



Micro Finance : A Tool For Sustainable Development In Assam

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Abstract

Micro finance is a way in which loans, credit insurance, access to saving account and money transfers are provided to small businesses owners and entrepreneurs in the under developing areas of our country. Micro finance is a type of banking services provided loans to those who have difficulty in accessing formal financial services. It is targeted at low income peoples in the state. Micro finance enhances women's empowerment basically in rural areas. Women empowerment such as economic empowerment, social empowerment, education skill and training empowerment. The impact of micro finance is appreciable among rural people. But in reality current micro finance just focuses on regular saving and micro credit. Micro finance helps to promote economic growth and development of rural poor.

Keyword : Micro finance, poor, women empowerment, rural, target, insurance.

Introduction

Microfinance is a way in which loans, credit, insurance, access to saving accounts and money transfers are provided to small businesses owners and entrepreneurs in the backward part of our country. The interest rates of micro finance loans are generally higher than that on traditional personal loans. Micro finance is a type of banking service provided loans to those who have difficulty in accessing formal financial services. It is targeted at the low income and unemployed fraction of the population. The institutions supporting micro finance offer services such as lending, setting up bank accounts and providing micro-insurance products. Financial services through formal channels do not meet the demand of the rural poor. So micro finance can help small scale business flourish by providing greater financial stability. Micro financing was broughtlyintroduced in India in 1980s as a solution to poverty and empower of rural women's. In our country first introduce micro finance was the Self Employed Women Association (SEWA) in Gujarat, which established SEWA bank in 1947. Since than this bank has been providing financial services to individual who wish to grow their own

business in rural areas. Such small scale initiatives are promoting financial independence in under privileged area.

The coverage of micro finance programme is low in those states where a large percentage of the population lives in below poverty line. States such as Assam, Orissa, Bihar, Jharkhand lag behind in implementing micro finance schemes. The successful distribution of micro finance programmes depend on the support extended by the respective state government. The insufficient loan size and the short period of lending available. Restrict borrowers from using the loans for productive purpose the duration of the loan rarely extended over a year. However, the father of micro-finance Muhammad Yunus himself micro credit should not be presented as a money making opportunity. It is an opportunity to make an impact on poor people lives. Micro finance institutions can be setup with only Rs. 5 Crore and a borrower can lend as much as Rs. 1.25 lakhs as per Reserve Bank of India guidelines.

In Assam, there were 14 lakhs micro finance borrowers and 38 micro finance institutions in the state there is huge demand for micro loan. In Assam micro finance is operating under two broad model that is SBLP Model and MFI model. The SBLP is a national micro finance model of India which is under the supervision of NABARD. The MFI model is a new model in Assam as well as India under this model finance is provided by a micro finance organization.

Review of related literature

The different aspect of micro finance have been covered by several scholars throughout of the country under inter disciplinary umbrella. Micro finance is widely discussed in various publications, which are related skill development, poverty reduction, women enhancement etc. But few studies discuss about internal finance and it related problems considering the global context. Several terms are used in the literature to denote women empowerment. The most commonly used terms include gender equality (World Bank 2001) Womens autonomy (Dyson and Moore 1983), Women power (Monson 1998). Women participation (Duflo, 2005, Naraya 2002 Akerkar 2001). While the terms are closely related by definition, they use choice, control and power to define empowerment. According to Sohil (2014) empowerment agency Resources include both tangible and intangible assets, while tangible resources are financial and material assets, intangible resources are knowledge, skill and activities. Resources are not merely used as empowerment but as catalysts for empowerment. Ackerly (1995) used as proxy health education and awareness level as an indicator of empowerment. Hashmi et, al (1996) also developed empowerment matrix by using several variables including economic mobility, economic security, ability to make major and minor purchases.

Objective of the study

- a. To examine how micro finance enhances the women's empowerment.

- b. To study how micro finance reduced poverty in rural Assam.

Data Collection

The secondary data have been collected from books, journals, research paper, news paper, government survey reports, various micro finance related websites. The present study has been confined to rural areas. Considering the availability of data, state level, district level has been used for stratification purpose. The present study is both descriptive and imperial. This is on group discussion among the beneficiaries.

Research Methodology

Methodology of research is a way to systematically solve the research problems. The study is exploratory in character and hence design based on the survey method. A number of issues relating to the main aspect to the researcher and the other eminent persons connected in the field, in order to get an insight into the subject prior to the collection of data. The information obtain through these has been useful formulating a framework for the study. I personally met the same micro lenders and collected information about his / her business passion taking after loans from the micro finance institutions.

Micro finance enhances women's empowerment

Micro finance in women's empowerment includes – Economic empowerment, social empowerment education, skill and training empowerment. Micro finance in economic empowerment roles included Enhances the women contribution to the household's income as a result of credit access helps in employment generation helps in understanding the bank transactions improves women access.

Micro finance in social empowerment roles include micro finance helps women to gain confidence helps to gain respect in household decision making improves the ability of women to freely interact with the other members of the group and outside.

Micro finance in education, skill and training empowerment roles include micro finance improves the literacy level of the family members creates awareness about children education.Helps in gaining knowledge on maintain records of financial transactions.

Micro finance has been proved to be an important tool in the development process empowering the rural poor women educationally, socio economically and politically. Impact of micro finance is appreciated in bringing confidence, courage, skill development and empowerment among rural poor women's.

The effect of micro finance on empowerment of women's

Micro finance delivery models are not exclusively focused on those who are below the poverty lines or very poor. Micro finance institutions were expected to reach those areas where the formal banking system failed to reach and poor people have to depend

on the money lenders in order to meet their financial requirements. The interest rate is very high than the formal institutions where people get loan. High interest rate may prove to be counterproductive and weaken the social. The high interest rate charged by the micro finance institutions (MFI) from their poor clients is perceived and exploitative. Lacks of insurance services poor people are vulnerable to financial shocks. A small change their earning pattern due to natural calamities than they are mostly affected of financial situation.

So a provision of insurance under the micro finance programme is very essential to help the poor to cross the poverty line. But in reality the current micro finance programme in our country is just focused on regular saving of borrowers.

Micro finance and poverty alleviation programmes

Commercial bank often find themselves unable to provide financial service in rural areas, poor credit history, limited manpower's customers illiteracy and accommodation problems of the staff limit commercial bank operation. Micro finance is a simplistic tool to remedy this issue. It is the provision of small loan to the impoverished to help those who otherwise do not have access to traditional banking service to engage or establish an income generating activity. Micro finance has been renowned initiative for poverty reduction as well as economic and social development. Despite the fact that many rural people acquire their loans from the informal financial sector in the rural area of the state. To overcome poverty, they need to be able to borrow, save and invest and to protect their families. There are so many schemes for the upliftment of poor in India. One of them micro credit programmes is run primarily by National bank for Agriculture and rural development (NABARD) in the field of agriculture and SIDBI in the field of industry, Service and Business (ISB). The successes of micro credit and micro finance have received extensive recognition as a strategy for poverty reduction and economic empowerment. Micro finance is a way for fighting poverty particularly in rural areas.

Conclusion

Micro finance and micro credit is a important way to reduced poverty in rural areas. If micro finance institution provided loans to their borrowers at reasonable interest rate the poor people have an opportunity to setup their own small business. Many studies show that poor people are trustable with high repayment rates than conventional borrowers when poor people have access to financial service they can earn more and built their assets. Micro finance service can also contribute to the improvement of resource allocation, promotion of markets and adoption of better technology. Thus micro finance helps to promote economic growth and development in our country. Therefore micro finance play important role for sustainable development.

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