

Microfinance and Women Empowerment

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Abstract—Women empowerment refers to increasing and improving the social, economic, political and legal strength of the women, to ensure equal right to women, and makes them confident enough to claim their rights such as freely live their life with a sense of self-worth, respect and dignity, have complete control of their life both at home and at workplace, to make their own choices and decisions, have equal rights to participate in social, religious and public activities, get equal employment opportunity without any gender bias, get safe and comfortable working environment. Microfinance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low income individuals which fall just above the nationally defined poverty line and poor individuals which fall below that poverty line, with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through the provision of capital for micro enterprise, and insurance and savings for risk mitigation and consumption smoothing. A large variety of sectors provide microfinance in India, using a range of microfinance delivery methods. Poor people usually fulfill their needs for financial services through informal sector. They take loan from informal moneylenders but that is available to them at very high rate of interest. Poor people also save in informal ways. Either they save in kind such as domestic animals, building material that can be easily exchanged in cash or they save through various forms of informal relationships like savings club etc. Microfinance is a tool for empowerment of the poorest. It create sustainable activities to increase their incomes, improve the living conditions of entrepreneurs and their families, empower people mainly women. Microfinance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low income individuals which fall just above the nationally defined poverty line, and poor individuals which fall below that poverty line, with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through the provision of capital for micro enterprise, and insurance and savings for risk mitigation and consumption smoothing. A large variety of sectors provide microfinance in India, using a range of microfinance delivery methods. Since the ICICI Bank in India, various actors have endeavored to provide access to financial services to the poor in creative ways. Governments also have piloted national programs, NGOs have undertaken the activity of raising donor funds for on-lending, and some banks have partnered with public organizations or made small inroads themselves in providing such services. This has resulted in a rather broad definition of microfinance as any activity that targets poor and low-income individuals for the provision of financial services. The range of activities undertaken in microfinance include group lending, individual lending, the provision of savings and insurance, capacity building, and agricultural business

development services. Whatever the form of activity however, the overarching goal that unifies all actors in the provision of microfinance is the creation of social value.

Microfinance Definition

According to International Labor Organization (ILO), "Microfinance is an economic development approach that involves providing financial services through institutions to low income clients".

In India, Microfinance has been defined by "The National Microfinance Taskforce, 1999" as "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards".

"The poor stay poor, not because they are lazy but because they have no access to capital."

Activities in Microfinance

Microcredit

Micro savings.

Micro insurance

Remittances

MICRO FINANCE INSTRUMENT FOR WOMEN'S EMPOWERMENT

Micro Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro finance scene is dominated by Self Help Groups (SHGs) – Bank Linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the "unreached poor". Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG programme has been successful in not only in meeting peculiar needs of the rural poor, but also in strengthening collective self-help capacities of the poor at the local level, leading to their empowerment. Micro Finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years, there is questioning of whether micro credit is most effective

approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor. Credit for empowerment is about organizing people, particularly around credit and building capacities to manage money. The focus is on getting the poor to mobilize their own funds, building their capacities and empowering them to leverage external credit. Perception women is that learning to manage money and rotate funds builds women's capacities and confidence to intervene in local governance beyond the limited goals of ensuring access to credit. Further, it combines the goals of financial sustainability with that of creating community owned institutions.

Commercial banks' Schemes for women

Commercial banks	Name of the scheme
Bank of India	Priyadarshini Yojana
Canara Bank	CAN Mahila
Central Bank of India	Cent Kalyani
Dena Bank	Dena Shakti
Oriental Bank of Commerce	Orient mahila Vikas Yojana
Punjab National Bank	Mahila Udyam Nidhi Scheme Mahila Sashaktikaran Abhivan PNB Kalyani Card Scheme
Punjab & Sind Bank	Udyogini Scheme
State Bank of India	Stree Shakti Package
State Bank of Mysore	Stree Shakti
SIDBI	Mahila Udyam Nidhi
Union Bank of India	Viklang Mahila Vikas Yojana
ICICI Bank	Women's account
IDBI Bank	Mahila Udyog Nidhi Mahila Vikas Nidhi
Vijaya Bank	Assistance to Rural Women Non-Farm Development (ARWIND) Assistance For Marketing Non Farm Products Of Rural Women (MAHIMA)

Shivastava and Basu (2005) in their study entitled "scaling up micro finance for india's rural poor people" examines the level and pattern of access to finance for india's rural poor as well as some of the key micro finance approaches in india, taking a close look at the most dominant among these, the Self Help Groups (SHGs) Bank linkage Initiative

Aruna and jyothimays (2011) studied the impact of micro credit and micro finance programme on the lives of women and found microcredit as a significant factor contributing to empower women in one way or other

Chintamani Prasad Patnaik (March 2012) this study attempts that microfinance seems to have generated a view that microfinance development could provide an answer to the problems of rural financial market development. While the development of microfinance is undoubtedly critical in improving access to finance for the unserved and underserved poor and low-income households and their enterprises, it is inadequate to address issues of rural financial market development.

Sampling

The sample of 100 respondents has been taken. The sample includes people of middle class and poor in Hoshiarpur city. The selection of respondents has been done on convenience sampling basis.

Data collection: The study is based on primary data and survey was conducted with sample size of 100 respondents belonging to Hoshiarpur city. Secondary information was compiled from different magazines, journals, selected books and internet.

Analysis of data: data collected has been analyzed on the basis of following techniques:-

- Percentage method.
- Weighted Average method.

Percentage Method: was applied on all questions in the questionnaire

Formula used is:

Percent = Responses for a category / total no. of respondents * 100

Weighted average: Weighted average score = [strongly agree x 5] + [Agree x 4] + [Neutral x 3] + [Disagree x 2] + [Strongly Disagree x 1] / Total no. of Respondents.

IMPACT OF MICROFINANCE ON THE LIVELIHOOD OF RESPONDENTS

Statement	SA	A	N AND	DA	S DA	Weighted Average Score	Impact (Ranking)
Increase in saving	9	35	6	0	0	4.06	1
Rise in income level	10	33	6	1	0	4.04	2
Women participation in decision making	0	19	28	3	0	3.32	16
Up gradation of community	0	20	27	3	0	3.34	15
Poverty Reduction	6	21	14	9	0	3.48	13
Income Generation	10	34	4	2	0	4.04	2
Easy access to financial services	5	29	10	6	0	3.66	11
Increase in Wage rate	2	32	14	2	0	3.68	10
Improved health practices	5	26	18	1	0	3.70	9
Self empowerment	9	33	8	0	0	4.02	3
Decrease in Domestic violence	2	31	16	1	0	3.68	10
Multiple income sources	3	23	17	7	0	3.44	14
Increased household expenditure	9	31	9	1	0	3.96	5
Risk Diversification	6	18	22	4	0	3.52	12
Promotion in children education	4	28	16	2	0	3.68	10
High level of schooling	5	28	16	1	0	3.74	7
Improved status	8	30	10	2	0	3.88	6
Improved housing	5	27	17	1	0	3.72	8
Raise in consumption level	9	35	3	2	1	3.98	4

Table: Rating

Range	Rating
4.00-5.00	High Impact
3.50-3.99	Moderate
3.00-3.49	Low Impact

STATEMENTS	RATING
Increase in saving	High Impact
Rise in income level	High Impact
Women participation in decision making	Low Impact
Up gradation of community	Low Impact
Poverty Reduction	Low Impact
Income Generation	High Impact
Easy access to financial services	Moderate
Increase in Wage rate	Low Impact
Improved health practices	Low Impact
Self-empowerment	High Impact
Decrease in Domestic violence	Low Impact
Multiple income sources	High Impact
Increased household expenditure	Moderate
Risk Diversification	Low Impact
Promotion in children education	Low Impact
High level of schooling	Moderate
Improved status	Moderate
Improved housing	Moderate
Raise in consumption level	High Impact

There is a positive impact of micro finance services on livelihood of people. Respondents strongly agree with the fact that there is increase in the savings which leads to rise in income level also in generating multiple income sources. There is also self empowerment among the people which, in turns, raises their consumption level.

The analysis is also revealed that there are some variables about which respondents are disagree. The major variable in this regard is promotion in children education, women participation in decision making and up gradation of community.

FINDINGS OF THE STUDY

- Nearly half of the respondents take the loan from the formal sources. But these respondents are those who are employees and they take loan from government banks. The share of private banks is very less as compared to public banks.
- Respondents who take loan from private banks are actually used for their basic needs.
- Mostly loan taken by the respondents used for the meeting the needs like loan for marriage, housing loans and for the agriculture equipments which does not helpful to improve the income and education, eradicate poverty and reduce unemployment.
- The main problem faced by the respondents is short term loans provided and long procedure for taking loan. And delay in procedure completion.

SUGGESTIONS

- The banks or financial institution should emphasize on the advertisement of micro finance schemes to create the awareness among customers.
- The customer services should be improved towards the clients.
- The most respondents who do not avail services of microfinance; have lack of trust on banks.
- Banks must create a sense of belongingness and a goodwill regarding their services.
- The banks should more efforts be taken so that women participation can be made more in decision making.

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