

# Impact of Microfinance on Women Empowerment

–Jitendra S. Gandhi\*

## ABSTRACT

*Microfinance has proved its importance in relation to poverty eradication, financial development, rural finance, banking and financial services in India. Though the India had philanthropic philosophy to help each other and grow together, microfinance helped the same in a more institutional and organised manner. India is a diverse country in every aspect of human life which applies to its poverty too. Each region of India has its own language of poverty. Microfinance also puts forward the movement of financial inclusion of women across the community. Microfinance has come forward as a ray of hope for the women who are supposed to be equally participating in financial inclusion. The impact of microfinance in the area of women empowerment in India is still neglected and less documented concept especially in the spectrum of research. The present article is an outcome of literature review which clearly indicates the impact of microfinance movement in the process of women empowerment. The article has utilized qualitative as well as quantitative aspect to explore the impact of microfinance in the process of women empowerment.*

**Keywords:** *Microfinance, SHGs, Women Empowerment, Banking, Finance*

## INTRODUCTION

Worldwide women have been living in more poverty than the other gender. India is a country where a large segment of population comes under poor category. It makes India more appropriate for the microfinance. Microfinance is needed to be looked as an effective tool for poverty reduction and making greater financial inclusive community. As India is very much known for its diversity of rural poverty, through microfinance it got connected with nationalised banking process (Chakrabarti, 2005).

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Microfinance has been accepted and practiced across the country. Chakrabarti (2005) has pointed out that Self-Help Group (SHG) model which is being connected with lending banks and working especially along with the women group who are financially poor is doing commendable job. Further it indicates that the same has been well accepted in rural areas of the country. Reserve Bank of India has clearly pointed out that microfinance is the provision of credit and other financial services and products especially designed for the poor section of the society. It clearly indicates the purpose to make them enable to participate in the process of financial inclusion. It indicates the overall functioning process of microfinance. The finance made through microfinance indicates very much flexibility when it offers to the needy and poor ones. Microfinance is not only lending money to poor one, but is the process of bringing change in the lives of millions of poor positively (<http://www.rbi.org.in>).

In India historically bank linkage programme (SBLP) started as a pilot project in 1992 by National Bank for Agricultural and Rural Development (NABARD). This can be considered as the initial phase of microfinance movement in India. The programme got huge success to reach out to the poor community, especially belonging to rural residence. The programme then got replicated by other government and private microfinance institutions (MFIs) in the country. The same programmes become a model in the country to lead the microfinance movement subsequently (<http://www.rbi.org.in>).

## **SELF HELP GROUPS IN INDIA: AN OVERVIEW**

In India, NABARD has played a vital role in the process of building Self Help Groups and link them with along with other national banking services. NABARD also took involvement of banks, NGOs, and government agencies throughout the country. As a result, in a short time the programme became a movement in the country. Today approximately more than 3 million Self Help Groups and over 25 million members are associated with microfinance movement in the country. The important and significant success received to microfinance was by the women. World Bank (1997) indicated that around the world, women participation in the microfinance movement was around 61%. This made the microfinance movement a financial inclusion movement led by women community across the world.

## MICROFINANCE AND WOMEN EMPOWERMENT

Around the world the discussion is being made regarding the significance of the women participation in the process of building a country's economy. Economic surveys and research have found that economy led by women of any country has ability to march faster than the economy in which women did not participate. Today microfinance has not only become a weapon to fight with poverty across the world, but also a tool to rebuild country's own economic strategy. Sociological and other social science research clearly indicated the significance of women participation especially in the financial inclusion. Basu (2010) also indicated the participation made by other key stakeholders such as banks, NGOs, and government agencies, within the economic spectrum to strengthen the microfinance movement in the country. Sinha (2005) indicates various key transforms made by microfinance in the lives of women in the country.

**Table 1: Impact of Microfinance on Women Empowerment in India**

No	Indicators of Women Empowerment	Impact of Microfinance
1	Economic Participation	Women participating in SHGs through microfinance became financially inclusive and got opportunity to participate in economic affairs. Traditionally women were kept aside from the economic aspect of human life. Microfinance offered them to start and manage small entrepreneurship within their own local community and geography.
2	Political participation	Being economically empowered, women who participated in microfinance movement gradually became active in their political participation too. Administration, governance, and banking aspects became easy when women got the ability to be politically empowered.

3	Status in Family,Society and gender equality	Microfinance movement brought the ability within the women community to be accurate and efficient in their financial entrepreneurship. Worldwide women have been considered as best entrepreneurs. This has brought glory and respect to the Indian women too in their family and social spectrum. This also led the sub-movement of gender equality within the microfinance movement.
4	Participation in Decision Making process	Microfinance movement provided opportunity to women to be in decision making process. Being financial and political empowered, women took efficient part in their financial and social livings too.

## CONCLUSION

In India microfinance movement through Self-Help Group has received immense acceptance by women, especially belonging to low socio-economic and rural areas. Women took advantage of this opportunity and participated in this financial movement not to overcome poverty but to remain financial active within their social livings. Women have witnessed greater changes within their life after participating in microfinance movement. India being a diverse country badly needed such kind of movement to improve the status of women in the country. Participation in microfinance by NGOs, government, and voluntary organisation within the country is increasing day by day. The present research paper indicates the overall impact of microfinance in the lives of women. The article also indicates lack of research in the area of microfinance, further it indicated an urgent need to conduct nationwide empirical research to evaluate the impact of microfinance movement on women empowerment especially in India.

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