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**MICROFINANCE –A TOOL FOR EMPOWERING ROLE OF WOMEN**

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**Abstract:** *In a society like India where male dominates, women have always been given treatment of underestimated and discriminated in all spheres of life, be it their family and social life or their economic and political life. Moreover, the religious and traditional duties of managing households create hindrances in their social and economic empowerment. Over the years various initiatives have been taken up by many Government and Non Government organisation to promote women empowerment especially in rural areas. One such initiative is the Microfinance intervention. Many leading public and private sector banks are offering schemes exclusively design for women to set up their own ventures. Even the unorganised sector has been heading into microfinance movement. The present paper is an attempt to understand the role of microfinance intervention in promoting women empowerment in rural India.*

**Keywords:** Microfinance, Micro- credit, Women empowerment, NGOs.

**Introduction**

“A woman is the full circle. Within her is the power to create, nurture and transform.”

— Diane Mariechild

The subject of empowerment of women has become a burning issue all over the world including India since last few decades. Many agencies of United Nations in their reports have emphasized that gender issue is to be given utmost priority. It is held that women now cannot be asked to wait for any more for equality. Women have been the most underprivileged and discriminated strata of the society not only in India but the world over. In spite of all Government and Non-Governments' efforts, they have been highly ignorant clients of the financial sector. In the recent times, microfinance has been emerging as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance the formal and semi formal sectors like commercial banks, NGOs etc. are taking much interest in providing microfinance to women considering it to be a profitable commercial activity. Women are also participating in the

microfinance movement by availing the microfinance services being provided by the various financial channels. Women empowerment is one of the most important issues that have been in the focus of various policies and programs initiated by the Govt. and the non-govt. organizations. Microfinance is one such effort that has been emerging as a powerful tool of women empowerment. It has been observed through the available literature that most of the studies related to microfinance have been carried out in the southern region of the country and very little efforts in this regard have been found in Thane District. The present study aims to fill in the gap in the available literature. It is a modest attempt to analyze the role of microfinance in women empowerment and the satisfaction level of the women towards microfinance.

### Objectives of the study

- (i) To understand the respondents' preference for the formal and the informal sources of finance.
- (ii) To assess the level of satisfaction of the respondents with regards to the microfinance services.
- (iii) To analyze the level of impact of the microfinance services on the day to day activities of the respondents.

### Area of the study

The study has been carried out in the rural area of the three Talukas of Thane District namely Vasai, Bhayander, and Mira Road .For this purpose two blocks in each Taluka were selected. These are the major development blocks of the respective Talukas. Following is the sample distribution of the study

Talukas Block	VASAI (30)	BHAYANDER (35)	MIRAROAD (45)
1	CHINCHPADA (15)	NAVGHAR ROAD (20)	MIRAGOAN (25)
2	SHASHTRI NAGAR (15)	CABIN RAOD (15)	PATEL ROAD(20)

### Data base and Research methodology

To satisfy the objectives, primary data has been collected with the help of a structured questionnaire. A convenient randomized sample of 110 women respondents from the aforesaid talukas was selected. Weighted average scores and percentages have been used to draw the meaningful inferences from the study.

The paper has been divided into two parts. Part A deals with the conceptual framework of the study. The empirical data analysis has been covered in part B

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**Part A**

It is widely recognized that in order to have sustainable development and poverty reduction, inequalities among gender needs to be eradicated first. In fact, development of a nation depends upon the empowerment of women. The term 'Women empowerment' implies women's hold over use of resources and participation in decision making as well, leading to improvement in their socio-economic status. Presently, in most of the developing countries like India higher emphasis is being laid upon the development of women as entrepreneurs and their active participation in the development process of their country. Women can be successful and better entrepreneurs if given the much needed conducive environment and provided with enough resources most importantly the required amount of capital. The studies of rural women have proved their business excellence. They have been found to be better in credit utilisation than men (NABARD, 1992; Pitt, Khandker, 1998; Anthony, Horne, 2003) but because of lack of access to assets they are often more vulnerable to poverty than males. There are many successful women Organisations working for the overall upliftment of the rural women like Shri Mahila Griha Udyog Lijjat Papad (1959), Self Employed Women association (SEWA) established in 1972, The Working Women's Forum (WWF) in 1978, Rashtriya Mahila Kosh (RMK), a govt. Organisation for women established in 1993, Mann Deshi Mahila Sahakari Bank Ltd. (MDMSB) in 1997 etc. Though there can be no magic wand, which can bring about radical structural transformation that the empowerment of women needs, the success of micro financing organizations in building up the organizational capacity of poor women provides the basis for their social mobilization that many other class interventions have not been able to achieve (Kabeer 2005).

Various helping hands are available for women to provide finance as classified below:

- Formal Sector- It covers the entire banking industry including all public, private, regional rural banks, NABARD and RBI.
- Semi-formal sector- It covers all exclusive Micro financing institutions (MFIs), NGOs and various Self Help Groups (SHG).
- Informal sector- It covers family, friends, relatives, moneylenders, pawnbrokers, traders and landlords etc.

Generally, the micro finance products are classified into three categories -Micro Credit, Micro Savings and Micro Insurance. Various credit products are available ranging from consumption to production besides savings products. However, micro insurance is still in experimental stage.

**Women Empowerment and Microfinance Interventions in banking sector**

Banking sector has been emerging in a big way to participate in the microfinance movement. At present many commercial banks are taking much interest in developing schemes exclusively for women. Various leading public and private sector banks have been providing finance under different schemes to the women entrepreneurs with a relief in interest rate on credit. Some of these schemes are listed in Table II

<b>Table II. Commercial banks' Schemes.</b>	
<b>Commercial banks</b>	<b>Name of the scheme</b>
Bank of India	Priyadarshini Yojana
Canara Bank	CAN Mahila
Central Bank of India	Cent Kalyani
Dena Bank	Dena Shakti
Oriental Bank of Commerce	Orient mahila Vikas Yojana
Punjab National Bank	Mahila Udyam Nidhi Scheme Mahila Sashaktikaran Abhivan PNB Kalyani Card Scheme
Punjab & Sind Bank	Udyogini Scheme
State Bank of India	Stree Shakti Package
State Bank of Mysore	Stree Shakti
SIDBI	Mahila udyam Nidhi
Union Bank of India	Viklang Mahila Vikas yojana
ICICI Bank	Women's account
IDBI Bank	Mahila Udyog Nidhi Mahila Vikas Nidhi
Vijaya Bank	Assistance to Rural Women in Non-Farm Development (ARWIND) Assistance For Marketing Of Non Farm Products Of Rural Women (MAHIMA)

Along with these banks have a special provision of micro credit to Self Help Groups (SHGs) particularly in rural areas? It is worth mentioning here that in India, 90 per cent SHGs belong to women and 80 per cent of them are located in rural areas.

**Types of Economic activities pursued by women with the help of microfinance**

A large number of women all over the world are getting self reliant by pursuing various economic activities with the help of financial as well as non financial assistance provided by the microfinance providers in rural areas these are:

1. Dress designing	11. Garment making
2. Embroidery	12. Food processing
3. Knitting	13. Bee keeping
4. Making of stuffed toys	14. Basketry
5. Selling vegetables and fruits	15. Gem cutting
6. Dairy farming	16. Weaving and spinning
7. Poultry	17. Glass and emboss paintings
8. Agriculture	18. Vegetable gardening
9. Running tea shops, Grocery shops	19. Cattle rearing
10. Manufacturing of wood and cane products	20. Floriculture

**Part B**

This part of the study deals with the empirical analysis of preference of the women respondents for the various sources of finance available to them. The study also explains perception of the women microfinance clients with regards to microfinance services in terms of their level of satisfaction and the level of impact of services availed.

**Level of Impact**

This section of the article deals with the examination of the level of impact which the respondents observed after taking micro credit. Out of all, A 54 respondents availing micro credit were asked to rate the activities showing impact on their lives of micro credit on five point Likert scale The impact level has been analyzed by calculating the WAS for each activity. The activities have been categorized as activities of high Impact, moderate impact and slight Impact as explained Table III

ACTIVITIES	SA	A	N	D	SD	WAS
<b>Activities of moderate impact</b>						
Improvement in social status	20	12	8	14	0	3.70
Poverty reduction	18	10	16	10	0	3.67

Improvement in consumption	16	12	10	16	0	3.52
Recognition in Family	14	10	12	18	0	3.37
Improvement in income level	12	16	12	14	0	3.48
Increasing in decision making power	16	8	10	16	4	3.30
Confidence building level	12	10	14	18	0	3.29
Improvement in communication skill	10	10	18	16	0	3.26
<b>Activities of slight impact</b>						
Awareness of social issues	8	10	14	14	8	2.92

It is observed that out of 9 variables not a single variable has been ranked as the activity of high impact. Interestingly only 1 activity has been ranked as of slight impact i.e. 'Awareness of social issues' with WAS of 2.92 while rest 8 activities ranked as that of having moderate impact. This shows that microfinance has been able to mark some impact on the lives of the women clients as they reported improvement in their communication skills, decision making power and the confidence level. The same is supported by the previous conducted studies also such as BL Centre for Development, Research and Action (2005), Kamble, H. Kalawati and Sonar, B. Gangadhar. 2006, but still there is a long way to go before the microfinance may lead to sustainable women empowerment.

### Conclusion

This paper made an attempt to understand the role of microfinance in socio- economic empowerment of women in the Thane district of Maharashtra. No doubt, microfinance has been effectively contributing to women empowerment significantly to their family development in terms of getting credit for housing repairs, education and marriage of their children and also for consumption purpose. The study found good saving habit among females as maximum number of the respondents were having saving bank accounts (36.9 per cent) and post office savings (18.4 per cent) but still there are so many obstacles on the way of financial inclusion of women such as lack of awareness regarding micro financing services being provided by the banks as 80.7 per cent of the respondents were unaware of banks opening zero minimum balance saving bank account. The dissatisfaction from various credit worthy requirements followed by banks such as collaterals,

procedural formalities, loan utilization checks and stringent repayment terms are also some of the major reasons for a significant proportion of the rural women to prefer informal sources of finance (74.1 per cent of the respondents availing credit) instead of the formal ones. They find an ease in getting finance from their personal contacts. This attitude needs to be changed. The banks should introduce some proactive strategies primarily aiming at spreading more awareness of micro financing services available with banks and encouraging the use of such services. Women should be encouraged to take up entrepreneurial activities by giving them proper guidance and developing their business skills. Women empowerment to a great extent depends upon the economic empowerment of women and microfinance can prove to be a very powerful instrument of women empowerment in the times to come.

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**Acknowledgment:**

A Special Thanks to Dr.S.S.Mohanty (Director-St.Francis Inst of Mgmt (Borvili-India)