

Role of Micro Finance in Women Empowerment

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Abstract

Micro finance programmes are promoted as an important strategy for women's empowerment. Micro finance builds mutual trust and confidence between bankers and rural poor to encourage banking in a segment of population where formal financial institutions usually find difficult to reach. Microfinance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, Microfinance scene is dominated by Self Help Group, Commercial Bank Linkage Programme as an effective mechanism for providing financial services to women. This has been successful not only in meeting financial needs of women but also strengthen collective self-help capacities of women, leading to their empowerment. Economic empowerment results in women's ability to influence or make decision, increased self-confidence, better status and role in household etc. This paper attempts to place forward how micro finance has received extensive recognition as a strategy for economic empowerment of women.

Key words: Micro-Finance, Empowerment, Financial services, Economic development.

Introduction

The term micro finance is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro entrepreneurs, gender development etc. There is, however, no statutory definition of micro finance. The taskforce on supportive policy and Regulatory Framework for Microfinance has defined microfinance as "Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards".

Discussion

Women entrepreneur Programme is one of the micro -finance institutions operating in the place. It provides financial products and services to the needy especially women. The concept of micro finance institutions and its operations emanates from the model of the Grameen Bank in Bangladesh founded by the prestigious Nobel peace prize winner Professor Mohammed Yunus who was celebrated as the founder of the most successful micro -finance microfinance institution in the world with the highest number of registered members and borrowers and the highest effective repayments rate. His exemplary work has been adopted and duplicated by nearly all

the developing countries and has spread its wings to even the developed world as the best tools to alleviate poverty through provision of small and affordable loans to the poor active through solidarity and on-lending procedures.

When discussing the term empowerment a general distinction between relative and absolute wellbeing need to be indicated or explained. According to Hashemi et al (1996), there exist several indicators of empowerment for women involved in microfinance mobility, economic security, social freedom, major household, decision-making, and freedom from male domination, political and legal awareness. Absolute; indicated by outcomes that measure education, health and nutrition, labour force participation.

Economic empowerment results in women's ability to influence or make decision, increased self-confidence, better status and role in household etc. Micro finance is necessary to overcome exploitation, create confidence for economic self-reliance of the rural poor, particularly among rural women who are mostly invisible in the social structure. Empowerment implies expansion of assets and capabilities of people to influence control and hold accountable institution that affects their lives (World Bank Resource Book). Empowerment is the process of enabling or authorizing an individual to think, behave, take action and control work in an autonomous way. It is the state of feelings of self-empowered to take control of one's own destiny. It includes both controls over resources (Physical, Human, Intellectual

and Financial) and over ideology (Belief, values and attitudes) (Batliwala, 1994).

Economic Empowerment

Women's access to savings and credit gives them a greater economic role in decision making through their decisions about savings and credit. When women control decisions regarding credit and savings, they optimize their own and the households welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect. The financial sustainability and feminist empowerment paradigm emphasize women's own income-generating activities. In the poverty alleviation paradigm, the emphasis is more on increasing incomes at the household level and the use of loans for consumption. In the feminist empowerment paradigm, individual economic empowerment is seen as dependent on social and political empowerment.

Decision making

This Study shows that a change in the financial status of a woman affects her involvement in decision making at both the family level and the community at large. This inter-relationship implies that policy makers on issues related to women must understand financial status-women empowerment interactions. In this context; financial status can both affect and be affected by women's empowerment hence causing multi-directional effects.

Investment through loans

This refers to increased proceeds from the invested amounts from loans. The women are able re-coup/re invest the generated interest income thus resulting to enlargements of their establishments and greater control. Access savings and credit facilities and women's decision about what is being done with savings and credit strengthens women's say in economic decisions of the household, this enables women to increase expenditure on the well-being of themselves and their children. This is the main concern in the poverty alleviation paradigm.

Women's control over decision-making is also seen as benefiting men through preventing leakage of household income to unproductive and harmful. Other self are interventions are advocated in addition to microfinance, typically nutrition, and health and literacy campaigns to further decrease vulnerability and improve women's skills. In the financial self-sustainability and feminist empowerment paradigms, improved well-being is an assumed outcome from increasing women's economic activities and incomes. The access to credit and the increase in women's income leads to an increase in women's ability to make economic choices, which they would not otherwise do as dependents on their husbands.

Health and Education

The fact that women bore the family burden, access to credit has enabled women to improve health and education of their children leave alone access of

education to girl child; access to credit has enabled women acquire the health insurance that is greatly subsidized by the government. Access to credit has helped women prepare balanced diet meals for their families (Kabeer, 2001; Rwabangira, 1996).

Conclusion

A conclusion that emerges from this study is that micro finance can contribute to solving the problems of inadequate housing and urban services as an integral part of poverty alleviation programmes among women. A promising solution is to provide multipurpose lone or composite credit for income generation, housing improvement and consumption support. Consumption loan is found to be especially important during the gestation period between commencing a new economic activity and deriving positive income.

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