

MICRO FINANCE, SELF HELP GROUPS AND WOMEN EMPOWERMENT- CURRENT ISSUES AND CONCERNS

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Abstract

The first and perhaps the most critical Millennium Development Goals of all is to make a pivotal difference in reducing the extreme poverty and hunger by half within 2015. Around the globe, the United Nations Development Program (UNDP) seeks to promote various approaches to reduce human poverty by emphasizing the importance of social inclusion and equity, human rights and women's empowerment. A well understood but poorly articulated reality of development is the role of women. The UN commission on status of women observed women who contribute half of the world's population by virtue of an accident of birth, perform two-thirds of the world's work, receive one-tenth of its income and owns less than one-hundredth of its property'. In India, women produce 30 percent of all food commodities consumed but get only 10 percent of the property or wealth of the country. There is a growing realization that rural women have been underestimated and discriminated against all walks of life, despite their substantial contribution to the household economy and in turn, the national economy as such. As it is clear that the rights and protection of women from social inequalities in statute books are not good enough, some practical solutions are to be acknowledged and most importantly, implemented. Women have been deprived of economic independence. The empowerment of women and improvement of their status and economic role needs to be integrated into economic development programs, as the development of any country is inseparably linked with the status and development of women. Given the gender division of labour that prevails in India, Nutrition, Child health, and related matters typically depend mostly on women's actions and decisions. Experience has shown that promotion of enterprise creation and income generating activities among women would transform them from being alive 'to living with dignity'

Keywords: *Women Empowerment, Millennium Goals, UNDP, Integration, National Economy.*

Introduction

In most of the developing countries today, more and more emphasis is laid on the need for development of women and their active participation in the main stream of development process. It is also widely recognized that apart from managing household, bearing children, rural women bring income with productive activities ranging from traditional work in the fields to working' in factories or running small and petty businesses. They have also proven that they can be better entrepreneurs and development managers in any kind of human development activities. Therefore, it is important and utmost necessary to make rural women empowered in taking decisions to enable them to be in the central part of any human development process. The empowerment of women also considered as an active process enabling women to realize their full identity and power in all spheres of life. Against the background of the patriarchal system of society, the women need special attention to ensure their development and participation in the decision making process at home, in the community and governance. Hence what is needed is a conducive environment to maximize their potentials. This conducive environment should include basic amenities such as better health and nutrition, education and sensitization to their rights and protection under the law and employment opportunities, etc. over the decades, various strategies have been adopted to empower rural women with some mixed results. One of the viable strategies, quite often talked about, is the role of enterprise to empower rural women. For example, promotion of rural enterprise makes full use of family labour, requires less capital in production and uses locally available raw material. In addition, family ties and kinship linkages may help in promoting rural enterprise. Thus, enterprise development has been considered, among other factors, a powerful tool to eradicate poverty

especially among rural women as they are at the lowest rung of poverty ladder in almost all afro-Asian countries.

For women to become a successful entrepreneur, she needs access to capital, technical and managerial know-how and market. The essence to empower rural women lies in catalyzing appropriate economic activities at the grass root level and creating new opportunities for them to earn higher income in order to improve their standard of living. This objective could be accomplished by establishing enterprises that are based on the locally available resources and preferably indigenous knowledge. Development experience shows that gender inequalities are a major factor impeding progress towards the Millennium Development Goals of poverty reduction. This is particularly true in rural areas, where women are generally very involved in productive work but lack access to assets they need to play that role effectively. As a result of this imbalance, rural women are often more vulnerable to poverty than men, and their limited ability to secure assets independently makes them more likely to be negatively affected by ongoing changes in rural markets and institutions.

Women are Critical for Development

In his book "The Fortune at the bottom of the Pyramid", Prof. C.K.Prahlad comments, "A well-understood but poorly articulated reality of development is the role of women. Women are central to the entire development process. They are also at the vanguard of social transformation. For example, Grameen bank's success is based on lending only to women. The entrepreneurs who were able to use the micro finance made available were women. The grameen phone 'ladies' are the entrepreneurs. There is adequate evidence from various studies undertaken so far that the role of women in building a new society is inevitable. The SHGs at ICICI bank are all women, as are the Shakti ammas at HLL. The women are entrepreneurs responsible for saving and accessing credit. In the case of CEMEX, the company works only with women. Amul, a milk cooperative, depends on women for their milk origination in villages. Women also collect the cash for the milk and therefore have achieved a new social status. Access to economic independence can change the long tradition of suppression of women and denial of opportunities. The success of Avon, Mary Kay and Tupperware in US and other parts of the world are also based on the role of women entrepreneurship. Although the evidence is overwhelming, very little explicit attention has been paid to actively co-opting women in the efforts to build markets and lead the development process". So when I began, I wanted to make sure half the borrowers in my program are women so that they are even. I did that. It was not easy because women themselves didn't think that they should borrow money. I had to do a lot of convincing. I encouraged them to believe that they can borrow money and make money. Part of that effort was to overcome fears - - cultural fears -- and the fact that they had never had any experience with business and so on. Soon we saw that money going to women brought much more benefit to the family than money going to the men. So we changed our policy and gave a high priority to women. As a result, now 96% of our four million borrowers in Grameen Bank are women".

In one of the speeches of Shabana Azmi on gender and population in South Asia, she revealed the disadvantaged position held by women in India embedded in the Indian psyche: endless cases of female infanticide, dowry deaths and abysmal access to literacy and health care. She noted that it is this differential treatment that lays the foundation for not only rapidly increasing population, but also in making millions of women endure lives of weakness and subjugation. In addition, she emphasizes education that reinforces gender equality as the most important element leading to women empowerment. However, there is not enough attention being given to the quality of education. Although

she acknowledges the importance of legislation, she said that laws alone cannot bring about change. What are needed, according to Azmi, are a change of mindset, a change of attitudes, and a commitment to gender equality.

Women Self-Help Groups

One of the powerful approaches to women empowerment and rural entrepreneurship is the formation of Self Help Groups (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 operationalize 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-help 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 production and marketing taken collectively, although the group leader is responsible 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.

According to a survey conducted by Centre for Bharatiya Marketing Development (CBMD), the highest number of SHGs is found in the southern states. On average southern states constitutes 65% SHGs, eastern 13%, central 11%, northern 5% and western 6% at the national scene. Andhra Pradesh, followed by Tamilnadu, has the highest number of women SHGs working independently and setting up a micro enterprise, which helps in income generation. The benefits that can be reaped by the grouping together of poor women in rural areas are many.

A case in the point is a program of **The Association of the Women of a village of Canglon (ASOMUCA) in Panama**. Investing in just a few women in the rural community has benefited the community as a whole, suggesting that similar projects can be replicated in other areas. The project has yielded a number of benefits:

1. There is greater grassroots participation in the region;
2. The initiative has led to improving living conditions in the community;
3. There is greater understanding on the part of the residents of Canglon and nearby communities about the importance and potential benefits of living in the vicinity of a protected area.

4. The project has demonstrated that empowerment and the broader participation of women in community affairs benefits the community as a whole.

Another case in the same line in India is the effort of a group of rural women belonging to the untouchable "Paraiya" caste in South India to initiate and build an organization of their own to stand up for their rights and to challenge their oppression. The description covers the evolution from literacy to health action; the orientation workshop (which included building confidence through sharing experiences, participatory training techniques, reflecting on women's position in society, creating new attitudes of self-value, identifying oppressive attitudes and structures in society, and the socioeconomic and political causes of disease); and the role of animators.

Social Education Center (RUWSEC) in Chingleput, South India

It was initiated in 1981 by 10 women who belonged to the villages of Chingleput. The women had come together because of involvement in a nationwide literacy campaign in which the 10 village women worked as literacy teachers in their respective villages. Through their work, the women realized their own worth and potential and felt committed to working with other women in their communities to change their exploited situation. RUWSEC has focused on activities and issues related to women and health. 10 women "animators" began working in their villages carrying out health care, health education, and working towards building a women's organization in those villages. The animators' approach was to help women understand their own and/or communities' health problems and participate in their own healing. As a result of the efforts of RUWSEC, there were requests from several villages in the neighborhood for the creation of women's centers, and the animators decided to extend their work to 5 more villages. They visited the 5 villages and asked the community to nominate their own animators. The animators chosen were introduced to the work and philosophy of RUWSEC through a 6-day orientation program organized by the senior animators. The animators of RUWSEC, after 2 years of training in administration, accounting and management, and in conducting training programs, now are in charge of all their own activities. They have ventured also to further build and expand their organization.

Microfinance and Women Empowerment

Links between microfinance and women's 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 income and support. Group repayment pressures sometimes created pressures between women. Many women focused on personal rather than social objectives.

Financial Services for the Rural Poor

While the fortunes of the many of India's biggest corporations are likely to be shaped by 638365 villages in India, the commercial sector has traditionally avoided the rural areas, deeming it as non-profitable and risky. This has led many of the 800 million poor to turn to local money lenders charging 36-72% interest

rates or suffer without capital. It is estimated that poor needs around Rs.2000 billion. Globally over a billion people are still without access to formal financial services and some 200 million of them live in India. Microfinance, the provision of a wide range of financial services to the poor on a sustainable basis, has proved to be immensely valuable. Access to financial services has allowed many families throughout the developing world (and, indeed, in poorer parts of the developed world) to make significant progress in their own efforts to escape poverty.

It has become clear that poor need access to money to send their children to school, to buy medicines; they need financial services to reduce their vulnerability. As a result, worldwide, MFIs have started developing and delivering a range of financial products. This reflects Millennium Development Goals (MDGs) that offer broadly accepted, measurable indicators of poverty reduction that are focused on poverty, education, health and empowerment. International year of Microcredit 2005's fact sheet, Microfinance and the Millennium Development Goals, notes that a review of microfinance literature points to several specific conclusions about its impact on poverty reduction and several other MDGs. Some of them are highlighted here:

- a) Shahidur R.Khandker's 1998 seminal study for the world bank notes that, "In Bangladesh, 5 % of the grameen bank's clients graduated out of poverty every year by participating in microfinance programmes and, more importantly, households were able to sustain these gains over time.
- b) Save the Children's 1999 study in Honduras showed that microfinance clients increased earnings, which enabled them to send their children to school.
- c) Women empowerment programme in Nepal found that 68% of its members were making decisions on poverty, family planning and daughter's education, and also negotiating their children's marriages.
- d) Microfinance contributes to improved nutrition, housing and health, especially among women clients. Access to a wide range of financial services can have significant positive effects on a wide variety of manifestations of poverty. The new vision driving the microfinance industry is for a world in which all poor have permanent access to a wide range of financial services, delivered through a variety of convenient mechanisms by different types of institutions. Financial services for the poor includes besides microcredit, other services like savings, money transfers, remittances, and insurance.

SHG-Bank Linkage

India has the world's extensive banking infrastructure. There are about 60,000 retail credit outlets of the formal banking sector comprising 12,000 branches of district-level cooperative banks, over 14,000 branches of Regional Rural banks and over 30,000 rural and semi-urban branches of commercial banks; in addition to 1,12,000 cooperative credit societies at village level. There is at least one retail credit outlet on an average for about 5,000 rural people or every 1,000 households. This is an extensive and remarkable network that is present nowhere in the world and is capable of meeting the financial needs of the entire rural population. However, poor credit-deposit ratios (except in PACSs), unsustainable lending and high levels of NPAs, often cripple much of this infrastructure. Under the SHG-Bank linkage programme, in 2004, 16.7 million poor households were accessing credit through 35,000 branches of 560 commercial and cooperative banks.

The Government of India made linking SHGs with banks a national priority from 1999 and Nabard continues to nurture the expansion of the outreach of the programme by providing umbrella support to various stakeholders. The programme is growing at a pace of about 2.5 million households annually. It

is the largest and fastest growing microfinance programme in the world in terms of its outreach and sustainability. The credit linked rural entrepreneurial development programme of NABARD is gaining in rural Karnataka and has helped promote entrepreneurship, particularly among women. During 2003, of 75000 SHGs that received financial assistance, 3628 have become micro-entrepreneurs (< 5%). Of 3628 micro-entrepreneurs, 2476 were women (68%). Almost all the people involved in various activities were earning over Rs.10, 000 per month and had enhanced their business and marketing skills. To provide financial assistance to artisans and small entrepreneurs in investment and working capital requirement, NABARD had formulated a special credit card scheme called Swarojgar Credit Card (SCC). Under the scheme, Rs.25000 could be borrowed.

Women Entrepreneurs

Empowering Women has become the key element in the development of any economy. It is been found that there are various forums and NGOs that are working hard towards this direction. There is lot of research studies supporting this view. The Indian Economy has been substantially liberalized in recent years with an increasing role for small-scale private enterprise. Alongside economic liberalization has come a drive to enhance the role of women with moves to ensure that women have at least 30% of seats in local councils and many other elected bodies. As a result women are playing a more important economic role. There has always been a tradition of education for middle class women in India and increasingly there is a strong and growing group of professional women holding positions in Indian Universities and Government service. However, there are no sex discrimination laws within the labour market. Women have also traditionally been involved in the informal economy, working in family businesses without formal position or pay. Thus their economic contribution is often undervalued or just not mentioned at all. The Indian Government and the state governments have taken some steps to encourage women to set up small businesses. For example the Karnataka State Government was offering help to widows to set up knitting businesses in 1997. However, whilst some statistical information is available (e.g. Singh, 1991) this focuses on work participation, unemployment, work seekers, wage rates, differentials and trades union membership.

Conclusion

There are many studies that provide insights into the impacts of Micro-credit and/or Microfinance on poverty alleviation and the empowerment of women. Some of the notable studies were towards Women's Empowerment And Poverty Reduction: Lessons From Andhra Pradesh South Asia Poverty Alleviation Programme; Micro-Credit And Women's Empowerment: A Case Study Of SHARE Microfinance Limited; Social Mobilization And Micro-Credit For Women's Empowerment: A Study Of The DHAN Foundation; Awareness, Access, Agency: Experiences Of Swayam Shikshan Prayog In Micro-Finance And Women's Empowerment; Micro-Credit And Women's Empowerment: The Lokadrusti Case; and Social Mobilization And Micro-Finance For Women's Empowerment-Lessons From The ASA Trust'. These studies concluded that there is no linear relationship between the three. Collective strategies beyond micro-credit to increase the endowments of the poor/women enhance their exchange outcomes vis-à-vis the family, markets, state and community, and socio-cultural and political spaces are required for both poverty reduction and women empowerment. Even though there were many benefits due to micro-finance towards women empowerment and poverty alleviation, there are some concerns. First, these are dependent on the programmatic and institutional strategies adopted by the intermediaries, second, there are limits to how far micro-credit interventions can alone reach the ultra-poor, third the extent of positive results varies across household headship, caste and religion and fourth

the regulation of both public and private infrastructure in the context of LPG to sustain the benefits of social service providers.

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