

A STUDY ON MICRO FINANCE AND ITS IMPACT ON WOMEN EMPOWERMENT

Dr.S.RAJA

Associate Professor in Commerce, Vivekananda College, Tiruvedakam West, Madurai-625234

Dr.S.CHANDRASEKARAN

Assistant Professor in Commerce, Vivekananda College, Tiruvedakam West, Madurai-625234

Abstract

One of the powerful approaches to women empowerment and rural entrepreneurship is the formation of Self Help Group (SHGs) especially among women. This strategy had fetched noticeable results not only in India and Bangladesh but world over. "Women self-help groups are increasingly being used as tool for various developmental interventions. Credit and its delivery through self-help groups have also been taken as a means for empowerment of rural women. This integrated approach, whereby, credit is only an entry point, and an instrument to operationalise other aspects of group dynamics and management, also caters to the need for social intermediation of these groups. A self-help group is conceived as a sustainable people's institution that provides the poor rural women with space and support necessary for them to take effective steps towards achieving greater control of their lives. The SHG approach has proved successful not only in improving the economic conditions through income generation but in creating awareness about health and hygiene, sanitation and cleanliness, environmental protection, importance of education and better response for development schemes.

Introduction

Over the past decade, there has been ongoing intense and animated debate concerning the impact of microfinance on women's empowerment. Advocates of microfinance for women view access to financial services as a means to build income generating activities, to increase bargaining power within households and thus to enable women to "empower themselves". This vision is extremely widespread among microfinance practitioners, microfinance lobbying groups (for instance the Microcredit Summit Campaign) and policy makers alike. When the Nobel Prize was awarded to Mohammad Yunus and the Grameen Bank, the Nobel committee highlighted declared that "microcredit has proved to be an important liberating force in societies where women In particular have to struggle against repressive social and economic condition"(Norwegian Nobel Committee 2006).

Consonant with the concern for financial sustainability, accumulating evidence of women's higher repayment rates has led many programmes to target women. This evidence has been used by gender lobbies within the major aid agencies to justify arguments for female targeting and an emphasis on facilitating women's access to micro-finance programmes. Increasing women's access to microfinance is assumed to initiate a series of

'virtuous spirals' of economic empowerment, increased wellbeing for women and their families and wider social and political empowerment. The underlying assumption is that these mutually reinforcing spirals of empowerment can occur following women's access to micro-finance without explicit support for women to increase their incomes, to defend their interests within the household or for wider social and political changes in gender or class relations. Attempts to mobilize women around feminist concerns are frequently explicitly dismissed as both unnecessary and 'maternalistic'.

Targeting 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. The microfinance industry has made great strides toward identifying barriers to women's access to financial services and developing ways to overcome those barriers. Microfinance institutions around the world have been quite creative in developing products and services that avoid barriers that have traditionally kept women from accessing formal financial services such as collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility, and literacy. Nevertheless, in a number of countries and areas few or no institutions offer financial services under terms and conditions that are favorable to women. Together, these findings confirm that type of products offered, their conditions of access, and the distributions of an institution's portfolio among different products and services affect women's access to financial services.

Women Self-Help Groups

One of the powerful approaches to women empowerment and rural entrepreneurship is the formation of Self Help Group (SHGs) especially among women. This strategy had fetched noticeable results not only in India and Bangladesh but world over. "Women self-help groups are increasingly being used as tool for various developmental interventions. Credit and its delivery through self-help groups have also been taken as a means for empowerment of rural women. This integrated approach, whereby, credit is only an entry point, and an instrument to operationalise other aspects of group dynamics and management, also caters to the need for social intermediation of these groups. A self-help group is conceived as a sustainable people's institution that provides the poor rural women with space and support necessary for them to take effective steps towards achieving greater control of their lives. The SHG approach has proved successful not only in improving the economic conditions through income generation but in creating awareness about health and hygiene, sanitation and cleanliness, environmental protection, importance of education and better response for development schemes.

Through organizing informal self-groups (SHGs), rural women in India are provided credit and extension support for various production-oriented income generating activities. These activities usually include garment making, embroidery, food processing, bee keeping,

basketry, gem cutting, weaving, and knitting. SHGs are self-governed, with decisions about productions and marketing for identifying potential marketing centers and consumers. These groups represent a new culture in rural development, breaking with traditional bureaucracy and top-down management, Informal groups empower rural women to manage rural industries and make decisions collectively for their common economic interests. Studies on the development of informal women's groups in India, shows how it is possible to avoid the 'top-down management' and bureaucracy that often contribute to the failure of other schemes. Informal self-help groups in rural areas serve to empower women, and provide a basis for the provision of credit and other support for various production and income-generation activities.

Micro Finance and Women Empowerment

Links between microfinance and women empowerment are viewed as optimistic, limited by design, cost effective in eliminating poverty, and a misplaced diversion of resources. Microfinance programs range from small scale self-help groups to large poverty-targeted banks. One model may vary in delivery, group functions and structures, and complementary services. There could be 3 contrasting approaches to microfinance and women's empowerment: the financial sustainability approach, the integrated community development approach, and the feminist empowerment approach. However, program evaluations revealed the need to question the assumptions underlying all 3 approaches. In most programs, women benefited to a limited degree. Many women did not control the loan use. Most women were engaged in low paid, traditionally female activities, and increases in income were small. Resources and time invested in economic activity were limited by responsibility for household consumption and unpaid domestic work. Microfinance programs sometimes created domestic tension between spouses' and loss of spousal between women. Many women focused on personal rather than social objectives.

One of the often articulated rationales for supporting microfinance and the targeting of women by microfinance programs is that micro finance is an effective means or entry point for empowering women. By putting financial resources in the hands of women, microfinance institutions help level the playing field and promote gender equality. Empowerment has been defined as "enabling each person the reach his or her God-given potential." Some clients have used the terms self-reliance and self-respect to define it. According to UNO, "gaining the ability to generate choices and exercise bargaining power," "developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life" are important elements of women's empowerment. Empowerment is an implicit, if not explicit, goal of a great number of microfinance institutions around the world. Empowerment is about change, choice, and power. It is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. The structures of power-who has it, what its

source are, and how it is exercised-directly affect the choices that women are able to make in their lives.

Microfinance programs can have tremendous impact on the empowerment process if their products and services take these structures into account. In order for a woman to be empowered, she needs access to the material, human, and social resources necessary to make strategic choices in her life. Not only have women been historically disadvantaged in access to material resources like credit, property, and money, but they have also been excluded from social resources like education or insider knowledge of some businesses. Access to resources alone does not automatically translate into empowerment or equality, however, because women must also have the ability to use the resources to meet their goals. In order for resources to empower women, they must be able to use them for a purpose that they choose. The basic theory is that microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. This economic empowerment is expected to generate increased self-esteem, respect, and other forms of empowerment for women beneficiaries. Involvement in successful income-generating activities should translate into greater control and empowerment.

The ability of a woman to transform her life through access to financial services depends on many factors-some of them linked to her individual situation and abilities, and others dependent upon her environment and the status of women as a group. Control of capital is only one dimension of the complex and ever-changing process by which the cycles of poverty and powerlessness replicate themselves. Women also face disadvantages in accessing information, social networks, and other resources they need to succeed in business and in life. Only by evaluating the needs of women will an MFI be able to maximize its empowerment potential.

Impact on Empowerment

Although the process of empowerment varies from culture to culture, several types of changes are considered to be relevant in a wide range of cultures. Some of these changes include increased participation in decision making, more equitable status of women in the family and community, increased political power and rights, and increased self-esteem. Although most microfinance institutions can share anecdotal evidence of empowerment, very few have studied the effects of their programs on empowerment. The various impact ascertained has been discussed below:

Impact on Decision Making

Women's ability to influence or make decisions that affect their lives and their future is considered to be one of the principal components of empowerment by most scholars. It is much less clear, however, what types of decisions and what degree of influence should be classified as empowerment in different contexts. Some microfinance institutions are finding ways to evaluate their impact on women's decision making. The

Women's Empowerment Program in Tamilnadu, for example , conducted a study that showed an average of 68 percent of women in its program experienced an increase in their decision-making roles in the areas of family planning, children's marriage, buying and selling property, and sending their daughters to school-all areas of decision making traditionally dominated by men. The Centre for Self-Help Development (CSD) also reported that women were able to make small purchases of necessary items like groceries independently.

Impact on Self Confidence

Self-Confidence is one of the most crucial areas of change for empowerment, yet it is also one of the most difficult to measure or assess. Self-Confidence is a complex concept relating to both women's perception of their capabilities and their actual level of skills and capabilities. It is related to Kabeer's concept of agency that allows women to define and achieve goals as well as the sense of power women have within themselves. A study of the Women's Empowerment Project showed that an increase in self-confidence and enlarged spheres of influence were the top two changes reported by 200 sampled groups.

Impact on Women's Status and Gender Relations in the Home

Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household, thereby allowing her to influence a greater number of strategic decisions. Particularly in poor communities, men's domination of women is strongest within the household. As Naila Kabeer points out, "Many feminists recognize that poor men are almost as powerless as poor women in access to material resources in the public domain, but remain privileged within the patriarchal structure of the family." In some societies, being seen by neighbors as a controller of his family and wife is key element of men's social prestige-particularly in impoverished communities where men may be able to boast of few other status symbols In spite of the difficulty that some men have in accustoming themselves to their wives' new role, most women report improved relationships with their husbands and families. Evidence of changes in gender roles within the household, however, is limited.

World Education reported that although husbands, in-laws, and children help out at home while the women attend program meetings, women's workload increases as they start utilizing their loans more. Also working in Nepal, CSD found that the economic role of women remained restricted to managing the loans and supplementing household income to meet household expenses.

Impact on Family Relationships and Domestic Violence

Although there have been a few studies that have asserted that women's participation in micro finance leads to an increase in domestic violence, most practitioners have reported the opposite experience. The concerns arise over a "backlash effect" that may occur as a result of women challenging gender norms and asserting their rights. Microfinance programs can strengthen women's economic autonomy and give them the

means to pursue nontraditional activities. There is considerable anecdotal evidence of women attributing the reduction of abuse directly to their access to credit and their economic contribution to the household.

Impact on Women's Involvement and Status in the Community

Several microfinance and microenterprise support programs have observed improvements in women's status in their communities. Contributing financial resources to the family or community confers greater legitimacy and value to women's views and gives them more entitlements than they would otherwise have. Studies of microfinance clients from various institutions around the world show that the women themselves very often perceive that they receive more respect from their families and their communities-particularly from the male members-than they did before joining a microfinance program. Where women have the freedom to move about publicly, their success in business is often highly visible in the community. Their success can pave the way for them to become respected and valued members of society.

Impact on Political Empowerment

Widespread political empowerment is a fairly rare outcome of most microfinance programs. Although microfinance programs offer services and products that can enhance individual women's abilities to participate effectively in politics, few microfinance organizations explicitly seek political mobilization or structure their programs in such a way as to deliberately nurture collective action, programs such as Working Women's Forum (WWF) In India are very active politically. WWF has a union and advocacy branch as well as a lending program and has been successful in mobilizing very large numbers of women for political and legal changes that support women's rights and opportunities. According to WWF, over 89 percent of its members had taken up civic action for pressing problems in their neighborhoods, showing that microfinance and political empowerment can be complementary processes. And Human Development Initiatives. Nigeria (HDI) has successfully combined education of widows about inheritance, legal, and property rights with training in business skills and microfinance. The education has allowed some widows to reclaim their husbands' property and to gain access to their bank accounts. HDI's counseling and mediation services have also helped them resolve conflicts with their husbands' families.

Business Impact

Running a successful business not only contributes to women's improved welfare, it contributes both directly and indirectly to their empowerment. The studies showed that through SAT's program, women's business became more successful in the following ways: an increase in working capital, improved relationships with suppliers and customers, more strategic planning and pricing, and diversification and expansion into more profitable product lines.

Impact on the Community

Although leadership skills, self-confidence, and solidarity play an important role in changing women's role and status in the community, women's economic success plays a role in shaping the community's perception of them as well. In a number of communities, members have become quite well known for their business successes and hard work. Women are beginning to advise neighbors in business, family, health, and community matters. Women giving advice is another positive sign of empowerment for several reasons. First, women are learning and putting into practice what they learn. Furthermore, they are sharing their knowledge and helping others, which means that the knowledge benefits of the program are having an impact beyond its members. Second, women have enough self-confidence to offer advice and assistance to others. Giving advice also generates community respect for the women involved so that a positive cycle of self esteem and respect in the community begins.

Conclusion

Microfinance has the potential to have a powerful impact on women's empowerment. Although microfinance is not always empowering for all women, most women do experience some degree of empowerment as a result. Empowerment is a complex process of change that is experienced by all individuals somewhat differently. Women need, want, and profit from credit and other financial services. Strengthening women's financial base and economic contribution to their families and communities plays a role in empowering them. In some cases, access to credit may be the only input needed to start women on the road to empowerment. But power is deeply rooted in our social systems and values. It permeates all aspects of our lives from our family to our communities, from our personal dreams and aspirations to our economic opportunities. It is unlikely that any one intervenalter power and gender relations. Women often value the non-economic benefits of a group-lending program as much as or more than the credit. Some of the most valued benefits include expanded business and social networks, improved self-esteem, increased household decision-making power, and increased respect and prestige from both male and female relatives and community members. Targeting women continues to be important in the design of products and services, both because women by default have less access to credit and because they face constraints unique to their gender. Product design and program planning should take women's needs and assets into account. By building an awareness of the potential impacts of their programs, MFIs can design products, services, and service delivery mechanisms that mitigate negative impacts and enhance positive ones.

References

1. Ebdon, R(2005) NGO Expansion and the Fight to Research the Poor: Gender implications of NGO Scaling-Up in Bangladesh. IDS Bulletin, Vol 26, No 3, July.
2. Goetz, A.M. and R.Sen Gupta (2006) 'Who Takes The Credit/ Gender, Power and Control over Loan Use in Rural Credit Programmes in Bangladesh'. World Development, Vol 24 No 1, pp 45-63.
3. Kabeer, N. (1998) 'Money Can't Buy Me Love'? Re-evaluating Gender, Credit and Empowerment in Rural Bangladesh' IDS Discussion paper No 363, May.
4. Mayoux,L. (1998a) 'Micro-Finance Programmes and Women's Empowerment: Approaches, Evidence and Ways Forward' Discussion paper, the Open University, Milton Keynes.
5. RESULTS (1997) 'The Micro-credit Summit February 2-4, 1997 Declaration and Plan of Action' RESULTS, Washington DC.
6. Rhyne, E and Otero, M (2004) "Financial Services for Micro-enterprises: Principles and Institutions" in Otero, M and Rhyne, E Eds 'The New World of Microenterprise Finance: Building Healthy Financial 2 Institutions for the Poor' IT Publication, London.