

**AN EMPIRICAL STUDY ON RURAL WOMEN EMPOWERMENT THROUGH MICROFINANCE**

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**ABSTRACT**

*In India, women have been the helpless section of the society & constitute a sizeable segment of poverty struck population. Women in India are characterized by lack of education and access of resources both of which are required to help them work their way out of poverty and for upward economic and social mobility. Microfinance is emerging as a powerful instrument for poverty alleviation in the new economy. Microfinance is dominated by Self Help Groups (SHGs) - Bank Linkage Programmed as a cost effective Mechanism for providing financial services to the "unreached poor". Since women empowerment is the key to socioeconomic progress of the community; bringing women it mainstream of national development has been a major concern of government. Economic empowerment results in women's ability to influence or make decisions, energized self confidence, better status and role in household, etc. Microfinance is necessary to overcome exploitation, create confidence for economic self reliable of the rural poor. This study makes the valuable contributions by providing a base to the Microfinance institutions and SHGs for strengthening and expanding their support to rural poor women.*

**1.INTRODUCTION****1.1. EMPOWERMENT**

Empowerment as a concept was introduced at the International Women's Conference at Nairobi in 1985. The conference defined empowerment as "A redistribution of social power and control of resources in favor of women. It is "the process of challenging existing power relations and of gaining greater control over the sources of power".

Women Empowerment refers to an increase in the strength of women such as spiritual, political, social or economic. The most common explanation of "Women's Empowerment" is the ability to exercise full control over the actions. Thus, women empowerment occurs in real sense when women achieve increased control and participation in decision making that leads to their better access to resources it often involves the empowered developing confidence in their own capacities.

**1.2 MICROFINANCE**

Microfinance is defined as, "a type of banking service that is provided to unemployed or low-income individuals or groups who otherwise have no other means of gaining financial services". In other words, it is provision of financial services such as savings, credit and insurance to individuals that fall below the poverty line. Microfinance therefore is also stated as creation of social value for these individuals by elevating their circumstances and helping them to envision the livelihood opportunities. Through the provision of capital for micro enterprise, savings for risk mitigation and insurance the purpose or the goal for the sustainability of rural developers is achieved.

### 1.3 WOMEN EMPOWERMENT THROUGH MICROFINANCE

Microfinance affects women's ability or decision making and self-confidence which are closely linked with knowledge, women's status and gender relations at home. Microfinance program strengthen women's economic autonomy and gives them means to pursue non-traditional activities. These programs impact also on political empowerment and women's right.

Women and SHGs in many parts of the country have achieved success in bringing the women to the main stream of decision making. The SHG in our country has become a source of inspiration for women's welfare formation of SHG is a viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmed. SHG is also a viable organized set up to disburse micro credit to the rural women and encouraging them together into entrepreneurial activities. (Abdul, 2007). To alleviate the poverty and to empower the women, the micro-finance, Self-Help Groups (SHGs) and credit management groups have also started in India.

#### Number of SHGs in India

YEAR	Number of SHGs	Rate of Growth
2005-06	2238565	109.47
2006-07	2924973	30.66
2007-08	5009794	71.28
2008-09	6121147	22.2
2009-10	6959250	13.6
2010-11	7655200	10.0

Source: NABARD Reports 2005-06 to 2010-11

There are many successful women organizations working for the overall upliftment of the rural women like:

- Shri Mahila Graham Udyog Iijjat Papad (1959),
- Self Employed Women association (SEWA) established in 1972,
- The Working Women's Forum (WWF) in 1978,
- Rashtriya Mahila Kosh (RMK), a govt. Organization for women established in 1993,
- Mann Deshi Mahila Sahakari Bank Ltd. (MDMSB) in 1997 etc.

Like SHGs, many MFIs with a strong focus on empowerment maintain very high levels of operational and financial sustainability, suggesting that a great deal can be done to enhance women's empowerment even within the constraints of financial sustainability. Working Women's Forum (WWF) in India, for example, is fully financially sustainable and offers a range of nonfinancial services, including organizing women in the informal sector to achieve better wages and working conditions. WWF also empowers poor women through its institutional structure by training them to act as health promoters and credit officers in their neighborhoods.

Microfinance programs can affect women's use of their time through two main channels meeting time and expanded enterprise activity. Most methodologies that target women rely on women being able to spend time together to learn about effective financial management and to repay and disburse loans. Although time is precious and scarce for many poor women, it is one resource that most women can utilize to gain access to financial services. It is a key factor in facilitating cost-efficient delivery of services. There are concerns, however, that MFIs are increasing women's work burden by involving them in time-consuming meetings and income-generating activities without taking any action to reduce their traditional responsibilities.

Particulars	Self Help Groups as on 31.03.2011		Self Help Groups as on 31.03.2012	
	Number (in lakh)	Amount (in crores)	Number (in lakh)	Amount (in crores)
Loans disbursed during the year	11.96	14,547.73	11.48	16,534.77
Loans outstanding	47.87	31,221.16	43.54	36,340.00
Savings accounts with banks	74.62	7,016.30	79.60	6551.41

Source: NABARD Annual Report: 2012-13

Particulars	Micro Finance Institutions			
	As on 31.03.2011		As on 31.03.2012	
	Number (in lakh)	Amount (in crores)	Number (in lakh)	Amount (in crores)
Loans disbursed during the year	471	8,448.96	465	5,205.28
Loans outstanding	2315	13,730.62	1960	11,450.35

Source: NABARD Annual Report: 2012-13

*“Women has been suppressed under custom and law for which man was responsible and in the shaping of which she had no hand. Woman has as much right to shape her own destiny as man has to shape his. It is upto men to see that they enable them to realize their full status and play their part as equal of men.”*

- **Mahatma Gandhi**

## **2. REVIEW OF LITERATURE**

2.1 A key objective of many Microfinance interventions is to empower women. A Mosedale (2003) state that if we want to see people empowered it means we currently see them as being disempowered disadvantaged by the way power relations shape their choices, opportunities and well-being. She states that empowerment cannot be bestowed by a third party but must be claimed by those seeking empowerment through an ongoing process of reflection, analysis and action (2003).

2.2 Jeffery Sachs (2005) in a visit to a BRAC project was amazed to find that women he spoke to had only one or two children, when he was expecting them to have five or six as he had become accustomed to for Bangladeshi women. When he asked those with no or one child how many children they'd like to have, the majority replied two. He calls this a “demonstration of a change of outlook” (2005). He refers

to a new spirit of women's rights, independence and empowerment among clients, showing the positive empowerment effects the project has had on the women.

2.3 Kabeer, quoted in Mosedale (2003) states that women need empowerment as they are constrained by "the norms, beliefs, customs and values through which societies differentiate between women and men". She also states that empowerment refers to the "process by which those who have been denied the ability to make strategic life choices acquire such an ability", where strategic choices are "critical for people to live the lives they want (such as choice of livelihood, whether and who to marry, whether to have children, etc)" (Kabeer, 1999). Therefore MFIs cannot empower women directly but can help them through training and awareness-raising to challenge the existing norms, cultures and values which place them at a disadvantage in relation to men, and to help them have greater control over resources and their lives.

2.4 Littlefield, Murdugh and Hashemi (2003) state that access to MFIs can empower women to become more confident, more assertive, more likely to take part in family and community decisions and better able to confront gender inequities. However, they also state that just because women are clients of MFIs does not mean they will automatically become empowered. Hulme and Mosley (1996) also make this point when they refer to the "naivety of the belief that every loan made to a woman contributes to the strengthening of the economic and social position of women". However, with careful planning and design women's position in the household and community can indeed be improved. According to Littlefield, Murdugh and Hashemi (2003), the Women's Empowerment Program in Nepal found that 68% of its members were making decisions on buying and selling property, sending their daughters to school and planning their family, all decisions that in the past were made by husbands. They refer to studies in Ghana and Bolivia, which indicated that women involved in Microfinance projects, had increased self-confidence and had an improved status in the community.

2.5 However, Johnson (2005) states that having women as key participants in Microfinance projects does not automatically lead to empowerment, sometimes negative impacts can be witnessed. She refers to increased workloads, increased domestic violence and abuse. This leads her to ask a crucial question of whether targeting women is just an efficient way of getting credit into the household, since women are more likely than men to be available in the home, attend meetings, be manageable by field staff and take repayment more seriously, even if they do not invest or control the loan themselves? Or on the other hand, if such targeting is fully justified on the grounds of enhancing gender equity. She claims the answer is probably somewhere between the two alternatives.

### **3. OBJECTIVES OF THE STUDY**

Microfinance is a useful tool for the empowerment of women, for poverty alleviation and a relatively new approach for developing economies to solve difficulties faced by women in obtaining finance. The study aims to analyze the impact of Microfinance services on rural women empowerment. The main objectives of the study are as follows:

- i. To ascertain whether there is up gradation of social and economic status of rural women through Microfinance.
- ii. To assess the impact of Microfinance institutions in bringing awareness among the rural women.
- iii. To know whether there is an improvement in position of women in their family and society.
- iv. To examine whether there is a better future of the children of rural women through Microfinance.

#### **4. COLLECTION OF DATA**

In order to achieve the objectives of the study mainly secondary data is used. The data required for this study is extracted primarily from the annual reports of NABARD, publications of World Bank and various other government reports published by different institutions and ministries, websites, newspapers, journals, magazines and other published material.

#### **Features of Microfinance in context with SHGs and MFIs**

Feature	SHG Model	MFI Model	
		Grameen	Individual Banking
Type of Clients	Primarily women	Primarily women	Women/Men
Group Size	10-20 members per group	Usually 5 members per group	Individual Clients
Services	Services and credit	Services and credit	Credit
Credit Delivery	In the name of group	Individual	Individual
Role of field staff	Organise, Guide and Facilitate	Organise (group dependent on staff)	Organise
Record keeping	By group	By field staff	By field staff
Group Meetings	Monthly	Weekly	No meetings
Meetings with officials	Monthly	Weekly	Unscheduled
Amount of Saving	Rs. 20-100 per month	Rs. 5-25 per week	Flexible
Initial loan amount	3-4 times of group saving	Rs. 2000-5000	Rs. 5000-150000
Interest rate	9-11 per cent	Varies largely between MFIs (12-30 per cent)	Generally, more than Grameen model
Effect on Empowerment of members	High	Low	Very low

Source: Own compilation.

The table shows the number of individuals who are provided microfinance loans under the SHG as well as the MFI model. The last row shows that SHGs has high impact on the women women empowerment whereas under the MFI model the empowerment of women is relatively low. It is important to note that in some of the southern states the microfinance programme has reached the saturation point and the MFIs are competing to find new eligible clients. In this situation, same individuals are getting loans under both the models from different MFIs, i.e. grameen model and individual banking. The table reveals that up to March 2012, 59.06 million individuals are covered under the microfinance programme out of which 79.11 per cent are formed under SHG-BLM and 20.89 per cent under the MFI model. The programme outreach increases to 68.21 million by March 2013.

#### **5. FINDINGS AND SUGGESTIONS**

There is a definite improvement in psychological well being and social empowerment among rural women as a result of participating in micro finance through SHG program. There is improvement in their standard of living too. The following are other findings of the study:

1. Microfinance improved the literacy level of rural women improved awareness on children education.

2. Microfinance brought courage and self-confidence and improved the skill and self worthiness of rural women.
3. Women are economically and socially empowered after joining SHG and getting micro finance as 92 percent reported that poverty level reduced by participating micro finance program.
4. It is also noticed that most of the women are not aware of the trainings organized by the banks. The NGOs, grameen banks and individual banks shall actively take part in various trainings sessions provided to all women members wherein they can gain more knowledge about the various income generating activities.
5. There is appreciable development in coordination between groups and within group leaders and decision making among respondents. There is a significance improvement in the income of the respondents after joining SHG.

The findings may be useful to microfinance institutions to strengthen and expand their support to rural poor women. Microfinance institutions should conduct usual meeting with the beneficiaries to make them aware about the use of loan in proper business. Govt. and NGOs, on the basis of the study findings, may formulate its policy to empower rural women socially and economically. Based on the above findings, the following recommendations are suggested:

1. Microfinance institutions should provide regular training programs to rural women to improve their entrepreneurial skill and reduce the problems which hinder their access to microfinance.
2. Microfinance institutions should try to extend more credit facilities to clients to expand their businesses since the study results confirmed that microfinance had a positive impact in empowering rural women.
3. Govt. should grant tax exemptions and other incentives to the organizations which seek to extend credit facilities to rural women as a way of encouraging them to run small scale business.

## **CONCLUSION**

This study sought to analyze the impact of microfinance services in empowering the rural women. Traditionally, the role of rural women was to provide support to their husband and family which show the suppression of women in rural household. The results of this study states that microfinance has improved their economic condition and enhanced their ability to contribute in their family decision making. As rural women started to earn and contribute to their family expenses, the behavior of their husbands towards them has changed considerably. The study also indicates that the livings standard of their family has improved.

Impact of micro finance is appreciable in bringing confidence, courage, skill development and empowerment. The SHG members feel free to move with their groups and leaders. It leads them to participate on various social welfare activities with good co operation. While interacting with the respondents, it is noticed that some members are expecting the MFIs to come up with more training sessions in income generating activities. All they need is a way to develop the skills and talents by participating in various training programs.

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