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CONTENTS OF ENGLISH PART - VI

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AJANTA - ISSN 2277 - 5730 - IMPACT FACTOR - 5.5 (www.sjifactor.com)

CONTENTS OF ENGLISH PART - VI

VOLUME - VII, ISSUE - IV - OCTOBER - DECEMBER - 2018
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22. Issues and Concerns of Women Empowerment through Microfinance in India

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Abstract

In India, women constitute about 48.46 per cent of the total population as per the 2011 census, but their participation in economic activity is only 34 per cent. Development of the nation and healthy and harmonious growth of the society would not be possible unless women are brought into the mainstream of national development. Women empowerment is a process of equipping women not only economically independent but also to have freedom to spend their money, to enhance self-confidence, self-esteem and dignity to realize their full capabilities, develop positive attitude, take independent decisions and participate actively in all the developmental activities in the spheres of family, community and society at large.This paper identifies the role microfinance in empowerment of women This paper attempts to identify the areas of empowerment and to evolve strategies to speed up the process of women empowerment Women empowerment cannot be ensured through micro-credit alone. There are many constraints that need to be addressed. Simply knowing how to handle a cheque book or opening a bank account does not empower women. They have to understand thattheir power stems from the way they manage the resources provided through the group. Checks and balances within the system have to be re-enforced. Promoting empowerment requires a significant change in attitude, changes in working practices and challenging vested interests. There is a need to develop

effective structures for participatory management which combine requirements of efficient service delivery and contribution to empowerment.

Keywords: crofinance. Women empowerment, Self – help groups

Introduction

In India, women constitute about 48.46 per cent of thetotal population as per the 2011 census, but their participation in economic activity is only 34 per cent. Development of the nation and healthy and harmonious growth of the society would not be possible unless women are brought into the mainstream of national development. Historically, women were considered a liability while men were considered an asset. With the change of time, women are now considered as partners of men in every walk of life. Empowerment is generally perceived to mean an increase in both capacity of individuals or group to male purposeful choices and to translate these choices into desired action and outcomes. The term empowerment has been widely employed for over a decade, notably by those promoting microfinance schemes throughout the world. In development discourse, this term is commonly used in reference to gender inequalities. It is concerned with power and particularly with the power relations - and the distribution of power – between individuals and groups. It makes power structure more inclusive, including all women and men, senior citizens, people with disabilities. Empowerment signifies not only increased participation in decision-making, but above all the process through which people feel themselves to be capable of making decisions and having the right to do so (Kabeer 2001).Women empowerment is a process of equipping women not only be economically independent but also to have freedom to spend their money, to enhance ones confidence, self-esteem and dignity to realize their full capabilities, develop positive attitude, take independent decisions and participate actively in all the developmental activities in the spheres of family, community and society at large.

Self –Help Group Approach

The terms 'self-help', 'self-sufficient', 'self-reliance', 'self-assertion', 'self-respect' and 'self-governance' are often used interchangeably 'Self-help' means aiding one's self without depending on the aid of others. It is also quite similar to phrases such as 'self-sufficient', which means sufficient for oneself without external aid or cooperation and 'self-reliance', which means reliance on oneself and power, trust on one's self. While 'self-respect' is respect for one's self irrespective of background and regard for one's character, 'self-assertion' is a natural process for individuals who are confident and aware. 'Self-governance' refers to autonomy, self-rule without outside interference. 'Self-empowerment' is realized when we make a conscious effort to transform that power to improve the quality of our life.

Microfinance in India works through self –help group approach. Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed dominantly women, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the un bankable, 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. The main aim of microfinance is to empower women. 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. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance. MFIs even report a decline in violence towards women since the inception of microfinance. Observations and experience shows that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. It is also viewed as a method giving the women improved 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 the people.

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. A majority of microfinance programs target women with the explicit goal of empowering them. 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. Therefore the objectives of this paper are to highlight the role of microfinance in empowering women and to identify the areas of empowerment and to evolve strategies to speed up the process of women empowerment. This paper is based on the secondary data obtained from various published works such as books, reports, journals, articles, magazines, periodicals and electronic web materials.

Group Management Approach

The principle and practice of "working through a group" has always existed in India. The Sufi methods are group methods. The group methods can exist only if the ego of a person has come to a point where it is a burden to carry it or when the ego has become so burdensome that to be alone is to be in anguish. Then the group method becomes meaningful because in a group you can dissolve your ego. In the group, working with a group, merging yourself into a group, you can put your ego aside easily. Further the joint family has disappeared. It was a group phenomenon. The society has disappeared. The poor have become strangers in their own kingdoms. The mass is around the poor but they are not related to it. When the poor are unrelated the whole burden becomes individual. Sitting in a growth group you become a part of the community, you feel oneness (Somnath, 2009). The logic of SHGs as spaces for engagement, negotiation and struggle, goes beyond credit and addresses a wide range of development issues, including the role of social mobilisation in women's empowerment. Today, the 'group' element of microfinance has become a central aspect of practice and has been recognised by many as a methodological component equal in weight to the actual exchange of finance; and that the organisation of groups is nothing but 'social intermediation' much needed to overcome barriers to development (Hans, 2010).This is not just a philosophy, but also a practice.

Shgs for Women Empowerment

In olden days women were restricted to take part in any social activities and not given roles in decision making in her family. The situation was even more worsening in rural and remote areas. Now the situation has been changed. In today's scenario more women are engaged in income generating activities. They believe that a woman is small credit risk and often benefits the whole family. The main aim of microfinance is to empower women. The self-help group movement in the country made the mission of women empowerment successful everywhere. Evidence suggests that lending to women yields greater social and economic impacts than lending to men. Micro finance is a totally different business, though, it is about small businesses which most often involve self-employment in the informal sector and women make up a large and growing segment of informal sector businesses. Advocates argue that micro finance can increase women's bargaining power within the house hold and will be empowered and enjoy greater control over household decision resources (Khandekar, 2003). The initiative of 1992 to make the traditional and formal banks to extend financial services to deprived sections through informal self – help groups has now blossomed into a monolith microfinance initiative. It has been recognized as a decentralized cost effective and fastest growing microfinance initiative in the world, enabling over 103 million poor households' access to variety of sustainable financial services from the banking system by becoming members of nearly 8 million self – help groups. The small beginning of linking only 500 self – help groups to banks in 2002 had grown to over 0.5 million self- help groups by March 2002 and further to 8 million groups by 2012.This group maintain a balance of over 6550 crore in the savings bank account with the banks while they are estimated to have harnessed savings of over 22000 crore. Over 79 per cent of self – help groupslinked to banks are exclusive women groups, which is one of the most distinguishing feature microfinance sector in the country.Most identified self-help groups role in empowerment of women include

Economic Independence

Groups provide the poor women the access to economic resources like money and there by enable women to spend them on productive and consumption needs, increasing women's income levels and control over income leading to greater levels of economic independence

Participation in Decision-Making with in The Household

Microfinance enable the women to participate in decision making on economic and financial issues like family income, consumption pattern, rising of loan, sale and mortgage of assets etc.enhancing perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfareThe self – help groups enhance the economic and social status of women at family and society level.

Self-Empowerment

The groups give the women the opportunities of self-development through imparting them education, training and the practical knowledge. Working in the group is an opportunity for women to develop her. Access to networks and markets give wider experience of the world outside the home, access to information and possibilities for development of other social and political roles.

Socio-Political Empowerment

Contributing to the family's financial resources can confer a greater legitimacy on women. Women's point of view (and more generally of all those excluded from the community) can become valuable and make it possible to pass over certain cultural and social barriers regarding equality among members of the same village or neighborhood. Where women's groups have received women's rights training and leadership training contributed to their ability to bring about change within the households and communities in relation to issues like domestic violence and divorce. Political Empowerment is more specifically relates to involvement in local political institutions, participation in public demonstrations, the claim to rights, lobbying the authorities, etc. make it possible to reinforce the role and involvement of SHGs in local development. The self-help groups enable the women to participate in socio-political decision making at local level through their participation in Village Gram Sabha, Panchayat meetings and political activities.

House Keeper to An Organiser

The groups change the women from house keeper to organiser, manager and decision maker. Women learn skill and ability from the group. Micro finance brought courage and self-confidence and improved their skill and self-worthiness. It is found that microfinance improved the literacy level of rural women improved awareness on children education to high level awareness about environment Many microfinance programmes, in addition to providing financial services, develop non-financial services like health, education, and awareness programmes (information about contraception or encouragement to denounce acts of domestic violence). Running the house and managing expenses; deciding about the marriage, etc; and keeping control over income earned.

Unity and Integrity

The groups change the outlook of the women. As it brings unity and integrity among the members, it avoids or removes any type of disparities like caste, religion, language, age etc. It improved general welfare of family and community. It is accepted that microfinance has brought economic development directly and indirectly happiness and peace in the family.

Economic Empowerment

Economic empowerment includes the access to use and control of economic resources (loans, income, budget) which implies financing, creation and management of income-generating activities (and thus a widening of economic opportunities), increase and diversification of income sources, the increase in consumption expenditure, savings capacity, access to property, increase in family savings in women's name etc. In short, Self – help groups enhanced the ability of women to save and access loans, opportunity to undertake an economic activity, mobility, opportunity to visit nearby towns, increased financial awareness, a role in community awareness increased self-confidence, ability to command respect within the household and participate in house-hold decision-making. Women's priorities reflect broad development concerns: a better quality of life for their families, stable employment and incomes, education for their children and eradication of social evils such as alcoholism.Most people manage to mobilise resources to develop their enterprises and their dwellings slowly overtime. Financial services could enable the poor to leverage their initiative, accelerating the process of building incomes, assets and economic security.

Suggestions and Conclusion

Women's empowerment cannot be ensured through micro-credit alone. There are many constraints that need to be addressed.

Members must understand that simply knowing how to handle a cheque book or opening a bank account does not empower them. They have to understand that their power stems from the way they manage the resources provided through the group. They need to be involved in those micro-enterprises that assure them a stable income.

- Checks and balances within the system have to be re-enforced.

- Promoting empowerment requires a significant change in attitude, changes in working practices and challenging vested interests.
- Flexibility to women's needs and deciding the best ways of combining empowerment and sustainability objectives can be through research on women's needs, strategies and constraints and a process of negotiation between women and development agencies.
- There is a need to develop effective structures for participatory management which combine requirements of efficient service delivery and contribution to empowerment.
- The design of microfinance products has conventionally been seen as a technical issue, based on access and financial sustainability concerns. In regard to savings and insurance, the main concerns have again been on access and financial sustainability rather than returns on savers' capital.
- One of the challenges is to keep the self – help groups away from the influences of political parties who would reduce the programme to a vote bank. In an effort to promote and support a large number of self – help groups policy makers and resource providers run the risk of turning these groups into state helped groups.
- Greater focus should be on product design that must include attention to gender concerns. If the design of loan products is inappropriate to women's needs and do not allow women to make maximum use of loans.
- It is difficult to say which factors are more important for empowering women. The differences in pace of empowerment might be a result of various factors: household and village characteristics, cultural and religious norms within the society, behavioral differences of family members; and the kind of training and awareness programmes that women have been exposed to.
- Additional services like training, awareness raising workshops and other activities focus on financial services are also an important determinant of the degree of its impact on the empowerment process of women.
- What is worrying in the current situation is that enthusiastic assumptions of automatic beneficial impacts of micro-finance are being used as a pretext for withdrawing support for other empowerment and poverty alleviation measures, including support for

subsidies for programmes targeting the poorest and for empowerment strategies within micro-finance programmes themselves. Then in response to mounting evidence of potentially limited contribution to poverty alleviation and empowerment donors are responding by saying that issues of empowerment and welfare need to be treated separately from micro-finance, despite the diversion of funds from these 'separate' strategies. There is therefore a need to develop effective strategies for networking between micro-finance programmes and other organisations working for change in order to challenge donor pressure and address the macro-level constraints on the empowerment contribution of micro-finance programmes themselves.

- Enabling women to join the organization and take up promotion possibilities will require changes in institutional culture and also introduction of more family friendly working practices. Active promotion of women to leadership positions until gender equity is reached is the need of the hour.
- Microfinance programmes also provide a potentially large and organised grassroots base for developing advocacy and lobbying strategies around gender issues. SEWA and other NGOs in India have effectively linked women in micro-finance groups to wider organizations for lobbying and advocacy.Women's perspectives and needs must be fully integrated into all training and social and infrastructure provision.
- Gender awareness is obviously central to any empowerment strategy. Although women's equal access to all micro-finance services is essential, providing an adequate and non-discriminatory regulatory framework needs to be seen as a fundamental human rights issue, and an integral part of fulfilling the demands of the Micro-Credit Summit Campaign, rather than the end aim of gender policy itself.
- There is also a need to separate women empowerment issues from poverty concerns. It is not sufficient to target policies solely at the household level programmes, also need to address inequalities within the household. Targeted interventions for women empowerment to enable them to define priorities and actively promote change in their households, communities and national and international policy.

- .Market research needs however to go beyond identifying potentially profitable products. If it is to contribute to sustainable livelihoods and empowerment goals it must identify those products which most adequately meet the needs of women clients and which help them challenge gender inequalities in the household, market and community. Gender awareness needs to be linked with strategic actions over a long period to be effective.
- Organisations which do not themselves internally promote gender equality cannot be effective in contributing to gender equality amongst their clients. There is overwhelming evidence that micro-finance programmes without an organizational gender policy are much less likely to reach. Inter organizational collaboration where programmes link with other programmes to give clients/members a greater range of micro-finance and complementary services, pool resources to benefit from economies of scale, exchange information ways of devising loan packages which enable women to enter more lucrative industries, encourage diversification of activities and increase women's control over income.
- Need to integrate microfinance finance policy with other services like literacy, health, women education, infrastructure development. There is a need to develop a viable set of indicators for empowerment which can be used alongside those of financial sustainability and poverty targeting.
- Need to look beyond financial intermediation towards social intermediation; responding to issues of society, ecology and economy like domestic violence, food inflation, and climate change, waste management etc. It is crucial therefore those micro-finance programmes are adequately supported to build on their considerable organizational strength, reaching thousands of women and men, to challenge gender inequality and economic injustice. It is also crucial that microfinance programmes are conceived as a complement to, rather than substitute for effective policies to transform national and international economic and political inequalities.The road ahead is uphill and arduous. Sincere and committed effort from all participating agents only can eventually lead to real empowerment.

Ultimate objective of microfinance is to make women an independent and self-dependent.In our country micro finance is a tool for making women self-reliant. These women can provide their children, including girls, with education which in turn can empower them, thereby setting a new trend of independent women, enjoying their full potential. Self – help groups have transformed woman from being alive to live with dignity. The empowerment of women and improvement of their status and economic role needs to be integrated into economic development programmes, as the development of any country is inseparably linked with the status and development of women. Policy reforms on savings, social insurance and women empowerment is the most potential solution to ending poverty. It has proved to be immensely valuable. As a result, worldwide, MFIs have started developing and delivering a range of financial products. In a hierarchical society divided on the lines of caste and community, development initiatives should always keep open the option of moving towards equality. There are innumerable small segments that are empowered economically and socially. It will make a strong bargaining group capable of making qualitative changes in the socioeconomic realm.

While microfinance has definitely addressed the question of access to economic resources for women, the market-centered approach of financial intermediaries tends to undermine the complexity of the social systems that the clients are a part of. This, coupled with the challenge of increasing outreach, often results in its inability to concentrate much in the area of social and political interventions, which need to be put in place for better credit absorption, so as to result in the empowerment of women. There is a need, therefore, for a more integrated approach at a geographical level with all organizations – MFIs and others – to work hand in hand, using their individual areas of core competence in addressing the needs of women in that particular area. It must be recognized that the holistic empowerment of a woman occurs at various levels – individual, household and community. Their needs at each level are different, and cannot be addressed by one organization alone, and it becomes necessary to bring together other local resource organizations to address these concerns. Also essential to holistic empowerment is a conducive policy environment, which promotes better growth of the sector.

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