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Rural Women Empowerment Through Micro Finance

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ABSTRACT

In every economy women play an important part. When women are given equal partnerships as with men then only a nation would have overall enhancement and amusing growth. Empowerment of women is essential to bind the women labor in the main stream of economic development. Empowerment of women is an absolute impression. It is multi-dimensional in its approach and covers economical, personal, social/cultural, familial, psychological and political aspects. Of all the aspects of women development, economic empowerment is of dominant significance in order to achieve an eternal and bearable advancement of society. Stipulation of microfinance is a key source for achieving women empowerment.

1. INTRODUCTION

Microfinance, also called microcredit, is a type of banking service provided to jobless or low-income folks or groups who otherwise would have no other admission to financial services. While institutions participating in the area of microfinance most often endow with lending—microloans can range from as small as $100 to as large as $25,000—many banks offer additional services such as checking and savings accounts as well as micro-insurance products, and some even afford financial and business education Micro financing became popular on a large scale in the 1970s. The first organization to take delivery of consideration was the Grameen Bank, which was in full swing in 1976 by Muhammad Yunus in Bangladesh.

VARIOUS TYPES OF INSTITUTIONS OFFERING MICROFINANCE:

Credit union, commercial banks, NGOs (Non-governmental Organizations), cooperatives, and sector of government banks. The materialization of for-profit MFIs is growing. In India these for-profit MFIs are referred to as Non-Banking Financial Companies (NBFC)

MAJOR OBJECTIVES OF MICRO FINANCE

The major objectives of microfinance are consequently providing the poor with admittance to financial services as well as an occasion for them to build their financial capacity and ability to cultivate to fiscal autonomy. Microfinance services are delivered in a fashion where criteria for borrowing money are relaxed and no expensive collateral is required to secure loans, no complicated paperwork, no formal or ceremonial procedures are followed and no nerve-racking offices and bank staff are involved.

In recent times microfinance has also become a conduit for empowering women due to the fact that in the majority poor countries rural women constitute the majority of the poor and “unbanked”. It is well notorious that in many societies, rural women are unable to participate in economic bustle to the extent that their male counterparts do. This has put them at a solemn disadvantage and in some

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gear led to their suffering, domestic violence, and goaded poverty. Microfinance therefore provides women with the easiest opportunity to access the financial assistance they need to start their own businesses and a possibility to actively play a part in the economy. Microfinance has enhanced the status of women and made them more active in decision-making in a way not doable before. Such empowerment also contributes tremendously to gender evenhandedness and family happiness.

MICROFINANCE AND WOMEN EMPOWERMENT

Micro-finance programmes not only give women and men entrance to savings and credit, but reach millions of people worldwide bringing them together habitually in organized groups. Although no 'magic bullet', they are potentially a very significant contribution to gender equality and women's empowerment, as well as pro-poor development and civil society intensification. Through their contribution to women's ability to earn an income these programmes have potential to instigate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and biased empowerment. Micro finance services and groups involving men also have impending to question and drastically change men's attitudes and behaviors as an indispensable module of achieving masculinity and femininity egalitarianism.

Majority of microfinance programmes meeting point women with a view to empower them. There are varying fundamental motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the deprived and thus helping them should be a priority. A more feminist point of view stresses that an amplified access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive microfinance as a tool in the fight for the women's rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

2. SCOPE OF STUDY

The scope of study is to scrutinize the progress of SHG's in Rural India, in order to know how far it has achieved its objectives in empowering women through micro finance. Hence by knowing the involvement of microfinance in women empowerment from beginning to end SHG's it can be in point of fact implemented to other economically undersized rural areas, which will result both in elevating the status of women and also adding to the economic growth of the country.

3. LITERATURE REVIEW

Malhotra (2002) constructed a list of the most frequently used dimensions of women's empowerment, drawing from the frameworks developed by an assortment of authors in different fields of social sciences. Allowing for extend beyond, these frameworks suggest those women's empowerment requirements to occur along multiple dimensions together with: economic, socio-cultural, ancestral/interpersonal, legal, political, and psychosomatic. It has been well-documented that an increase in women's capital results in the well-being of the family, especially children. A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such

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organizations unambiguously recognize microfinance as a tool in the fight for the women's rights and self-government. Ranjula Bali Swain Can Microfinance Empower Women? Self-Help Groups in India" concluded many strides have been made in the right direction and women are in the process of empowering themselves and NGOs that provide support in financial services and dedicated training, have a greater ability to make a positive collision on women empowerment. In an article titled 'Empowering Women through Microfinance' concluded Microfinance has the potential to have a powerful contact on women's empowerment. Ranjula Bali Swaina and Fan Yang Wallentin (September 2009) in their article 'Does microfinance empower women? Evidence from self-help groups in India' concluded that their study strongly indicate that SHG members are empowered by participating in microfinance curriculum in the sense that they have a greater inclination to refuse to go along with existing gender norms and culture that confine their ability to develop and make choices. Batliwala (1994) identified three approaches to women's empowerment: the integrated development approach which focused on women's survival and source of proceeds needs; the economic development approach which aimed to strengthen women's economic position and the consciousness approach which organized women into collectives that address the source of coercion. Mayoux (1997) argues that the impact of microfinance programmes on women is not always optimistic. Women that have set up enterprises advantage not only from small increases in income at the cost of heavier workloads and reimbursement pressures. Sometimes their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as amateur family workers with little benefit. She further points that in some cases women's increased autonomy has been temporary and has led to the withdrawal of male support.

4. RESEARCH OBJECTIVES

The major objectives of the study are:

1. To study the role of micro finance in women empowerment.
2. To offer proposal for betterment of women's empowerment through microfinance.

ROLE OF MICRO FINANCE IN RURAL WOMEN EMPOWERMENT

Traditionally, when a person wants to start a business endeavor, they go to a bank for a loan. But what should a nascent capitalist do if he is too poor to obtain financing to start a profitable business? The answer lies in a comparatively new twig of monetary services called microfinance. Its purpose is to provide basic financial services such as loans, savings and insurance to underprivileged people. A microfinance institution (MFI) is simply one that offers such services to the poor; according to the Consultative Group to Assist the Poor (CGAP), it can be a recognition union, commercial bank, financial non-governmental association, or a credit cooperative. Following is a list of the main purposes of microfinance.

PROVIDE ACCESS TO FUNDS

Typically, the poor get your hands on financial services like loans through informal associations. These loans, however, come at a high cost per dollar loaned and can be untrustworthy. Furthermore, banks have not traditionally viewed poor people as viable clients and often will reject them due to unhinged credit or employment history and lack of collateral. MFIs dismiss such requirements and provide small loans at high interest rates, thus providing MFIs the funds they need to prolong operation.

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ENCOURAGE ENTREPRENEURSHIP AND SELF-SUFFICIENCY

Disadvantaged people may have potentially profitable business ideas, but they cannot put them into action because they lack adequate capital for start-up costs. Microcredit loans give patrons just enough money to get their idea off the ground so they can begin turning a profit. They can then pay off their micro-loan and prolong to gain income from their endeavor for the foreseeable future.

MANAGE RISK

Microcredit can give impecunious people enough financial stability to cross from simply surviving to accruing savings. This gives them fortification from sudden financial problems that could have been devastating. Savings also allow for educational investment, improved nutrition, better living conditions and reduced illness. Micro insurance provides people the ability to pay for health care when needed, so they can take delivery of handling for health circumstances before they become momentous and more expensive to treat.

EMPOWER WOMEN

Women make up a large proportion of microfinance beneficiaries. Traditionally, women have been unable to readily participate in economic activity. Microfinance provides women with the pecuniary backing they need to start commerce ventures and actively partake in the economy. It gives them confidence, improves their status and makes them more active in decision-making, thus heartening gender equality. According to CGAP, long-standing MFIs even report a take a rain check in violence towards women since the commencement of microfinance.

COMMUNITY-WIDE BENEFITS

Generally speaking, microfinance institutions seek to reduce poverty worldwide. As they. Obtain funds and services from MFIs, recipients gain enormous financial benefits which trickle. Down to others in their families and communities. New business ventures can provide jobs, thereby increasing income among community members and improving their overall well-being. Microfinance services gives hope to people who previously had little or no occasion to be Independent .

GOALS OF MICRO FINANCE

The goal of a microfinance and obliging policy can be to augment easily accessible, cost useful and sustainable financial services to the people livelihood in the project area that would facilitate increased speculation in income generating activities consequential in an increase of their profits levels. The strategy would specifically:

- Enhance ease of understanding of financial services
- Enhance women’s contribution and decision in policy making-processes at all levels
- Enhance the capacities of people in the area of cash management

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5. CONCLUSION AND SUGGESTION

Microfinance has the potential to have a powerful impact on women's empowerment. Although microfinance is not always empowering for all women, most women do experience some degree of empowerment as a result. Empowerment is a complex process of change that is experienced by all

Individuals somewhat differently. Strengthening women's financial base and economic contribution to their families and communities plays a role in empowering them. In some cases, access to credit may be the only input needed to start women on the road to empowerment. This study reveals that the women in Self Help Groups in Rural areas has a considerable improvement in the aspects of economic empowerment, decision making empowerment, social empowerment, familial empowerment, psychological empowerment and political empowerment.

THE ORGANIZATIONS INVOLVED IN MICRO CREDIT INITIATIVES SHOULD TAKE ACCOUNT OF THE FACT THAT:

Credit is important for development but cannot by itself enable very poor women to overcome their poverty. Making credit available to women does not automatically mean they have control over its use and over any income they might generate from micro enterprises. In situations of chronic poverty it is more important to provide saving services than to offer credit. A useful indicator of the tangible impact of micro credit schemes is the number of additional proposals and demands presented by local villagers to public authorities.
Nevertheless ensuring that the micro-finance sector continues to move forward in relation to gender equality and women's empowerment will require a long-term strategic process of the same order as the one in relation to poverty if gender is not to continue to 'evaporate' in a combination of complacency and resistance within donor agencies and the micro-finance sector.

This will involve:
• Ongoing swap of familiarity and modernization between practitioners
• Constant openness and quizzical of 'bad practice'
• Lobbying donors for adequate financial support for empowerment strategies
• Bringing together the dissimilar players in the sector to develop articulate policies and for gender encouragement.

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