

# **Micro Finance Is An Empowering Tool For Socio Economic Status Of Women.**

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## **Abstract**

In olden days women were restricted to take part in any social activities and not given roles in decision making in her family. The situation was even worsening in rural and remote areas. Now the situation has been changed. She is given freedom to do what she wishes. In today's scenario more women are engaged in income generating activities. This is because of NGOs and other financial institution came forward to provide micro finance to poor women. They believe that a women is the small credit risk and often benefits the whole family. The main aim of this paper is to study the impact of micro finance in empowering the socio economic status of women and to analyse the influence of micro finance in developing social entrepreneurs .

**Key words : Micro Finance, Women Empowerment, Economic Development**

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## **1. INTRODUCTION**

Micro finance is defined as any activity that includes the provision of financial services such as credit , savings and insurance to low income undertaken in micro finance include group lending , individual lending , the provision of saving and insurance capacity building and agricultural business development services . Whatever the form of activity be the overarching goal the unifies all factors in the provisions of micro finance is the creation of social value. Poverty alleviation and the boarder impact of improving live hood opportunity. Women are known for delivering multiple roles effortless per day, and thus , they are considered the backbone of every society. Living in male-dominating societies, women play a wide range of roles, such as caring mothers , loving daughters , and capable colleagues. The best part is that they fit the bill perfectly in every role. Nevertheless , they've also stood as a neglected bunch of society in different parts of the world. In turn, it has resulted in women surviving the brunt of unevenness, financial trustworthiness, oppression , and distinct social evils. Women have been residing under the shackles of enslavement for centuries now that impedes them from attaining professional as well as personal highs.

Micro finance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision making, thus encouraging gender equality.

## **2. REVIEW OF LITERATURE**

1. **Palani , E. and Selvaraj ,V.M** ,(2001) "Impact Of Micro-Credit Scheme On Women's Empowerment " , concludes that micro credit has provided the rural poor access to finance without the burden of collateral through self-help groups. It has empowered the women folk economically and socially. Through the credit provided is micro in nature. It has produced macro changes in the lives of women who received it.

2. **Ahir , Rao Jitendra** (2009) "Rural Women Empowerment Through Microfinance " , in this article –"Rural Women Empowerment Through Microfinance", concluded that small loans can make good business sense among the women. It has been noticed that women in particular stand to gain a lot from microfinance because it gives them on independent means of generating wealth and becoming self-reliance in a social that does not offer them much scope of entrepreneurship.

3. **Sundarapandian , M** (2006) “Micro-Finance For Rural Enterprises”, issues and strategies” in this paper , analyzed growth of self help groups and the role of micro finance in developing the rural entrepreneurship and be further suggested the through these is a positive growth rate of self help groups in states but in terms of self help groups , there is a wide variation among state linkages of banks with self help groups is found impossible for this variation.

4. **Thirunarayanamy. M, and S. Thirumaran** (2007) role of NGOs in micro financing. In souvenir on national conference on sustainable rural development through micro credit , observed that NGOs are promoting groups that can generate a sound base for their members and encourage financial institutions to develop confidence in establishing a lending relationship with the groups.

5. **Ritu ,J.R,Kushawaha, K. and Srivastava, A.K.,(2003)** “socio-economic- impact of through Self Help Groups”, in the study “social-economic impact through self help group”, examine the functioning of self help group , twenty five women from self help group were selected as sample for the study. Ten women member from each self help groups and ten non members from the same village were selected as respondents, to study the impact of the self help groups on their socio-economic status. The results show that there is relationship between the self help groups and the socio-economic status of women.

### **3. OBJECTIVES OF THE STUDY**

- 1) To study the impact of micro finance in empowering the socio economic status of women.
- 2) To study the influence of micro finance in developing social entrepreneurs .
- 3) To make suggestions and recommendation based on finding of the study.

Microfinance in India is largely unregulated. There is no single legal form prescribed for the business and there are no stiff entry norms, thereby making the industry highly unregulated and fragmented with multiple hues of operation.

Lending Model of MFI (Micro Finance Institutions) institutions in India usually follow two prominent lending models – SHG model and JLG model. SHG stands for Self Help Groups and JLG indicates Joint Liability Groups.

**Self Help Group (SHG)** : A SHG is a group of about 10 to 20 people, usually women, from a similar class and region, who come together to form savings and credit organization. (Reddy and Manak, 2005) According to the Reserve bank of India, “A Self Help Group (SHG) is a registered or unregistered group of micro entrepreneur having homogenous social and economic background voluntarily, coming together to save small amounts regularly, to mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. The group members use collective wisdom and pressure to ensure proper induce of credit and timely repayment thereof. In fact, peer pressure has been recognized as an effective substitute for collateral. “Self Help Groups are usually formed by women in a locality to pool their savings. Self Help Groups are essentially thrift based and these women contribute small sums of money to make a corpus. The group lends out of this corpus to any member of the group and charges interest from the borrowing member. The group distributes the surplus among its members periodically.

When such Self Help Groups are linked to banks , it becomes a Banks – Self Help Group linkage. The corpus of the SHG becomes the basis for the bank to lend to the SHG. The process of development will be in completed without the active association of women folk and the economic status of women is an effective indicator of the stage of development of any society. Women represent a unique resource and expertise available for the construction of new formation, new approaches to human productivity and welfare. The government is also emphasizing the need for development of women and their involvement in development activities, particularly in the rural development. Rural women in India required more attention than their urban counter – parts in the process of development. The highest rate of illiteracy and low economic status of rural women thus stress the need for a great attention to their economic empowerment. Women empowerment, or autonomy, is a multifaceted concept.

4 . ANALYSIS AND INTERPRETATION

A structured and pre-tested questionnaire was used for collection of primary data among people in kudumbashree.

**Table 1: Change in family and social relationship after joining MFI**

Factors	Improved greatly	Improved slightly	Remain constant	Slightly bad	Nil	Mean	Rank
Respect from husband	41	9	3	1	6	4.43	1
Respect from children	18	28	8	0	6	3.8	4
Participation in community activities	28	16	12	0	4	4.06	2
Consideration of your views for household decision	17	30	6	2	5	3.86	5
Consideration of your views for children education and marriage	29	18	5	0	8	4	3

Source:- primary data.

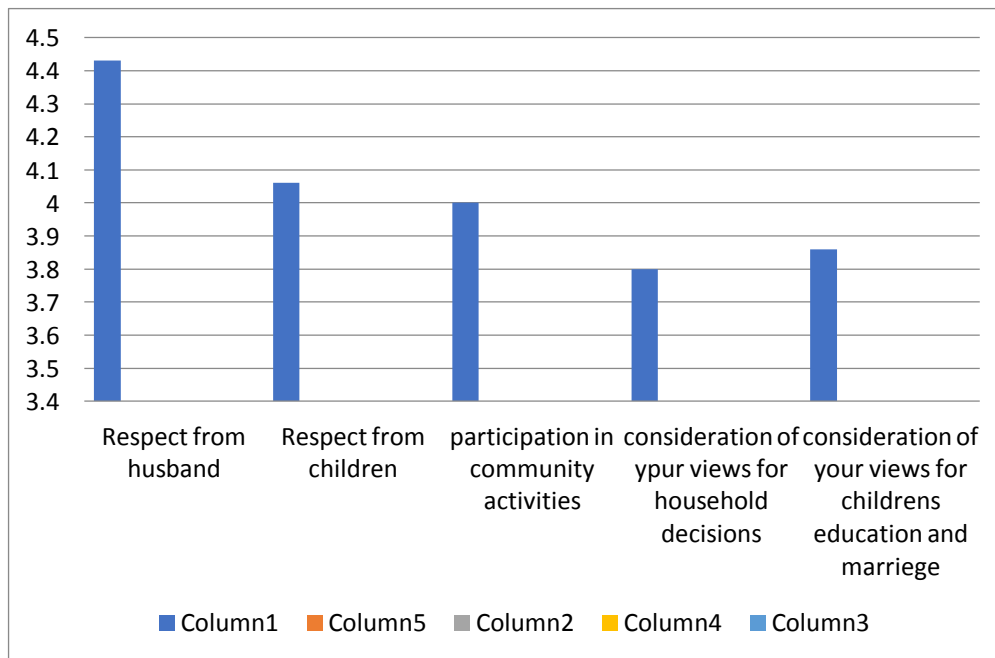


Figure 1

In the above table showing changes in family and social relationship after joining MFI , Respect from husband , has been greatly improved in 41 cases, improved slightly in 9 cases, has been nil in 6 cases, has been remain constant in 3 cases, and worsened in only 1 .

Respect from children has been improved slightly in 28 cases, improved greatly 18 cases, remain constant 8 cases and nil 6 cases.

Participation in community activities, has been improved greatly 28 cases, improved slightly in 16 cases, remain constant in 12 cases and nil in 4 cases.

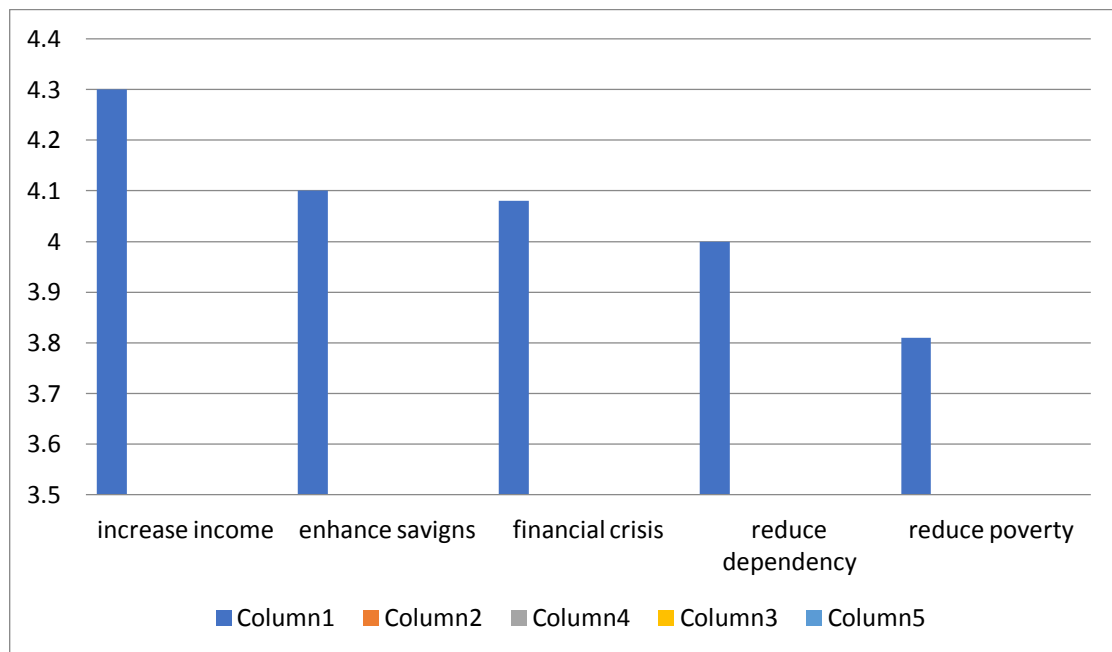
Consideration of their views for household decisions has been improved slightly 30 cases, improved greatly 17 cases, remain constant in 6 cases, nil in 5 cases, slightly bad in 2 cases.

Consideration of their views of children education and marriage has been improved greatly in 29 cases, improved slightly in 18 cases, nil in 8 cases, and remain

**Table 2 : Economic Empowerment**

Factors	Improved greatly	Improved slightly	Remain constant	Slightly bad	Nil	Mean	Rank
Increase the income of the family	32	19	6	1	2	4.3	1
Enhance savings in the family	22	29	6	0	3	4.1	2
Reduce dependency on private money lenders	26	18	10	2	4	4	4
Reduce poverty in the family	18	27	7	2	6	3.81	5

Source:- primary data.



**Figure 2**

In the above table showing the economic empowerment of the respondents , increase the income of the family, has been improved greatly in 32 cases, improved slightly in 19 cases, remain constant 6 cases, nil in 2 cases, and slightly bad 1 cases.

Enhances savings in the family, improved slightly in 29 cases, improved greatly in 22 cases, remain constant in 6 cases, nil 3 cases.

Helps to deal the financial crisis of the family, improved greatly 24 cases, improved slightly 24 cases, remain constant in 8 cases, nil in 3 cases, and slightly bad in 1 cases.

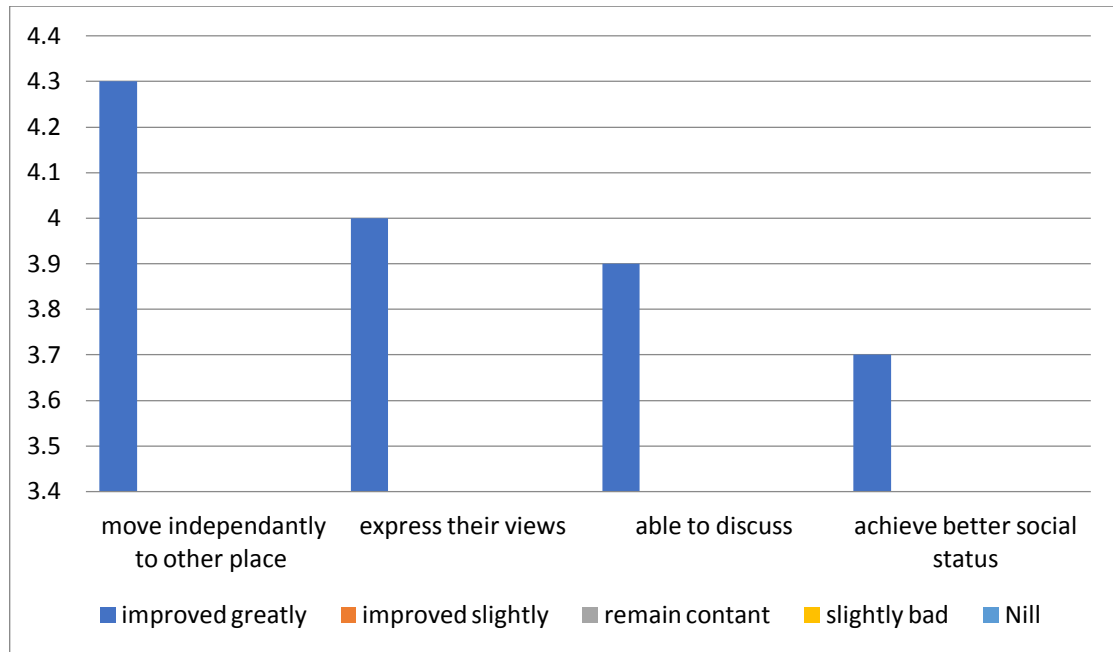
Reduces dependency on private money lenders, improved greatly in 26 cases, improved slightly in 18 cases, remain constant in 10 cases, nil in 4 cases, and slightly bad in 2 cases.

Reduces poverty in the family , improved slightly in 27 cases, improved greatly in 18 cases, remain constant in 7 cases, nil in 6 cases, and slightly bad in 2 cases.

**Table 3 : Social Empowerment**

Factors	Improved greatly	Improved slightly	Remain constant	Slightly bad	Nil	Mean	Rank
Women move independently to other places without the support of male member of the family	33	20	3	0	4	4.3	1
Women are able to express their views freely in the family and in the family and in the group	18	31	6	2	3	3.9	3
Women are able to discuss freely with bankers/govt officers/NGOs and other	21	28	5	2	4	4	2
	17	27	9	0	7	3.7	4

Source:- primary data.



**Figure 3**

In the above table showing the social empowerment in the respondents, women move independantly to other places, improved greatly in 33 cases, improved slightly in 20 cases, nil in 4 cases, and remain constant in 3 cases. Women are able to express their views, improved slightly in 31 cases, proved greatly in 18 cases, remain constant in 6 cases, nil in 3 cases, and slightly bad in 2 cases.

Women are able to discuss freely, improved slightly in 28 cases, improved greatly in 21 cases, remain constant in 5 cases, nil in 4 cases, and slightly bad in 2 cases.

Women to achieve better social status, improved slightly in 27 cases, improved greatly in 17 cases, remain constant in 9 cases, and nil in 7 cases.

## 5. Findings

The survey was conducted to find out the impact of Microfinance in Empowering Rural Women. On the overall basis it is found out that microfinance is playing a considerable role in empowering the rural women.

- About 95% of women's are married, only 5% of women's are unmarried.
- Most of the women depends on the Micro Financing Institutions (MFI) for credit and allied activities.
- The study reflect the most of the women opt micro finance because of the high interest rates at bank and money lenders ....etc.
- The installment period of the loans are on monthly basis.
- The survey shows that there is a drastic change for women with respect of her family and the social relationship.
- Study shows that the participation in MFI's have helped women to improve her reading, writing, communication, managing....etc.

## 6. Suggestions

- Finance is the first major problem for women entrepreneurs. Hence the MFI should provide interest free loan to encourage women entrepreneurs.
- To attract more women entrepreneurs, the subsidy and other financial assistance should be increased.
- Government should provide infrastructure facilities to the women entrepreneurs for doing work site.
- Government should provide various promotional schemes to the women entrepreneur.
- Government should provide more opportunities to the women for their self development.

## 7. Conclusion

An entrepreneur is one who plays significant role in the economic development of a country. An entrepreneur can be reorganized as a persons who has and was the initiative, skill and motivation to set up a business or an

enterprise of her own and who always looks for high achievement. The most important challenges faced by women entrepreneurs include financial shortage, lack of family support, and negative attitude of society, lack of confidence, risk, lack of training, lack of infrastructure facilities, lack of business idea etc. The government has increased the importance of women entrepreneurship by adopting various schemes and programmes for their participation in economic activities.

Women entrepreneur also need support from their family and society. They should be provided any financial help without putting unrealistic conditions by MFI, bank and financial institutions. So it is necessary to overcome these challenges in order to conduct an efficient business.

From the study it is concluded that the women entrepreneur get support and encouragement from family, society, government and financial institutions. Such positive efforts can open new avenues for them and increase the marketability and profitability of business owned them. Thus it can be concluded that MFI encourage and supported many women entrepreneurs in setting their business.

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