

## THE EMERGING ROLE OF NGOs IN EMPOWERING WOMEN THROUGH MICROFINANCE: AN OVERVIEW

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### ABSTRACT

*Empowerment of women has emerged as an essential subject in recent times. Empowerment of women facilitates for sustainable rural development by the elevating the economic, social and political status of women in India. Women should understand that they have legal rights to excellent quality health care, financial security, and access to knowledge, information, education and equal opportunities for the girl in the society. Empowerment signifies a change from a status of failure to gratitude and achievement. Empowerment also systematizes their lives and resources. Microfinance sector has developed speedily over the past two decades and has helped women to increase economic empowerment and progress quality of their life. Development of Micro Entrepreneurship through microfinance can help decrease the problem of unemployment and several social problems that go with it. Here, NGO'S and the self-help groups (SHG) play a extremely fundamental role in women empowerment by providing basic education, vocational training, training for self-employment, legal aid, safety for women and self-awareness programme. The findings of the study prove that NGOs were capable to make an important impact on the empowerment and improvement of the women beneficiaries.*

**KEYWORDS:** *Women Empowerment, Microfinance, NGO, Micro-Entrepreneurship, Poverty Alleviation.*

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### Introduction

In pre-independence India, education among women was slow and limited to higher strata of society it extremely improved in independent India. Surprisingly, the empowerment of women is one of the very important issues in the process of development of countries all over the world, not just India. Empowerment of women can help develop women's position in society. It covers a broad range of services like credit, savings, insurance, remittance and also non-financial services like training, counseling etc. With financial inclusion emerging as a main policy objective in the country, Microfinance has engaged centre stage as a promising channel for extending financial services to unbanked sections of population. Microfinance is the instrument to empower the rural poor and also instrument against human deprivation. Microfinance is encouraging sustainable development through the helpful NGOs. The emergent women entrepreneurs and their involvement to the nation's economy is basis to their empowerment. Microfinance programs have important potential for contributing to women's economic, social and political empowerment in developed and developing countries. Today agencies like Government as well as Nongovernment Organizations are concerned in micro-finance development initiatives.

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### **Objectives of the Study**

The main objectives of the study are as follows:

- To understanding the relationship between micro-finance and women empowerment.
- To study how NGOs have played a essential role in solving various problems of women.
- To analyze the affect of micro-finance on socioeconomic women-empowerment.
- To study the function of NGOs which are extensively concerned in the process of Women Empowerment.

### **Research Methodology**

Reviews and analysis of various studies and documents have made. This is a descriptive research paper; this study is compiled with the help of the secondary data. The main sources of secondary data are NGO's manual, annual general reports of NGO's and SHG's, journals, newspapers and concerned websites.

### **Role of Non –Governmental Organizations in Women Empowerment**

Women have attained a huge deal in the past few years but there are still areas of discrimination which exists. Nongovernmental organizations are playing a important role in the empowerment of disadvantages women, helping them stand on their own through such programmes as socioeconomic programme, vocational training and other similar programmes. It is understood that providing programmes to women has a multiplier result. These agencies stimulate civic consciousness, mobilize people and make sure the effectual participation, and raise internal and external resources for the advantage of the weaker section. NGOs are creation use of diversity of strategies to encourage women empowerment. The main role played by the NGOs with observe to women empowerment is as follows:

- Formation of Self Help Groups: Promoting and developing SHGs effectual and sustainable institutions, is the important in banking with SHGs. This process of promotion and development is natural and need to be evolved over a period of time. A lot of process inputs are necessary for organizing the women and developing their leadership capabilities to encourage SHGs. In current years, many of the NGOs are forming self help groups. The effectual functioning of SHGs is mostly depends upon the strong devotion by the NGOs. Various organizations not only Government but also NGOs have been taking strong stands to meet the demands and brought compulsory changes in the field of women Empowerment through SHGs.
- Nurturing Self Help Groups: The nurturing of SHG is extra complicated task than the formation of SHG. The field task requires being skilled on the procedures and the technicalities concerned in the functioning of the SHG. The SHGs require continuous monitoring and evaluation.
- Mobilizing resources: The Term "Social Mobilization" is operationally definite in this study as the procedure in which various approaches and tools used by the NGOs to systematize and promoting Self Help Groups. Role of NGOs in Social Mobilization In current times, many Non Governmental organizations have been focused social mobilization on modern issues of significance such as women empowerment, human rights, and completion of various central and state government development programmes. NGOs are the powerful agencies in identifying the desires and designing projects for the benefit of the disadvantaged. They mobilize both internal and external resources.
- Facilitation role: NGOs can act as change agent or catalyst of various activities like micro credit, education, encouraging for political participation etc.

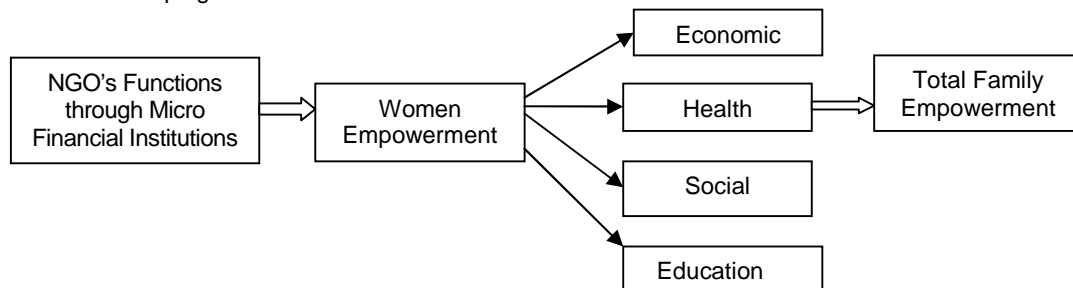
### **NGO's as Promoter and Facilitator**

The most popular forms of economic empowerment for women is microfinance which provides credit for poor women who are generally excluded from formal credit institutions for effectual performance of SHG model. Where financial service provision leads to the setting up or growth of micro-enterprises there are a range of potential impacts including:

- Increasing women's income levels and control over income leading to better levels of economic independence.
- Enhancing perceptions of women's involvement to household income and family benefit increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfare.

- They carry out projects at lower costs and more competently than the government agencies and they encourage sustainable development.

As seen in the diagram below NGO's compose a possible alternative to government as a channel of developing countries:



### Key Issues of Microfinance in India

**Low Outreach:** In India, MFI outreach is very low. It is only 8% as compared to 65% in Bangladesh. It has been observed that the program is focused on mainly on rural women. It has been argued that women are trustworthy clients as they have better saving probable and their repayment performance is also better than men. These characteristics of women clients constitute confirmation in support of the inclination of MFIs to cater to the needs of women. Women may be better and more consistent clients, but in order to raise their outreach MFIs cannot ignore men as clients.

**High Rate of Interest:** The interest rate charged by MFIs is very high which the poor are not capable to payback. It has been argued that MFIs are private entities and hence require being financially sustainable. It is significant that these NGOs should be ready to operate at narrow margins and to bear a low effectual interest rate so that they can sustain a balance between their dual objectives of commercial feasibility and serving the poor.

**Low Client Retention:** Client retention is an issue that creates a problem in raising the MFIs. The client retention rate is also only 28% in India. This occurs because people are not correctly informed and educated about services and products provided by the institutions more over the current client has higher default rate.

**Negligence of Urban Poor:** There are currently 800 MFIs in the country out of which only 6 MFIs are paying consideration to the needs of urban poor which is a very low percentage. However, the population of the urban poor is relatively large, amounting to more than 100 million. With growing urbanization, this number is estimated to rise rapidly in the coming years. The rate of urbanization is rising day by day which also lead to rapid rise in percentage of urban poor.

**Loan Collection Method:** Loan Collection Method is found an issue that creates a problem in growing the organization. Around 55% of MFIs agrees that due to weak law and legislation they are not able to make their loan collection system as effectual as they want to do so.

**Fraud:** Fraud is an issue that creates a problem in development and extension of the organization because its percentage is around 67% in MFIs. Mismanagement of loans on the part of the clients creates the problem of fraud and financial embezzlement on the part of clients.

**Increased Competition:** Increased competition is an issue that creates a problem in enlargement and development of the organization because its percentage is around 72%. As there has been increase in the banking sector with observe to the loan facilities therefore there is a greater competition among such institutions.

### Findings

- Government should examine the actions and hard work given by NGOs and also supply financial as well technical support to the NGOs.
- Organizations should also organize responsiveness camps for male and encourage them to come forward in the way of women empowerment.
- Members of NGOs should supply mental and financial support to the women who want to go for higher education and if desirable they should also counsel their parents / elders in the family.

### Conclusion

It is clear that gender strategies in micro finance require looking beyond just growing women's access to savings and credit and organizing self help groups to look strategically at how programmes can actively promote gender equality and women's empowerment. After joining organization, extreme changes are seen in the life style of women. Now women have started earning money, becoming self-governing and self motivated. They can take their own decisions in some matters and give their suggestions in family concerns. NGOs and SHGs helps to Women for their empowerment. Study found that a very small percentage from the backward classes actively contribute in the meetings of the gram sabha and are concerned in the decision making process. Moreover the focus should be on developing a diversify micro finance sector where different type of organizations, NGO, MFIs and formal sector banks all should have gender policies modified to the needs of their particular target groups/institutional roles and capacities and collaborate and work together to make a important involvement to gender equality and pro-poor development.

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