

## Women Empowerment through Microfinance : A Review

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### Abstract

The socio-economic position of women in India has long been characterised by inequalities represented in terms of privilege, power, and control. Because of this, microfinance is seen as a tool of improving women's status. In recent years, microfinance has been largely regarded as a means of alleviating poverty and promoting the socioeconomic advancement of its clients. Most of these representatives are women, and the subject of women's financial empowerment via microfinance has been extensively researched and debated. The rural poor, especially rural women, need microfinance to help them resist exploitation and build their economic self-reliance. It's not a magic bullet, but it has the potential to make a big difference in the fight for gender equality and the empowerment of women nevertheless.

It has the potential to start a succession of 'virtuous spirals' of economic empowerment and broader social and political participation via their contribution to women's capacity to generate a wage.

**Keywords:** Empowerment of women via microfinance

### Introduction

In India, the trickle down effects of macroeconomic policies have failed to resolve the problem of gender inequality. Women have been the vulnerable section of society and constitute a sizeable segment of the poverty-struck population. Women face gender specific barriers to access education health, employment etc. Micro finance deals with women below the poverty line. Micro loans are available solely and entirely to this target group of women. There are several reason for this: Among the poor , the poor women are most disadvantaged –they are characterized by lack of education and access of resources, both of which is required to help them work their way out of poverty and for upward economic and social mobility. The problem is more acute for women in countries like India, despite the fact that women's labour makes a critical contribution to the economy. This is due to the low social status and lack of access to key resources. Evidence shows that groups of women are better customers than men, the better

managers of resources. If loans are routed through women benefits of loans are spread wider among the household.

Since women's empowerment is the key to socio economic development of the community; bringing women into the mainstream of national development has been a major concern of government. The ministry of rural development has special components for women in its programmes. Funds are earmarked as Women's component to ensure flow of adequate resources for the same. Besides Swarnagayanti Grameen Swarazgar Yojana (SGSY), Ministry of Rural Development is implementing other scheme having women's component .They are the Indira Awas Yojana (IAJ), National Social Assistance Programme (NSAP), Restructured Rural Sanitation Programme, Accelerated Rural Water Supply programme (ARWSP) the (erstwhile) Integrated Rural Development Programme (IRDP), the (erstwhile) Development of Women and Children in Rural Areas (DWCRA) and the Jowahar Rozgar Yojana (JRY).

### **Concept And Features Of Micro Finance**

The term micro finance is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro entrepreneurs, gender development etc. There is, however, no statutory definition of micro finance. The taskforce on supportitative policy and Regulatory Framework for Microfinance has defined microfinance 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 term Micro literally means small. But the task force has not defined any amount. However as per Micro Credit Special Cell of the Reserve Bank Of India , the borrowal amounts upto the limit of Rs.25000/- could be considered as micro credit products and this amount could be gradually increased up to Rs.40000/- over a period of time which roughly equals to \$500 – a standard for South Asia as per international perceptions.

The term micro finance, sometimes is used interchangeably with the term micro credit. However while micro credit refers to purveyance of loans in small quantities, the term microfinance has a broader meaning covering in its ambit other financial services like saving, insurance etc. as well.

The mantra Microfinance is banking through groups. The essential features of the approach are to provide financial services through the groups of individuals, formed either in joint liability or co-obligation mode. The other dimensions of the microfinance approach are:

- Savings/Thrift precedes credit
- Credit is linked with savings/thrift
- Absence of subsidies
- Group plays an important role in credit appraisal, monitoring and recovery.

*Basically groups can be of two types:*

**Self Help Groups (SHGs)** : The group in this case does financial intermediation on behalf of the formal institution. This is the predominant model followed in India.

**Grameen Groups:** In this model, financial assistance is provided to the individual in a group by the formal institution on the strength of group's assurance. In other words, individual loans are provided on the strength of joint liability/co obligation. This microfinance model was initiated by Bangladesh Grameen Bank and is being used by some of the Micro Finance Institutions (MFIs) in our country.

### **Review of literature**

(Damesa and Ogato 2016) studied Towards Empowering Rural Women through Micro-Finance Assisted Income Generating Activities : The Case of Wesasa Microfinance discovered and Women in rural Ethiopia still have a dissatisfying condition despite the efforts of numerous microfinance organizations to empower them via microfinance supported income generation activities. The Wesasa Micro-financial Institution in Dendi District, Ethiopia, was used as a case study to examine the challenges faced by rural Ethiopian women in obtaining loans from microfinance institutions and in repaying those loans.

(Rathirane and Semasinghe 2015) studied Factors Determining the Women Empowerment through Microfinance : An Empirical Study in Sri Lanka discovered and The goal of this study is to draw attention to the importance of microfinance in empowering women. The research is based on a descriptive research design. This kind of microfinance program has a strong rural basis and is geared at women and others who have been disadvantaged in the community.

(Lamichhane 2020) studied Microfinance for Women Empowerment: A Review of Best Practices discovered and The goal of this study is to draw attention to the importance of microfinance in empowering women. The research is based on a descriptive research design. This kind of microfinance program has a strong rural basis and is geared at women and others

who have been disadvantaged in the community. Women's empowerment may be achieved via microfinance. Poor economic position, illiteracy and lack of education are just few of the obstacles that women face when it comes to empowering themselves. It is regarded as one of the most successful methods of reducing poverty.

(Nahar et al. 2019) studied Impact of microcredit on women empowerment in Ishwarganj upazila of Mymensingh district in Bangladesh discovered and In Bangladesh, women are seen as a potential source of microcredit despite their cultural marginalization, societal constraints, and heightened economic vulnerability. Research has shown that since Grameen Bank opened its doors forty years ago, women's standing and influence have greatly improved. Even if there are detractors, the majority of experts have come to the opinion that microcredit loans empower impoverished women by encouraging them and increasing their sense of value and worthiness.

(Al-Shami et al. 2016) studied The effect of microfinance on women's empowerment: Evidence from Malaysia discovered and One of the most well-known uses of microfinance is to provide financial inclusion for individuals with little or no access to formal banking systems, particularly women. Women's empowerment may or may not be realized in Muslim communities, at least according to the literature on microcredit and women's empowerment.

(Akhter, Journal, and 2016 2016) studied Impact of Microfinance on Empowerment of Rural Women in Bangladesh: Evidence from a few chosen research shows that women's empowerment is a constantly evolving process that's been assessed and defined in many ways throughout the course of time in society. The goal of this research is to find out how microfinance may help empower rural Bangladeshi women. As a result, the research looked at more than 200 publications from five online academic databases and search engines.

### **Conclusion**

Low-income customers and solidarity groups, such as consumers and the self-employed, may get financial services that might otherwise be out of reach. Providing appropriate food, health care, shelter, educational opportunities, and financial resources are all important components in empowering women. Women's empowerment has a direct impact on reducing poverty. A greater concern is how this may affect our society's values. A woman's social and economic structure is shaped by a variety of factors, including her financial resources and educational background. Limits on land and housing, collective bargaining power; infrastructure; water; transportation; energy; family choice; education; and lack of participation in community activities are some of the main impediments to women's empowerment. The growth of

microfinance, which mainly targets low-income persons, may improve financial inclusion and issues faced by women due to poverty.

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