

MICROFINANCE: A BOON OF WOMEN EMPOWERMENT & FEMININE DEVELOPMENT

Jaimini Sutariya*

ABSTRACT

Microfinance is one of the most visible innovations in anti-poverty policy in the last half-century, and in three decades it has grown radically. Microfinance helps to the rural women to do their own business. Microfinance plays a key role to reduce poverty and also play the important role to increase the employment in the rural area. Microfinance is a tool which is helping in abolishes poverty, empower women & feminine Development. Microfinance helps abolish poverty by income generating activities, creating job enabling families to obtain health care, provide education to the children, empowering women to make the fulfil their requirements. Four important dimensions of microfinance are: savings, credits, money transfers and insurance. Microfinance is a very important tool to improve livelihoods at the base of pyramid. Access to finance has proven to reduce poverty and enable the poor build assets, increase incomes and reduce their vulnerability to economic stress. RBI established an Agriculture Credit Department to promote rural credit way back in 1935. Initially the government tried to promote credit to rural people through establishing the cooperative institutions and strengthening them. Microfinance has also focused on women as the recipients of loans. Empowerment of women is a major benefit achieved through Microfinance. Women are the largest borrower of microfinance and women generally tend to direct additional income towards better nutrition, education and healthcare for the family. The main agency for providing Micro-credit in India is banks. A Self-employed Women's Association (SEWA) at Ahmadabad in 1970 developed the idea of 'women and Micro-finance'. It is a trade union of poor and self-employed female workers. Through the help of microfinance, business person in developing areas and impoverished communities may survive, operate, and also thrive by creating more employment opportunities for the peoples. The microfinance services have perfectly positive impacts on the nation's economy as well as on the nation's growth & agriculture sector.

Keywords: Poverty, Women Empowerment, Microfinance Institution, NABARD.

Introduction

What is microfinance?

“Overcoming Poverty is not gesture of charity.

It is an Act of Justice. It is the Protection of the Fundamental Human Right, the Right to dignity and a Decent Life...”

- Nelson Mandela

Microfinance concept was originally found as a tool to fight against poverty, has now become a mainstream of financial service. Microfinance industry is now a mature, global industry, since it serves the poverty abolition and development goals of many emerging economies. Microfinance directly contributes to women empowerment thus it fulfils the goals of societal and community development in the Nation.

* Research Scholar, Department of Management, Shyam University Dausa, Rajasthan, India.

How Does Microfinance play its Role in Empowerment of women?

Microfinance has also focused over women as the recipients of loans. Empowerment of women is a major benefit achieved through microfinance. Women are the largest borrowers of microfinance. The members of the SHG are mostly women and they are less likely to default on their borrowings and they are more responsible to repay the loans as compare to men. Women generally tend to direct additional income towards better nutrition, healthcare for the family and education of children. Economic empowerment is accompanied by increasing self-confidence, self-esteem and new opportunity enchantment in the life of Human.

Self-Help Group (SHG)

The self-help group refers to the panel of people which come together for solve some common financial problem. According to NABARD, Self-Help Group consists of 10 to 20 poor people, who come together to resolve their common financial problem. The members of the SHG are mostly women. They contribute voluntarily to a common fund on a daily/weekly/monthly basis, for the mobilisation of their saving and fulfilling their financing needs. SHG members also get the insurance benefit from the government on the bank account. According to the planning commission of India (NITI Aayog), Self-Help Group is a self-governed, peer controlled small and informal association of the poor people, belonging to the same homogeneous families. Members of SHG meet weekly or monthly and discuss their common problems and to resolve them. It helps the group members to change their economic and social problem through mutual support besides strengthening the mental health.

Microfinance Institution: What is its Effective Role & Echo on Future?

Microfinance and microcredit is available through Micro finance Institutions. These institutions are approved by the RBI and designated as Non-Banking Financial Companies- Micro Finance Institutions category for regulatory purpose. Microfinance Institution gives the micro credit to the people who needs money for fulfil their basic needs. Microfinance is also useful to the poor people for income generating activities. It will play effective role to reduce the poverty of the nation. It will also helpful to increase standard of living of the poor people and also the middle class people. Microfinance Institution gives the loan to the needy people with the minimum interest rate. Government gives the loan to the women in under the scheme of "Sakhi Mandal" without any documents of income proof. It will help to empower women and also help to change their saving habits. Microfinance helps to make independent women and also making capable to the women to take own decision. These types of micro loans help empower women, and they are often safer investments for those loaning the funds.

Relationship between Microfinance and the Women Empowerment

It is generally believed that microfinance not only empower women economically but also socially within the family. This is because as women are able to access capital and start their own business, it is assumed that their confidence level gets increased. This comes about as they gain economic independence and security which enables them to contribute financially to their household and community (ADITO, 2005). Through microfinance poor women are able to expand their businesses and therefore contribute to household income which can have a positive impact on food security, their children's education, manage their household emergencies and plan for their future. Microfinance is therefore seen to be empowering women to become economic agents of change (Gateway, 2006).

Accessing of Microfinance seems Exceeding of Decisional Confidence

Access of Microfinance is also associated with facilitating women's participation in decision making in the household. If women are able to contribute towards the upkeep of the family, when major decisions are to be taken they are sometimes allowed to voice out their views. For instance according to Ashe and Parrott (2001) cited in ADITO (2005) the women's empowerment project in Nepal has shown that 68% of its clients has increased their decision making power in terms of buying and selling property, family planning, sending their daughter's to school, negotiating their children's marriage – all these decisions were traditionally performed by their husbands.

It must be realised that microfinance institutions not only train the women in business activities but also it tends to give advice to the women towards aspects of the life such as social issues, health issues, how to cater for their family needs and the likes and dislikes. Hence, this equips the women to participate in community meetings the matters regarding Socio-economical justice and rights.

Conclusion

Microfinance is the most powerful tool to reducing the poverty of the Nation and also Empowers women of the Nation. With the help of microfinance poor women in rural sectors are enabled to make choices in their everyday life. Microfinance is a tool which helps to change the habit of saving money of the women of rural areas. Many of the women beneficiaries invest their money into the income generating activities. One woman joins microfinance which means it will lead to the individual's economic empowerment. Microfinance is boosting the small scale industries and generating the job opportunities in the rural areas, so it is very helpful to develop the rural sector and also helps in growth of the economy.

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