



Review Paper

Impact of micro finance scheme on women - a comprehensive literature

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Abstract

21st century has witnessed various changes in many domains and the one which is seen is achieving long term sustainability of social development and economic prosperity among women. As women they have experienced various obstacles since centuries. Policymakers of country are also facing extreme challenges to achieve balance and economic growth where the large sections of poor women population are still remain unreached with various programs initiated by government to alleviate poverty. The study tries to look at the impact of microfinance program on women empowerment. This study puts forward on how microfinance initiates to improve economic, social and psychological condition of women through inhabiting entrepreneurial skill. Further study scope is to understand the impact of microfinance programs on women and tries to recommend the effective implementation of microfinance program. After reviewing various studies made by eminent authors, government agencies, NABARD and NGOs reports it has been concluded that there is an improvement in living standard of women. I have gone through various studies they are often valuable for me to understand the concept and working of microfinance sector and I acknowledge the author of such studies.

Keywords: Microfinance and Development, Microcredit, India Economy, Microfinance Institutions, Poverty, SHG's, Garmin Banks, Women Empowerment.

Introduction

This paper reviews various literatures on microfinance and its effect on women empowerment. The paper tries to promote gender equality and empowerment among women as microfinance serves as a important tool of demonstrating women empowerment therefore it is placed high on development. Microfinance is not a recent concept. But it roots lasts since 1970s when Md. Yunus came with the concept such as grameen bank of Bangladesh. In India, Microfinance sector is growing rapidly where this concept acts as a tool for improving the living standard among poor. Majority of poor population are still excluded from various financial services. To fetch this gap micro finance institutions came with the concept to offer a wide range of financial services for providing small loans, money transfer, insurance and many more other facilities. Despite of these developmental measure women are still lagging behind. Microfinance is playing a significant role in improving the economic and social empowerment among women in Indian society. This study aims to suggest the ways through which empowerment increase. Microfinance provides small scale financial services both credit and saving that are extended to the poor in rural, semi-urban and urban areas. Microcredit is one of the most common product offering. Microfinance in India is synonymous with microcredit; this is because savings, thrift, and micro insurance constitute a miniscule segment of the microfinance space. As per CRISIL in India, most microfinance

loans are in the range of Rs.5,000 to Rs.20,000 (the Development and Regulation Bill, 2007, and defines microfinance loans as loans with amounts not exceeding Rs.50,000 in aggregate per individual/small enterprise). CRISIL estimates that around 120 million households in India continue to face financial exclusion: this translates into a credit demand of around Rs.1.2 trillion.

Micro finance institutions (MFIs) and SHGs are the major players in the microfinance sector the other players includes banks, insurance companies, NBFCs etc. This sector provide various microfinance services to needy as they are engaged in various small scale businesses like poultry farming, dairy farming, Goatry, Handicraft and Handloom business etc. According to NABARD "SHG are voluntary association of people formed to attain collective goals. People who are homogeneous with the respect to social background, heritage, caste or traditional occupations come together for a common cause to raise income and manage the resources for the benefit of group members".

SHG also plays a significant role in reaching out and connecting with rural poor women. The group enables its members to gain their identity as individuals, while realizing – and utilizing – the immense power of mutual aid. It provides them with a platform from where they can access banks and public services, and spearhead changes that affect them as poor women.

They provide guidance, support and training and promote home based enterprises among its members. Though various studies have been made in this area but very few of them are focused on impact of micro finance among women entrepreneurs. It has been seen that there are gaps related to microfinance sectors. Various Governmental program, NGOs and MFIs have come up with the innovative schemes and hence it is pertinent to study the impact of microfinance program on women micro entrepreneurs.

Research objective: The broad objective of the study is to assess the impact of microfinance program on women micro-entrepreneurs in India. The specific research objectives of this study is to assess the extent to which microfinance institutions have successfully helped women to improve their living standard in India, including finding out the problems and suggestions for effective work of micro finance institutions which leads the empowerment of women.

Methodology

The study began with a literature review and is based on secondary data available from NABARD, RBI annual reports, online journals, and existing literature on microfinance. Some background information is also given to support the literature. The study period for the analysis taken is from 2000-2016.

Results and discussion

Various literature studies had been made on the growth, challenges and impact of micro finance programs upon women across India. Few of them are as per "Asian Development Bank (ADB) report 2000" recognizes the use of microfinance as a critical element for effective poverty reduction strategy, improved access and efficient provision of saving, credit and insurance facilities that can enable the poor to smoothen their consumption, manage their risks better, build their assets gradually and develop their microenterprises, Microfinance services also contributes towards improvement of resource allocation, promotion of market and adoption of better technology, thus microfinance help to promote economic growth and development, it also provide an effective way to assist and empower poor women, to make a significant proportion of poor and suffer disproportionately from poverty.

According to Sunita and Prem¹ investigates in their study that the impact of microfinance leads to poverty reduction by generating self employment opportunity among poor's. For this the relationship between the borrowed money from MFI and actual amount of money invested in business or use for self employment has been analyzed, the data further reveals that microfinance beneficiary are not bothered about the interest rate charged by MFI but they are more satisfied with the easy procedure of collecting loan also there is the need for improving training and guidance to beneficiaries.

The study conducted by Madhavi Kodamarthy² identifies that there are various factor that contributes towards self perception of empowerment of member beneficiaries of micro finance program of HDFC sustainable livelihood initiatives in Gandhi Nagar district of Gujarat wherein she has found that the economic, personal and social empowerment has been identified as the major factor that could be used as the influential factor for the effectiveness of microfinance program among members. Also respondents perceive that participation in microfinance program increases their income and saving.

Porinita Banerjee, Vasim Raja Sayed and Sheena Abraham³ in their study addressed women empowerment through self help group in Pune. The result of study reveals that microfinance and self help group have greater impact on beneficiaries, the study also shows that the main aim of SHG is not only to give credit but also to increase saving, alleviating poverty and empowerment leading to over all development of rural poor.

Moh. Ashraf Ali⁴, in his study examines the impact of microfinance on political and socio-cultural empowerment in Aligarh district of Uttar Pradesh and result shows that there is a significant impact of microfinance on women empowerment of respondent in Aligarh district.

Ashok Jhavar and Priyanka Chawla⁵, assessed the role of self help group in women empowerment in Indore city. The key responses of the study shows that there is a increase in number of participation, improvement in economic condition, self employment and saving mobility rate has been increased, further study concludes that empowerment is a self generated process but SHG is a medium through which it can be achieved.

A. Selvaraj and P. Balamurgan⁶, in their study identified the role played by microfinance in women empowerment considered on three dimensions psychological, social and economic factors study conducted in erode district result shows that some of the members are accepting the NGO to come up with more training session in income generating activity. All they need to develop their talent and skill by participating in various training programmes. Also there is a definite improvement in psychological and social empowerment among rural women with the participation of self help group and microfinance their living standard has been improved.

Harish⁷, in his study reveals that microfinance plays a vital role in integrating the rural development and poverty alleviation. This study is based on various dimensions such as improved income employment, household expenditure and reduced vulnerability to economic and social crises.

Rao⁸ highlighted in his study the role of SHGs in the life of poor women. Further study concludes that through SHG- bank linkage programme, government and RBI should concentrate to empower women by giving more financial help to SHG.

Subhas and Kiran Kumar⁹, in their study suggest that there is a need to evolve an informal micro financing through formal financial institution. They found that group activities are found to be helpful in developing greater sense of solidarity, closeness and shoulder responsibility among group members.

Suresh Ranjan and Baranidharan¹⁰, reveals in their study that microfinance help society, government and society well being association to understand the level of women empowerment and growth through microfinance. In specific there is better improvement in contribution to house hold income, participation in house hold financial decision, improvement in living standard, self confidence, knowledge, skill and interest to develop leadership quality among women.

Vasantha¹¹ in his study "Microfinance through self help group act as a catalyst for poverty reduction and women empowerment" defines that micro finance through SHGs act as an instrument for poverty reduction and an opportunity for empowerment of women. He regarded microfinance not only provide economic benefit but also provide social benefit. The author tries to analyze the effectiveness of microfinance on poverty reduction and economic empowerment of women. The study further concludes that microfinance has empowered the poor SHG member economically and socially. The research shows that there is an improvement in consumption of food and living standard of poor.

Umashankar and Osman Sahin¹² made their study on "Issues with success of microfinance" aims to find out the major issues of microfinance in Odisha state and tries to make comparative analysis of two service provider and also to find out the major dimensions of service performance of microfinance institutes. The results suggests that there is an expansion of micro financing in Odisha as well as customers are getting more relaxation and care for the development of usage of micro financing services and this can help banks to become more efficient and can make the rural population more exposed to micro financing in Odisha.

Ravi Kumar¹³ in his study "contribution of microfinance in empowering the women entrepreneurs in Gulbarga city" stated that women entrepreneurs have been empowered in different sections of their business operations and social status under the guidance and support of micro finance institutions. The purpose of study is to find the awareness of women entrepreneur about microfinance institutions services. The study found that microfinance is a key promoter for women entrepreneur towards their empowerment and author suggested training, guidance, adequate credit support, better educational facility for women folk must be provided for their further growth.

Hema K. Bijli¹⁴ made her study on "Financial literacy: An essential tool for empowerment of women through microfinance" she made an attempt to understand the lending methods of MFIs and need of SHGs towards financial literacy

involved. Her target group where newly group joining members of grameen Koota.

The study put forward that wise financial practices and right decision making go hand in hand and suggest that financial literacy modules are easy and comprehensible tool to lead women towards economic independence.

Anumol K.A.¹⁵ studied on topic "Economic and socio-impact of SHG on the beneficiaries" this study aims to examine how far the program has helped in raising income and level of living standard of rural poor women. Limitation of this study is it analyzes only the performance of SHG and does not consider the socio-economic aspect of members. The main purpose of his study is to enquire the empowerment of women through SHG in Kalady gram panchayat. Study concludes as SHG has enforced the participation of all categories of women in strengthening their perceptual development. Thus, study shows that SHG are effective agency through which women get empowered but suggest developing awareness program and scheme, loan policies through which they can participate in various social activities also.

Rajni M.L.¹⁶ made study on "microfinance for women empowerment" in order to analyze how microfinance has impacted on women empowerment through SHG. Further study describes that there are various factors such as household, village characteristics, cultural and religious norms with the society. Author concludes that there is a positive impact on women empowerment through microfinance at last author suggested that women empowerment is to be pursued as a serious objective by SHG program in particular and larger microfinance community.

Bhoopathy and Mathivanan¹⁷ made their study on "Impact of microfinance in empowerment of Self Help group women in Namakkal district" purpose of study is to provide financial support to weaker section and to find the remedial measures to solve the issues in microfinance and offer recommendations to authorities. The study enlightens the role of continuous succeeding doses of microfinance loans ensuring its utilization for achieving targets and lastly concludes that microfinance have more significant and positive impact on women empowerment.

Sharma and Deshmukh¹⁸ in their study "A study on microfinance facilities and analyzing the awareness level of people about microfinance in Nagpur city" highlights the awareness about microfinance is 90.6%. This study critically analyse the various scheme and awareness level of urban poor about various microfinance scheme and they recommended that there should be increase in loan size, better credit utilization, govt. measures and procedure for credit access to women must be made easy and simple.

Rajendra, William and Raja¹⁹ made their study on "Microfinance and empowerment of women through SHG in

Kanyakumari district” defines microfinance is an emerging powerful tool to make the target group as self sufficient and defines SHG acts as a catalyst in meeting financial needs of the marginalized women and also to strengthen poor to become economically empowered. This scheme of microfinance has transferred the real economic power in the hands of women and enhanced empowerment among women. Study was conducted in 9 blocks and 4 municipalities of Kanyakumari district and it has been examined that MFI and SHG are able to capture the realistic experience, built self confidence and create self employment opportunities by making women self reliant and dependent by providing various motivational program and scheme organized by SHGs.

Prabhakara²⁰ studied on topic “Microfinance empowers women evidence from Indian NGO” examined that condition of microfinance in bringing women empowerment in district of Karnataka and NGO Sreekshetra dharmasthala dakshin kannada a rural development project where he conducted his study on about 64 SHG member out of which 50% of women were interviewed on three parameters such as decision making, status and recognition and public participation where he found out that decision making is an important criteria to judge empowerment, where second parameter status and recognition of women in society is improved and women’s participation in public activities is a low key affair in study area. At last, he concluded his study by finding out that microfinance program has empowered women.

Another study conducted by Venkatesh²¹ analyzes the phenomenal growth of SHG in India. The study is in relation to qualitative expansion evaluates the outreach of linkage model more specifically in terms of saving and it has been found out that SHG over past two decades has an important dimension of women empowerment. The study concludes by considering the positive signs shown by SHG in their performance through bank linkage and SHG. The study further reveals that there is a need to take initiatives by RBI and GOI to evolve strategy to make use of growth of grass root level arrangement to a larger extent.

According to Wale and Deshmukh²² made their study on “women empowerment through self help group” highlights the various models of SHG and finds out that 27% SHGs covers in Model-1 wherein bank provides microfinance to NGO for lending to SHG.17% of SHGs covers Model-2 where banks directly finance to SHG in Model-3 banks finance directly to SHG for lending to micro entrepreneur with the intervention of NGO as social mobilization in Model-4 envisages bank loan directly to individual members of SHGs and assists bank in monitoring supervising the recovery of loans.

Lastly, author concludes by saying that success of women empowerment strategy depends upon various factors like level of education, social custom, health, medical, environment and this collective reduce poverty and enhance women empowerment.

Singh²³ made his study on “Are the government policies are providing support for achieving the objectives of microfinance concept-An Indian perspective” in which study discusses all the microfinance innovations and initiatives taken by govt. of India to meet the core objectives of microfinance with respect to women empowerment. Thus study brings out the important agenda of Central Govt. and RBI and finds out that a large extent of Govt. policies and program have got success but still there exist some gap with new innovative ideas and concludes in his study by saying that there is a gradual improvement in driving the expansion of microfinance sector and their emergence of credit bureaus that provide transparency about credit worthiness of borrower.

Sarumathi and Mohan²⁴ conducted their study on “Role of microfinance in women empowerment-An Empirical study in Pondicherry region”. The study reveals three dimensions in which women empowerment is considered which includes understanding the performance of SHG, to analyze the freedom women members have in SHG and also problem faced by women in SHG and on that basis author analyzed that there is a gradual increase in all three factors among rural women. The respondents feel that NGO must gradually come up with training sessions in income generating activities and lastly concludes that microfinance brought psychological, social and economic empowerment. Impact of microfinance is appreciable in bringing self confidence, courage, skill development and empowerment among members and providing training sessions in income generating activities.

Sureshraj and Uma Priyadarshini²⁵ in their study examines the impact of women economic empowerment through SHG before and after availing microfinance and they includes 200 SHGs in cuddalore district of Tamilnadu and study concludes by saying that microfinance has a potential to have a powerful impact on women empowerment and access credit facilities to women to better improve in contribution to household income, participating in household financial decision, improvement in living standard, ability to solve family related problems, self confidence, knowledge and skill to develop leadership qualities among SHG members.

Conclusion

Based on reviews of various literatures of eminent authors it has been revealed out that microfinance is considered as a pertinent factor in empowering women. From theoretical analyses and empirical evidence suggest that microfinance positively impacts on women empowerment and it helps women to become economically and socially independent by choosing micro small venture, access loan facility to women and supports women to become empowered through gaining self confidence and initiative.

Recommendation: Above studies are mostly focused on social, familial and economic dimensions and it has been observed that

most of the studies have examined multiple parameters in their study which includes economic and social empowerment. Few of them have analyzed the psychological aspect of women empowerment. So, there exists an opportunity for future researcher to study on these parameters.

Future research area: The study limitation is it is only based on secondary data sources. Therefore, future research may be done as a mixture of secondary and primary sources of data. From the review, it is found that small number of research has been made on psychological empowerment. Therefore, any future research should focus on psychological empowerment, especially at the household or individual level can be made based on cross country studies.

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