

## WOMEN EMPOWERMENT THROUGH MICRO FINANCE: AN EMPIRICAL EVIDENCE

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### Abstract

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*Microfinance development has emerge has major strategy to combat that twin issues of poverty and unemployment that continue to pose a major threat to the economy of both the developed and developing countries with the combination of economic freedom and entrepreneurial support of companies, micro finance can give birth to broadly share economic growth through entrepreneurial capitalism across the developing world. For this a number of agencies – Government as well as Non-Government Organizations have been involving in micro finance developmental initiatives. With the help of micro finance, the emergence of women entrepreneurial and their contribution to the national economy is quite visible in India. Because of micro finance is a useful tool that women can use to accomplish these goals. Micro finance in addition to providing direct support for tens millions of women, delivers entrepreneurial education, there by seeding wide spread entrepreneurial culture around the world. We also look at the role of micro finance that women's economic contribution to the house hold and community place in empowering them. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political – empowerment with in homes, villages, and countries. The primary emphasis on women empowerment is focused on achieving financial sustainability by added scepticism around the value of adopting empowerment approaches through micro finance institutions. It is clear that if they are to make a significance contribution to pro poor development and civil society strengthening, micro-finance programmes and services which need to develop explicit gender strategies to address the needs of women. This paper reviews how micro finance created a new path for the women empowerment in different areas.*

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**Keywords:** MFIs, MF, NGOs, W.E.

**Introduction:** Today micro finance is the most important and debated topic under banking sector in India, which was started by a Nobel Prize receiver for peace in 17 years ago (2006) and economist Prof. Mahammed Yunus as a mean of providing small loans to poor individuals, 47 years ago with the origination of the Grameena Bank in Bangladesh in 1976. This is an evolving sector in developing countries like India when compared to developed countries. At present nearly 20000 micro finance institutions are operating in developing countries of Asia, Africa, Europe and Latin America. Because, it is an instrument to increase the standard of living for poor people, who are earning very less with the help of taking micro credit, micro savings, micro insurance etc,. Since 1983 Grameen Bank's for microfinance demonstrated that poor people small loans on easy terms and especially women had excellent repayment rates. And the poor were willing and able to pay interest rates that would allow the Micro-Finance Institutions (MFIs) to cover costs. However, there are 500 millions low income entrepreneurs in the world and about 5 have access to financial services. As a result, over a time, microfinance has come to include a broader range of services (credit, savings, insurance, etc.).

**MEANING:** Micro-finance means providing very poor families with very small loans to help them engage in productive activities or grow their very small businesses. Like us, many poor people need and use financial services in all the time. They save and borrow, invest in home repairs and improvements and meet occasional and domestic expenses such as food and school fees etc. Microfinance is an ultimate to become self- sufficient.

### **FEATURES OF MF**

- The amount loan is small, usually less than Rs.50,000
- It is lent for income generating activities
- The loan is repayable in small equated weekly instalments
- The amount is collected by weekly basis to ensure compliance
- The recovery rates are typically above 95 of the aggregate loans advance.

### **DIFFERENT FORMS OF MICRO FINANCE**

- Association:
- Bank guarantees:
- Community banking/Grameena bank/village banking:
- Cooperatives:
- Credit unions;
- NGOs:

- For-profit banks;
- Rotating savings and credit Associations

**ADVANTAGES OF MICRO FINANCE:** It allows the poor to receive a plan

- It empowers women
- It creates long-term financial independence
- Job creation
- Reducing vulnerability

**WOMEN AND MICRO FINANCE:** Women especially poor mothers, must divide their time between work “productive role”, and family “reproductive role”, and balancing all the demands. Time is valuable for these women, as their livelihoods depend largely on their ability to fulfil the multiple demands of the household and the market place. Especially for poor women ownership of micro-enterprise has emerged as economical survival strategy. Capital and financial services are the most essential factors for the success of micro entrepreneurship. But for various reasons, less access of these factors in case of women than men. A special support for women in both financial and non-financial services is necessary because investing in women offers the most effective manners like, to improve health, nutrition, hygiene, and educational standards for families and for the whole of society.

Generally, women need access to small loans to meet day-to-day needs, innovative forms of collateral, frequent repayment schedules, more appropriate to the cash flows of their enterprises. To make profit in small businesses, women has been facing so many problems especially in male dominated society. This is small example of the importance of women’s work in society. It does not illustrate the real extent of women’s contribution, especially in developing countries, not only to the labour force, but also their role as a significant income source for the family. Research has shown that investing in women offers the most effective means to improve the health, nutrition, hygiene, and educational standards for families and consequently for the whole of society. Thus, a special support for women in financial and non- financial services is necessary.

**PROBLEMS FACED BY WOMEN TO MAKE PROFITABLE BUSINESS:**

Lack of knowledge of the market.

Ideas about Profit potentiality

Employment of too many relatives which increases social pressure to share benefits.

Setting prices arbitrarily

Lack of capital.

High interest rates.

Credit policies adopted by the women

**LOAN SCHEMES AVAILABLE TO WOMEN:** In order to strengthen the infrastructure of full-fledged women empowerment, different types of loan are given for various categories of women. The main purpose of these loan schemes is to make women an important part of economic layout of the family as well as society.

**For Self- Employed Women:** As per the schemes of National Minorities Development and Finance Corporation (NMDFC), National Backward Classes Finance & Development Corporation loans can be availed for starting or extending a venture by women entrepreneurs.

### **Types of Loan**

- NMDFC(National Minorities Development and Finance Corporation) loan Rs. twenty Lakhs
- CDP-MC (Cluster Development Programme-Minorities Clusters) loan for intensive development.
- NBCFDC(National Backward Classes Finance & Development Corporation) loan upto Rs. 1 Lac
- NSFDC(National Scheduled Caste Finance & Development Corporation) loan for opening a new venture upto Rs.1 lac
- Shilpi Samridhi Yojana – loan upto Rs.50000
- Mahila Samridhi Yojana-SC-loan for small business activities upto Rs. 30000
- Micro Credit Finance-loan for scheduled caste women to start a new venture

**Micro-finance:** Under this scheme loans are given for opening aMSMEs. Loans are given through NGO/SHGs which consists of 10-20 members belonging to backward/minority community. Each member will be sanctioned an amount of Rs. 25,000/- i.e. Rs2,50,000 or Rs. 5,00,000 depending upon the size of the group formed. As per the Mahila Samridhi Yojana loans are provided exclusively to poorest of the poor women beneficiaries for assisting them to undertake small business activities. According to the scheme loan to an extend of Rs. 50,000 can be availed.

**EDUCATIONAL LOANS:** These loans are extended to women belonging to Backward Classes/Minority Communities for pursuing professional education. Persons With Disabled (PWD) people and dependent of martyrs will be given priority for this scheme. Maximum loan limit is Rs. Five lakhs and Rs. Twenty lakhs for Minority Community and Backward Classes respectively.

**Swayam Saksham-BC:** Under these Schemes loans are provided to confident young women to utilise their wisdom and experience gained through professional training and education to improve their status of living. Margin Money-BC, As per Margin Money scheme, loans are given to women beneficiaries subject to maximum of Rs Five lakhs per beneficiary.

**CONCEPT OF WOMEN EMPOWERMENT:** Empowerment is an active multidimensional process to enable women to realize their identity and power in all spheres of life. It provides an access to knowledge and resources, decision making autonomy, ability to plan lives and freedom from customs, beliefs and practices. It demands dramatic change in many aspects like marriage and family, husband and wife relationship remarriage, and attitude towards socialization.

### **OBJECTIVES OF THE STUDY**

**The main objectives of this paper are:**

- To analyze women empowerment through micro finance.
- To know the different developmental schemes providing under MF for women
- To know the various measures and make suitable policies taken by different authorities for women empowerment.

### **CHALLENGES AND ISSUES FOR WOMRN ENTREPRENEURS:**

- Behavioural barriers
- Social and cultural barriers
- Educational barrier
- Occupational barriers
- Infrastructural barriers
- Legal barriers
- Economical barriers

### **DISCUSSION:**

The table early shows the use of Microfinance facilities by the women for various purposes:

S. No	Use of finance	Yes	No	Total
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1.	Purpose of Ornaments	65%	35%	100%
2.	Purpose of home appliances	57%	43%	100%
3.	Children education	67.43%	32.57%	100%
4.	Raising loan	52%	48%	100%
5.	Repayment of loan	45%	55%	100%
6.	For ceremonial functions	43.78%	56.22%	100%
7.	For savings and investment	85.78%	14.22%	100%
8.	For political activities	85.78%	14.22%	100%
9.	For purchase of animals	88.68%	11.33%	100%
10.	For business	88.67%	11.33%	100%
11.	For social activities	86%	14.00%	100%

Source: [www.nabard.org](http://www.nabard.org).

To analyze the use of micro finance facilities- the researcher used interview scheduled method and contacted 100 women beneficiaries under micro finance services. For this mainly researcher contacted the member of SHGs in Anantapuramu Rural Mandal and collected the information how far, for what the finance is used by the women under micro finance facilities. From the above table, it is clear found that maximum utilization of finance by women for purchasing of animals, for starting new business, for savings and investment purpose, for children education, for purchase of ornaments, for purchase of home appliances, for raising loan for social activities, for repayment of loans, for ceremonial functions and for political purpose respectively.

#### **TO INCREASE WOMEN'S ACCESS TO CREDIT, THE DONOR COMMUNITY SHOULD:**

- Increase the availability of working capital;
- Experiment with lending programmes which do not require conventional forms of collateral;
- Replicate and expand existing successful methodologies for delivering small working capital loans;
- Introduce savings mobilisation components in the context of credit or other enterprise assistance programmes;
- Promote credit policies that are open to both small enterprise activities and enterprises operating in trade, commerce and other small enterprise sectors where women have higher participation rates.

- Technical assistance for micro enterprise development should focus more on basic training in product marketing and design concepts and on transmitting skills to increase and diversify production.

### **EFFORTS REQUIRED TO DEVELOP WOMEN ENTREPRENEURS**

- Consider women as specific target group for developmental programmes
- Extend of better educational facilities and schemes to women
- Managerial skill training programmes to women
- Extend of vocational training to women community
- Government schemes should be explained without any hide and seek principle
- Government schemes should reach the women without any caste religious bias and it should be motivated.
- Skill development to be done in women's polytechnics and industrial training institutes.
- Involvement of NGOs in women entrepreneurial training programmes and counselling.

**CONCLUSION:** The rapid progress in the Microfinance sector- now has turned into an empowerment movement among women across the country and main conclusion of this paper is that microfinance can contribute to solving the problem of inadequate housing and other services as integral part of women empowerment programmes. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrowers without imposing unbearably high cost monitoring its end-use upon the lenders. Women today are more willing to take up the production activity and have been providing that they are more than men in contribution to the growth of the economy. The key issue for successful micro finance program focused on women should consider them in a broader context, as a family nucleus, that is vital for societal improvement and progress. The micro finance programmes should provide women with specific adapted products through appropriate methodologies which offer competitive advantages to their business and also well being to them and their families.

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