



A Study Of Economic Growth Of Microfinance Towards Women Empowerment

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ABSTRACT

In India, the emergence of liberalization and globalization in early 1990's aggravated the problem of women workers in unorganized sectors from bad to worse as most of the women who were engaged in various self-employment activities have lost their livelihood. Despite in substantial contribution of women to both household and national economy, their work is considered just an extension of household domain and remains non-monetized. In India, Microfinance scene is dominated by Self Help Group (SHGs) as an effective mechanism for providing financial services to the "Unreached Poor", and also in strengthening their collective self-help capacities leading to their empowerment. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country. Micro finance is necessary to overcome exploitation, create confidence for economic self-reliance of the rural poor, particularly among rural women. Although no 'magic bullet', they are potentially a very significant contribution to gender equality and women's empowerment. Through their contribution to women's ability to earn an income, these programmes have potential to initiate a series of 'virtuous spirals' of economic empowerment, and wider social and political empowerment. The results from these self-help groups (SHGs) are promising and have become a focus of intense examination as it is proving to be an effective method of poverty reduction and economic empowerment. Mainly on the basis of secondary data analysis, this paper attempts to highlight the role of Microfinance and SHGs in the empowerment of women in India.

KEYWORDS: Economic Growth, Microfinance, Women Empowerment, non-monetized

INTRODUCTION

Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. 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. The main aim of microfinance is to empower women. Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. Women make up a large proportion of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision making, thus encouraging gender equality. According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of microfinance. The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. Observations and experience shows that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. In another aspect it's also viewed as a method giving the women more status in a socioeconomic way and changing the current conservative relationship between gender and class. A recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for all people. At a macro level, it is because 70 percent of the world's poor are women. Women have a higher unemployment rate than men in virtually every country and make up the majority of the informal sector of most economies. They constitute the bulk of those who need microfinance services. Giving women access to microcredit loans therefore generates a multiplier effect that increases the impact of a microfinance institution's activities, benefiting multiple generations.

CONCEPT OF EMPOWERMENT

What do we mean by empowerment? Nobel Laureate Amartya Sen (1993) explains that the freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on a variety of factors, including personal characteristics and social arrangements. However, the full accounting of individual freedom goes beyond the capabilities of personal living. For example, if we do not have the courage to choose to live in a particular way, even though we could live that way if we so chose, can it be said that we do have the freedom to live that way, i.e. the corresponding capability? Another important point made by Sen (1990) is that for measurement purposes one should focus on certain universally-valued functioning, which relate to the basic fundamentals of survival and well-being regardless of context. Taking the example of universally valued functioning like proper nourishment, good health and shelter, Sen asserts that if there are systematic gender differences in these very basic functioning achievements, they can be taken as an evidence of inequalities in underlying capabilities rather than differences in preferences. Empowerment can range from personal empowerment that can exist within the existing social order. Thus this kind of empowerment would correspond to the right to make one's own choices, to increased autonomy and to control over economic resources. Empowerment signifies increased participation in decision-making and it is this process through which people feel themselves to be capable of making decisions and the right to do so (Kabeer, 2001). Malhotra et. al (2002) constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. Since these dimensions cover a broad range of factors, women may be empowered within one of these sub-domains. They give the example of "socio-cultural" dimension which covers a range of empowerment sub-domains, from marriage systems to norms regarding women's physical mobility, to nonfamilial social support systems and networks available to women. The World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes.

LITERATURE REVIEW

Malhotra (2002) constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-

cultural, familial/interpersonal, legal, political, and psychological. It has been well-documented that an increase in women's resources results in the well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). A more feminist point of view stresses that an increased 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. Ranjula Bali Swain (2007) "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 specialized training, have a greater ability to make a positive impact on women empowerment. Susy Cheston, Lisa Kuhn in their article titled 'Empowering Women through Microfinance' concluded Microfinance has the potential to have a powerful impact 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 program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict 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 livelihood 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 oppression.

Mayoux (1997) argues that the impact of microfinance programmes on women is not always positive. Women that have set up enterprises benefit not only from small increases in income at the cost of heavier workloads and repayment pressures. Sometimes their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as unpaid 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.

MICROFINANCE AND WOMEN EMPOWERMENT

Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organised 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 strengthening. Through their contribution to women's ability to earn an income these programmes have potential to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and wider social and

political empowerment. Micro finance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving gender equality. Majority of microfinance programmes focus women with a view to empower them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. A more feminist point of view stresses that an increased 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.

Self-help groups intermediated by microcredit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge (Zaman 2001). Several recent assessment studies have also generally reported positive impacts (Simanowitz and Walker 2002).

WOMEN EMPOWERMENT IN INDIA

Empowerment refers to the process of change that gives individuals greater freedom of choice and action. The development of economic empowerment for women is contingent upon available resources and whether women have the skills to use them. Moreover, it depends on women's access to economic opportunities and control over their economic benefits. In reality, women face obstacles throughout the process of transforming resources into strategic choices. Paramount among the obstacles to women's economic empowerment is society's dependence on women's unpaid work, either at home or the market (in the agricultural sector, for example). This results in women's increased time poverty, restricting their ability to engage in paid and formal work. Removing and overcoming many of the barriers to women's economic empowerment will require structural change within social institutions to actively promote gender equality and women's rights. In contexts of conflict and post-conflict, the challenges for women's economic empowerment deepen. This is because of the low priority of gender related development objectives in the political agenda of reconstruction and limited implementation capacity of different actors (e.g. government, civil society). However, there is often an increased awareness of the opportunities for women's economic empowerment in times of conflict and post-conflict, which includes a chance to change discriminatory gender norms of the past. Furthermore, there is the potential contribution of women's economic empowerment to strategic development goals and new economic prospects for women, building on their new economic roles acquired

during the conflict. Women's economic empowerment is one of the most important factors contributing to equality between women and men. A specific focus on women is necessary given that women are a majority among economically disadvantaged groups. Gendered power structures and social norms lock both women and men in positions that limit their productivity and ability to make choices to improve their situation.

Despite its growing economy (with a GDP of 7.3 per cent in 2014-15), issues such as persistent poverty, corruption, clientelism and inequality continue to disrupt the social and economic ethos in India. Women continue to be excluded in social, economic and political domains, which show the inadequate attention towards inclusive growth and unequal gender relations. India ranks 127 out of 187 countries in the gender inequality index with a score of 0.536. Economic status will be improved when the women are getting employed. The statistics shows that India is ranked 120 among 131 countries. Though the graduate level is 42% from the female, due to many reasons like safety, physical environment and undue care about the female from their family, the females are not go into employment. Only the rural women working in unorganized sector is high in percentage. The percentage of women working in service and industry is less than 20%. Gender biases due to patriarchal culture and tradition continue to exist within the household, impacting women's lives in the public and private sphere. Caste barriers further enunciate discrimination against women, especially those belonging to the lower caste such as Scheduled caste and Dalit women. Recognizing the historical disadvantage and vulnerability of Dalit women, the government has adopted various legislations such as the Protection of Civil Rights Act (PCRA) and the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act which paces Dalits to be at par with other caste groups. Recently there has been also been a considerable increase in the budgetary allocation for the Department of Women and Child Development. Economic empowerment of women is mainly based on their participation in decision making process with regard to raising and distribution of income, investments and expenditure at all levels. The entire efforts of empowering women are to help them to exercise their rights in decision making at all levels both within and outside the households and enable them to be treated as equal partners in the society. Efforts are on to enhance the capacity of women to earn and ensure that they get access to and control the whole family or community assets. The economic empowerment is measured with the help of increase in assets value, income, Savings, loan amount and family income. Women's economic empowerment is a priority in promoting gender equality and women's rights in Swedish development cooperation. A stronger focus on gender equality and women's economic empowerment is essential to reduce poverty. The World Bank argues that addressing gender inequalities with women's economic empowerment is 'smart economics'. They argue that greater gender equality enhances productivity, improves development outcomes for the next generation, and make institutions more representative. Women represent 40 percent of the global labour force, 43 percent of the world's agricultural labour force and more than half the world's university

students. Productivity will thus be raised if their knowledge, skills and talents are used more fully. The World Bank further states that greater control over household resources by women can enhance countries' growth prospects by changing spending patterns in ways that benefit children. In fact, improvements in women's education and health have been linked to better outcomes for their children in countries as varied as Brazil, Nepal, Pakistan, and Senegal. The third message from the World Bank is that empowering women as economic, political and social actors can change policy choices and ensure more representative decision-making.² Gendered power structures and social norms lock both women and men in positions that limit both their productivity and their ability to make choices to improve their situation. Gender equality benefits both men and women, but as women are economically marginalised to a greater extent, this paper focuses on women's economic empowerment. This does not mean that we are overlooking the need for empowering certain groups of poor men or the need for addressing men in their relationship to women (i.e. husbands allowing women to earn income, fathers encouraging girls' secondary schooling etc.) which is often a central aspect for successful results.

CONCLUSION

Thus it can be concluded from the above study that microfinance is playing a vital role in the social, psychological as well as economic empowerment of women in India. Microfinance loan availability and its productive utilization found to be having a profound role and impact on women empowerment. The empirical findings of the study suggests that microfinance has a profound influence on the economic status, decision making power, knowledge and self-worthiness of women participants of self-help group linkage program in Ghaziabad. Microfinance is accepted as a key mantra for attaining and maintaining the sustained and longterm economic growth in all over the world. Reaching poor people on massive scale with popular products on a continuous basis involves rethinking the basic assumptions and making the changes. Today microfinance is striving to match the convenience and flexibility of informal sector while adding flexibility and continuity. Though different studies conducted at various levels show different conclusions, it can be acknowledged from the present study that despite of bottlenecks, microfinance is capable of helping the poor to upscale themselves to a better living and playing a significantly positive role in upgrading women empowerment.

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