

# Empowerment of Women through Microfinance in Present Day Conditions

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**Abstract**—Finance is the elixir that assists in the formation of new businesses, and allows businesses to take advantage of opportunities to grow. It is cue to the success of every business. Good financial management and business growth are things that many small businesses hope for, in which microfinance proved as blessing in disguise for poor and others. Microfinance is a prerequisite which is in existence since 1700 for the development of the countries.

Microfinance or Microcredit is an opportunity or service provided to unemployed or low income individuals or groups to become self sufficient by rendering means of saving money, borrowing money or insurance. It has been perceived that microfinance has helped in empowering today's women which is been covered in my paper. The easy access to financial services is certifying the women to become more confident, more assertive, more likely to participate in family, community decisions and increased investment in family welfare.

Through this paper I would like to highlight the positivity of microfinance especially for the woman sector. The easy access of women to financial services through specialized microfinance institutions (MFIs), banks and other nonbank financial institutions. This paper covers all the factors which have empowered women towards building entrepreneurship quality, business development etc. It is an attempt to cover all the uncovered and neglected area under microfinance with respect to women. With the intervention of microfinance the women have stepped into the business market. To sum up it can be said that microfinance is "a magic bullet" for the women empowerment.

**Keywords:** Elixir, microcredit, prerequisite, assertive nature, magic bullet, entrepreneurship, microfinance institutions.

## 1. PROLOGUE

Business is related to production and distribution of goods and services for the fulfillment of requirements of society. For effectively carrying out various activities, business requires fund which is known as **BUSINESS FINANCE**. Finance is called the "life blood of any business." Business finance refers to money and credit employed in business. It can be easily employed through Microfinance.

Microfinance is a concept that provides loans to the one who does not have funds without inviting any security to be pledged or mortgaged for loans. It is just like opening doors for all intellectuals who have never thought about it. Microfinance is small money to turn up the big ideas, which is

a distant dream because of unavailability of funds. INDIA'S microfinance sector is touted as a saviour of the poor and a good bet for investors. It has helped many people rise above poverty and transform their lives for the better. Microcredit fits best to those with entrepreneurial capability and possibility.

Microfinance refers to a variety of financial services that target low-income clients. It also works for poverty alleviation, rural development, and financial inclusion and often has limited access to other financial services, particularly for women. Thus it is an array of services for the welfare of the society specifically the women.

## 2. MICROFINANCE CURRENT SCENE

Microfinance is a type of banking service that is provided to unemployed or low-income individuals who would otherwise have no other means of gaining financial services. 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. The main aim of microfinance is to empower women.

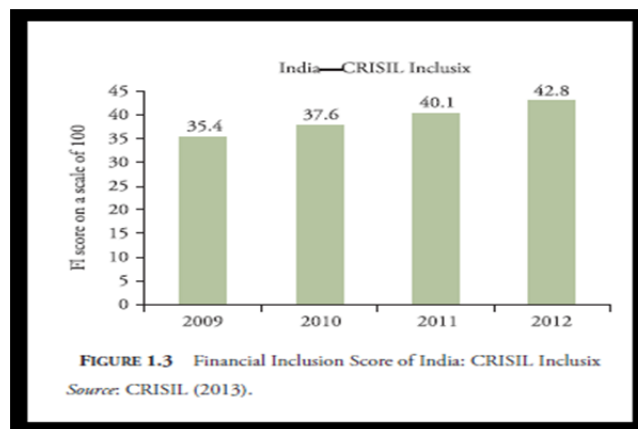


Fig. 1: Financial scene of India

### 3. MICROFINANCE SUSTAINABLE ACCESS TO WOMEN

Microfinance is directly proportional to women empowerment. A majority of microfinance programs target women with the explicit goal of empowering 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. Whereas, other believe that investing in women's capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development. It has been well-documented that an increase in women's resources results in the well-being of the family, especially Children. A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Some 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.

**Microfinance in women's empowerment are considered into three dimensions namely psychological, social and economical.**

### 4. THE THREE DIMENSIONS

There are many reasons why women have become the primary target of microfinance services. 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. The women have become more confident, more assertive, more likely to participate in family, community decisions. It is a way towards their self satisfaction.

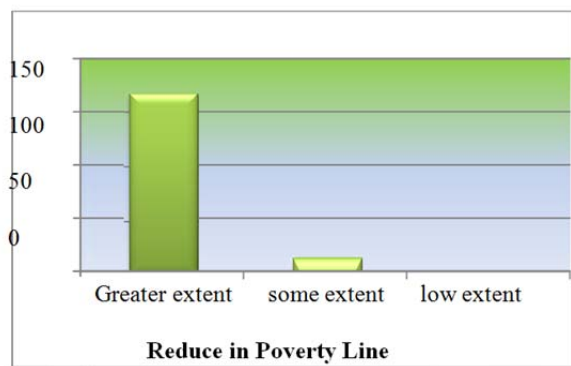


Fig. 2: Reduce in Poverty line

### First Dimension: Psychological

For a woman it is a way to develop their skills and talents by participating in various training programs. There is a definite improvement in psychological well being and social empowerment among rural women as a result of participating in micro finance through SHG program. Microfinance is enhancing the women's self-confidence and status within the family as independent producers and providers of valuable cash resources to the household economy.

### Second Dimension: Social

Microfinance gives women the 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 gender and class when women are able to provide income to the household. 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. Increasing women's employment in micro enterprises and in improving the productivity of women's income-generating activities.

### Third Dimension: Economical

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. . In today's scenario more women are engaged in income generating activities. This is because of NGO and other financial institution came forward to provide microfinance to poor women. Leading to higher income that will help women to better perform their reproductive role as brokers of the health, nutritional, and educational status of other household members.

### 5. ASSISTANCE OF MICROFINANCE THROUGH BANKS, INSTITUTIONS, GOVERNMENT AND VARIOUS SCHEMES

Microfinance has a significant role in bridging the gap between the foral financial institutions and the rural poor. The Micro Finance Institutions (MFIs) accesses financial resources from the Banks and other mainstream financial Institutions and provide financial support services to the poor. Various types of institutions offer microfinance: credit unions, commercial banks, NGOs (Non-governmental Organizations), cooperatives, and sectors of government banks. The Mann Deshi Mahila Sahakari Bank is a rural cooperative bank specializing in microfinance loans to women. Others, such as the MahilaSewa (Self-employed Women's Association) Cooperative bank, perform similar functions.

Yet microcredit and microfinance are much more significant than mere vote-pandering. Providing women with the means to create their own economic security has been at the heart of Women's World Banking's mission since the organization was established more than 30 years ago. Women's World Banking helps network members and other partners develop new ways to serve their clients through innovation in areas such as credit, savings and insurance products specifically designed for the unique needs of women.

International aid donors, governments, scholars, and other development experts have paid much attention to microfinance as a strategy capable of reaching women and involving them in the development process. Many programmes such as self help bank linkage program have been initiated after seeing the positive involvement of women in various activities. The top companies providing financial assistance in India are SKS Microfinance Ltd (SKSMPL), Share Microfin Limited (SML), and Bhartiya Samruddhi Finance Limited (BSFL) etc. The emergence of "for-profit" MFIs is growing. In India, these 'for-profit' MFIs are referred to as Non-Banking Financial Companies (NBFC).

Some of the schemes and policies are also been initiated by the government of India for the better performance of the women. As women are the pillars of the society. Minister Chidambaram also announced new funding for women's safety that was named after one of the recent rape victims.

## 6. DEVELOPMENT OF SOCIETY AND COUNTRY

The Indian subcontinent was the first place where modern microfinance, at the time called "micro credit," really became a phenomenon. According to the State of the Microcredit Summit Campaign Report, 14.2 million of the world's poorest women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other nonbank financial institutions. These women account for nearly 74 percent of the 19.3 million of the world's poorest people now being served by microfinance institutions. Most of women have access to credit to invest in businesses that they own and operate themselves. Although women's access to financial services has increased substantially in the past 10 year.

Microfinance programs have the potential to transform power relations and empower the poor—both men and women. The Microfinance has proved helpful for the society in not only empowering women but also in promoting children's education, eradicating poverty, improving health outcomes for women and children and also contributed in development of the society and country.

Across the globe, but especially in Asia, and particularly in areas where rural population density is relatively high, microfinance can be an extremely effective poverty reduction tool.

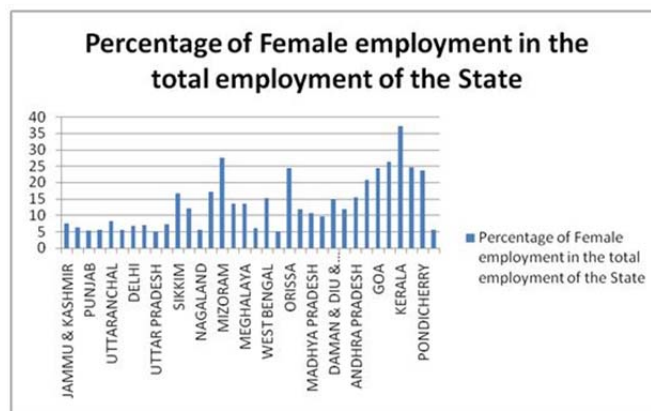


Fig. 3: Female development rate

## 7. CONCLUSION

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 organized groups. MFIs are the pivotal overseas organizations in each country that make individual microcredit loans directly to villagers, micro entrepreneurs, impoverished women and poor families. In a country like India, where vast portions of the population remain trapped in rural poverty, the government should at least be trying innovative ideas to alleviate the situation

The study concludes that microfinance brought psychological, social, economic empowerment. Impact of micro finance is appreciable in bringing confidence, courage, skill development and empowerment. Now a totally new picture is visible of our Indian lady. The above paper closes with the fact that the government should keep facilitating the women with better opportunities and schemes so that percentage of women keeps growing in the economy. The World Bank also estimates that there are more than 500 million people who have directly or indirectly benefited from microfinance-related operations.

All of this is a step toward achieving our vision: "One day all women will be able to build a secure financial future for themselves and their households."

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