

Women Empowerment and Micro Finance in India

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ABSTRACT

Empowerment of women in rural India is one of the important issues that need to be concentrated in a developing country like India. In the planning process it was projected that women will equally benefit along with men in all the development. The ninth plan document recognizes that inspire of development measures and constitutional legal guarantees- women have lagged behind in so many sectors. Mahatma Gandhi states that the position of women in the society is an index of its civilization. “Train a man and you train an individual, Train a women and you build a nation”. In order to work on the same lines Microfinance started in India in 1974 in Gujarat with Shri Mahila SEWA (Self Employed Women’s Association) Sahakari Bank. This Microfinance later evolved in the early 1980s around the concept of informal Self-Help Groups (SHGs). These groups in rural areas are working very effectively in reducing poverty, empowering women and creating awareness which ultimately results in sustainable development of the nation.

Over the years, government and non-government organizations have made various efforts to promote women empowerment. It has been accredited internationally as the modern tool to fight poverty and for rural development. Self Help Groups (SHGs) could be defined as the organized forum of people which is planned, shaped and structured by the people themselves to attain present/pre-identified goals and purposes. The concept of SHGs moulds women as a responsible citizen of the country with social and economic status. It leads women to develop the habit of raising loans, form savings, and inculcate a sense of belongingness, habit of thrift and discipline among themselves. Women belonging to lowest strata of the society are getting habituated to savings and paved the way for decision making power in the family. Empowering women puts the spotlight on education and employment which are crucial components for the sustainable development. Definitely there is improvement in psychological well being and social empowerment among rural women as a result of participating in micro finance through SHG program.

Keywords- Microfinance, Self Help Groups, Empowerment

Introduction

India is a country where the majority of the population i.e., almost 70% lives in villages. There are nearly 600000 villages in India spread across its length and breadth. The village people are poorer than the city folks as the village contributes less than 50% to the total country's income. However, the situation is gradually changing for the better. In a developing country like India empowerment of women in rural areas is one major issue that needs to be addressed. Even the role of women in decision making and economic activities is also very low. As poverty is a complex phenomenon and manifests itself in innumerable ways, the poor not only suffer from low incomes and high joblessness but also illiteracy and poor health. Gender inequality is a common situation in the rural areas. Being integral part of the economy, all round development and growth of a nation would be possible only when women are considered as equal partners in progress with men. In Kofi Anan's words, "There is no tool for development more effective than Empowerment of women". Therefore, effective empowerment of women is essential to involve the women in the main stream of economic development.

Empowerment is the process of enabling or authorizing an individual to think, behave, take action and central work in self directed and self-sufficient way. One can gain control over one's destiny and the circumstances of their lives through this process. Social transformation is possible through empowerment. Women empowerment enables women to gain control over their lives and lead an independent life without depending on other person financially to some extent. The empowered women become agents of their own development, able to exercise choices to set their own agenda and be strong enough to challenge their subordinate position in the society. In India, the principle of gender equality is enshrined in the Constitution, in the preamble, fundamental rights and the directive principles of state policy. The Constitution of India not only grants equality to women but also empowers the state to adopt measures of positive discrimination in favor of women. Women are the largest group which is excluded from the benefits of social and economic development in the society. Women constitute a strong labour force which needs to be mobilized and encouraged to make an effective contribution to the development process. In

India, the work participation rate for women is less than half that of men. Therefore the government introduced the Micro finance schemes and Self Help Groups to improve their financial position in the society.

Self Help Groups (SHGs) could be defined as the organized forum of people which is planned, shaped and structured by the people themselves to attain present/pre-identified goals and purposes. The Self Help Groups, SHGs are the means of social change and promoters for the empowerment and development process in a community. The grassroots level community organizations are the most sustainable organizations which believe in empowerment, decentralization and participation. Even though these groups are small in size their advocacy power is high through their combined structure within the locality and also in the region. Many SHGs come together on one platform at local, regional and district levels, which enables the groups to gather strength not only to influence the government decisions but also to mobilise public opinion in favor of the community in order to improve their livelihood. SHGs are identified as socially feasible community organisations having democratic values, relevant developmental orientation and oriented towards attaining sustainability in their community.

Purpose

To study the role of Microfinance in empowerment of rural women in India.

Literature Review

Women have been the most underprivileged and discriminated sections of the society not only in India but all over the world. In spite of all Government and NGO's 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 and thus are participating in the microfinance movement. The main aim of microfinance is to empower women. Microfinance is the provision of financial services to low-income clients who traditionally lack access to banking and related services. Microcredit or micro finance 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. Women make up a large proportion of microfinance beneficiaries. 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. 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 socio-economic way and changing the current conservative relationship between gender and class. An increase in women's resources results in the well-being of the family, especially the children.

Need for SHG Formation

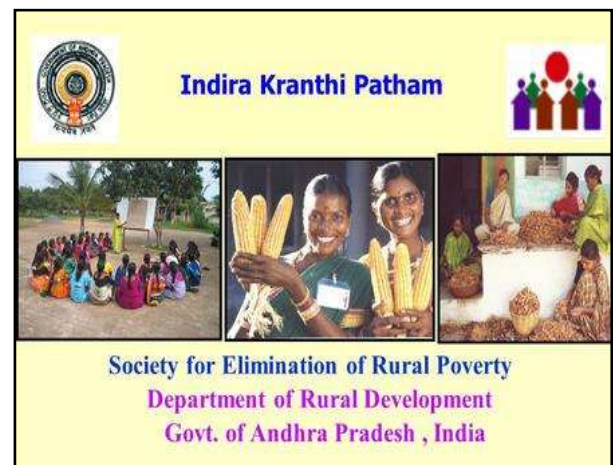
Reports shows that self-help programmes often in the form of savings and credit or micro credit schemes have succeeded in changing the lives of poor women in enhancing their incomes and increasing their self-esteem. Therefore, it is appropriate and necessary to promote such empowered groups in the present situation.

The various grounds for SHG formation are:

- Enhance their capabilities to manage community projects;
- Enabling them to work together as a collective agency;
- The participation of women in such groups is serving as an incubator for community leadership;
- Reducing the vulnerability of the poor through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and encouraging women by giving them more control the over assets and increasing their self-esteem and knowledge.

In order to study the role of Microfinance and Self Help groups in the empowerment of women, the model implemented by the government of Andhra Pradesh and also the project SHAKTI implemented by HUL is presented below:

The Andhra Pradesh model:



World Bank assisted the Andhra Pradesh District Poverty Initiatives Project and Andhra Pradesh Rural Poverty Reduction Project, together called *Indira Kranthi Patham*, is one of the biggest community driven poverty reduction programmes in the country. The programme is focusing on the formation, development and strengthening of the organisation of the poor, expansion of asset base and skill base of the poor, particularly the poorest by providing community Investment Fund. Indira Kranthi Patham, IKP demonstrated sustainable approaches to poverty reduction. IKP builds in more than a decade long state-wide rural women's self-help movement. The focus is on deepening the process, providing an institutional structure and developing a framework for sustaining it for comprehensive poverty eradication. It is the single largest poverty reduction project in South Asia and is a women-centred development programme. The core belief is that the poor can come out of poverty only through building their own institutions. Society for Elimination of Rural Poverty (SERP) has been setup by the State Government of Andhra Pradesh as a sensitive support structure to enable social mobilisation of rural poor women. This organisation is responsible for conceptualisation, implementation and monitoring of Indira Kranthi Patham.

Project SHAKTI by HUL:



Project Shakti is a rural distribution initiative of Hindustan Unilever Limited (HUL) that targets small villages populated by less than 5,000 individuals. It is a unique win-win initiative that catalyses rural affluence even as it benefits business. Project Shakti benefits business by significantly enhancing HUL's direct rural reach and by enabling HUL's brands to communicate effectively in media-dark regions. It also impacts society by creating livelihood opportunities for underprivileged rural women. Project Shakti impacts society in two ways — the Shakti Entrepreneur programme creates livelihood opportunities for poor rural women. The Shakti Entrepreneur (SE) programme recognises that while micro-credit plays a key role in alleviating poverty, its ability to do so depends on the availability of investment opportunities. Shakti contributes by creating profitable micro-

enterprise opportunities for rural women. Armed with microcredit, rural women become Shakti entrepreneurs i.e., Direct-to-home distributors in rural markets. This micro-enterprise offers low risks and high returns. The products distributed are some of the country's most trusted brands of consumer goods and include a range of mass-market products especially relevant to rural consumers. Moreover, HUL invests its resources in training the entrepreneurs, helping them become confident, business-savvy professionals capable of running their own enterprise. The SE is also called as 'Shakti Amma' — 'Shakti' means 'empowered' and 'Amma' means 'mother' in Telugu the language spoken in Andhra Pradesh where Project Shakti was first piloted in 2000. Project Shakti has proved to be a great success for HUL and for rural underprivileged women in India. The project started in a few pilot villages in Andhra Pradesh in 2000. In 2002 it expanded to two states and by the end of 2004 it had grown to over 13,000 Shakti women entrepreneurs in 12 states. HUL works closely with various NGOs, banks and both state and local government departments who recognise the potential for economic growth by encouraging women to become entrepreneurs. The Shakti Ammas are already trusted by local communities and make them a friendly and accessible way to promote access to

banking in rural communities and thus promote financial inclusion.

To give an example:

Sankaramma, the leader of the local Kanaka Durga SHG belongs to K. Thimmapuram village, Muddanur mandal in the Kadapa district of Andhra Pradesh. The village has 350 households with a total population of 1200. Sankaramma's 5 hectares of land was not sufficient for six member family due to severe drought in the region. She started a business in April 2003 with HUL. By 2005, she had a regular monthly turnover of Rs. 10000 per month. Initially she sold door to door, but thereafter the customers started visiting her home for products. She sees Project Shakti as a means of bright future of her children. Project Shakti also enabled her to provide mid-day meals at the primary school in her village. Today, Sankaramma has become a key development figure in her village.

Such was the impact of Shakti Amma project in empowering rural women. This is just one example. There are many such women who benefited from this project.

Limitations

Awareness

Lack of awareness about empowerment is a major hurdle

Self-esteem:

Traditionally, the trade carried out by individuals in rural areas is hereditary, and this imposes informal constraints on their lives. All those who carry on certain trades are ineligible for some privileges such as property rights, or have no access to public spaces or common areas. Having been continuously neglected by society, these people are likely to have low self-worth

Dependence:

Indian society is hierarchical in nature and this dependence on familial ties for support is a restrictive to independence. There are innumerable cases where the members fail to be self-sufficient after withdrawal of the donor agency, so microfinance does not always lead to empowerment.

Sustainability:

Dropouts from SHGs are an indication of the failure of the microfinance programme. Dropouts are likely to be a direct or indirect result of the inability of microfinance programmes to work in such a way that the client comes out of poverty. The exit of the client can be due to business collapse and difficulty in maintaining repayments

Bank policies:

Various service activities followed by banks such as requirement of collaterals,

inconvenient procedural formalities, loan utilization checks and difficult repayment terms.

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. This paper made an attempt to understand the role of microfinance in economic empowerment of women by analysing the briefly the Andhra Pradesh model and the Shakti Amma project. No doubt, microfinance has been effectively contributing to women empowerment significantly to their family development in terms of getting credit for housing repairs, education and marriage of their children and also for consumption purpose.

The impact of microfinance on poverty alleviation is a keenly debated issue as we have seen and it is generally accepted that it is not a silver bullet, it has not lived up in general to its expectation as there are certain limitations. However, when implemented and managed carefully and when services are designed to meet the needs of clients microfinance has had positive impacts not just on clients but also on their families and on the wider community. Women should be encouraged to take up entrepreneurial activities by

giving them proper guidance and developing their business skills. Women empowerment to a great extent depends upon the economic empowerment of women and microfinance can prove to be a very powerful instrument of women empowerment in the times to come. To end with a quote, we can say "Give a fish to a man, he'll eat for a day, give a micro-credit to a woman, the whole family and her extended family will also eat for a life time".

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