

Role of Micro finance on the Empowerment of Women

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ABSTRACT: The microfinance sector in India has expanded rapidly over the past few years by providing small loans to emerging entrepreneurs to start or expand businesses. In India, micro finance sector is dominated by Self Help Groups (SHGs) – Bank Linkage Programme, aimed at providing a cost-effective mechanism for providing financial services to the “unreached poor”. The SHG movement is successful in not only in meeting needs of the rural poor, but also in nurturing self-help groups at the local level, leading to their empowerment. The UNDP’s Human Development Report, 1995 found that 70% of the 1.3 billion people living on less than \$1 a day are women. Studies in Latin America and elsewhere show that men typically contribute 50-68% of their salaries to the collective household fund, whereas women “tend to keep nothing back for themselves.” The paper attempts to find out the role of micro finance on the empowerment of women. The research was conducted in the rural areas of kancheepuram district. The primary data was collected from 200 respondents through questionnaire survey and results were drawn.

KEY WORDS: Empowerment, Micro finance, Poverty and Self help group

I. INTRODUCTION

A survey of 60 micro finance institutions by Cheston and Kuhn found strong evidence that micro finance institutions contribute to women’s empowerment. One consistent finding was increased self-confidence and increase self-esteem. Another was women’s increased participation in decision-making. Women’s Empowerment Project in Nepal, for example, showed 68% of women experienced an increase in their decision making role in the areas of family planning, children’s marriage, buying and selling property, and sending their children to school. World Education also found that the combination of education and credit put women in stronger position to ensure more equal access for female children to food, schooling and medicine. Several studies show that women received more respect from their communities than they did before joining a micro finance programme. They also show women taking greater roles in giving advice within the community, organizing for social change, and participating in community meeting – in part because they are now able to contribute financially to community need and activities such as funerals. A number of programmes also found increased political participation, including involvement in civic action and women clients being elected to office. By providing credit to start small businesses, microfinance is empowering the poor to raise themselves out of the cycle of poverty. Micro credit interventions are changing the life of the poor.

Significance of Micro finance:

According to the UN’s Capital Development Fund: "Comprehensive impact studies have demonstrated that:

1. Microfinance helps very poor households meet basic needs and protect against risks.
2. The use of financial services by low-income households is associated with improvements in household economic welfare and enterprise stability or growth
3. By supporting women's economic participation, microfinance helps to empower women, thus promoting gender-equity and improving household well-being."

Microfinance is a long term investment in human potential that has the power to generate long term economic returns while simultaneously developing the bottom pyramid. The loans allowed people to establish self-sustaining businesses that helped stabilize their financial status through income generation activity and lift them out of the cycle of

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poverty. According to the World Bank, there are now over 7,000 microfinance organizations providing services to over 15 million poverty-level clients, all located in developing nations.

Microfinance helps empower women from poor households to make this contribution. Microfinance — the provision of financial services to the poor in a sustainable manner — utilizes credit, savings and other products such as micro insurance to help families take advantage of income-generating activities and better cope with risk. Women particularly benefit from microfinance as many microfinance institutions (MFIs) target female clients. Microfinance services lead to women's empowerment by positively influencing women's decision-making power and enhancing their overall socio-economic status. By the end of 2006, microfinance services had reached over 79 million of the poorest women in the world. As such, microfinance has the potential to make a significant contribution to gender equality and promote sustainable livelihoods and better working conditions for women.

Seventy percent of the world's poor are women. Studies show that new incomes generated from Microenterprises are often first invested in children's education, particularly benefiting girls. Households of microfinance clients appear to have better health practices and nutrition than other households. Positive environmental impact is also achievable as microfinance programmes may support green jobs and renewable energy systems. Microfinance therefore makes a strong contribution to the realization of the Millennium Development Goals.

Micro Finance Institutions:

Most of the established microfinance organizations, such as CRECER, Grameen and FINCA, experience loan repayment rates in the 95 - 98 % range. This is far higher than that experienced by commercial lending institutions, thereby indicating that not only do the poor want financial services, but they need them, are willing to pay higher interest rates for them, and can profit from them.

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