad practices'
• lobbying donors for funding for empowerment strategies

• bringing together different players in this sector to develop coherent policies.

Thus, it is understandable that gender strategies in micro finance need to look further than increasing women's access to savings and credit, and organizing self help groups (SHGs) to look purposefully at how these programmes can actively promote gender equality, financial sustainability and women's empowerment as well. Moreover, the thrust should be on developing a diversified micro finance sector where different type of organizations, such as NGOs, MFIs and formal sector banks all should have gender equality policies adapted to the needs of their particular target groups to make a considerable contribution to gender equality and economic development.

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