

“IMPACT OF MICROFINANCE ON POVERTY ALLEVIATION AND EMPOWERMENT OF POOR WOMEN”

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ASBSTRACT

According to International Labor Organization (ILO), “Microfinance is an economic development approach that involves providing financial services through institutions to low income clients”. It is a “provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards(author name year) .Concept of micro finance is emerged in need of meeting special goal to empower under-privileged class of society, women, and poor, dwnthrodden by natural reasons or men made; caste, creed, religion or otherwise. Women as micro and small entrepreneurs have increasingly become the key target group for micro finance programs. Consequently, providing access to micro finance facilities is not only considered a pre-condition for poverty alleviation, but also considered as a strategy for empowering women (ILO).This paper is an effort to find the present status of women regarding life standard, poverty alleviation, and empowerment through micro finance in India.

(Keywords:financial services,under-privileged,poverity alleviation

INTRODUCTION

Microfinance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low income individuals which fall just above the nationally defined poverty line, and poor individuals which fall below that poverty line, with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through the provision of capital for micro enterprise, and insurance and savings for risk mitigation and consumption smoothing. The range of activities undertaken in microfinance include group lending, individual lending, the provision of savings and insurance, capacity building, and agricultural business development services (why bold). Whatever the form of activity however, the overarching goal that unifies all actors in the provision of microfinance is the creation of social value. Within a time span of 5 years (2008-2012), the ILO's Facility will provide up to 50 innovation grants, totaling US\$18 million through biannual requests for applications, focused mainly on Africa, Asia and the Pacific, Latin America, the Caribbean and the Middle East. (Facts on Microfinance for Decent Work" –ILO Year Author }

India is said to be the home of one third of the world's poor; official estimates range from 26 to 50 percent of the more than one billion population. About 87 percent of the poorest households do not have access to credit. The demand for microcredit has been estimated at up to \$30 billion; the supply is less than \$2.2 billion combined by all involved in the sector. Due to the sheer size of the population living in poverty, India is strategically significant in the global efforts to alleviate poverty and to achieve the Millennium Development Goal of halving the world's poverty by 2015.

LITERATURE REVIEW

Mohammed Anisur Rahaman (2012). objective of his study is to show how microfinance works, by using group lending methodology for reducing poverty and how it affects the living standard (income, saving etc.) of the poor people in Bangladesh. "Microfinance has the positive impact on the standard of living of the poor people and on their life style". Accordingly Micro-finance has not only helped the poor people to come over the poverty line, but has also helped them to empower themselves.

Susy Cheston (2012) Annual Meeting - The Gender Working Group met this year during the 2012 SEEP Annual Conference. “Microfinance has the potential to have a powerful impact on women’s empowerment. Although microfinance is not always empowering for all women, most women do experience some degree of empowerment as a result.” Empowerment is a complex process of change that is experienced by all individuals somewhat differently. Women need, want, and profit from credit and other financial services. Strengthening women’s financial base and economic contribution to their families and communities plays a role in empowering them. Product design and program planning should take women’s needs and assets into account.

Gobezie Getaneh—“The disadvantaged position of women due to higher poverty incidence and unequal power relationships with men and the wider community has been a source of debate over the past several decades. In many parts of the world (for example, Sub-Saharan Africa and South Asia) women are the main farmers or producers. In Uganda (broadly illustrative of sub-Saharan Africa) 75 percent of agricultural producers are women (World Bank et. al, 2009). Yet, their roles are largely unrecognized, and women’s access to and control over resources is limited. Thus, while accounting for at least 50% of the population, women possess only 1% of world resources (ACCION, 2009).”

Linda Mayoux (Feb 2012) has examined that Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organized groups. “Through their contribution to women’s ability to earn an income, micro-finance programmes can potentially initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment “

Wrenn Eoin^{2079(5 What)}-has examined that microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organization building, enables people to move out of poverty. “By providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society.”

“The empowerment depends on the choice of investment of project. The choice of safe project leads to more empower of women than the choice of uncertain projects.” He

examined that the two basic research questions(Jyotish Prakash Basu 2008 -6)First, the paper tries to attempt to study how a woman's tendency to invest in safer investment projects can be linked to her desire to raise her bargaining position in the households. Second, in addition to the project choice, women empowerment is examined with respect to control of savings, control of income, control over loans, control over purchasing capacity and family planning in some sample household in Hooghly district of West Bengal.

Jennifer Meehan (2007)has examined that it will need to do three things simultaneously. First, it will need to rapidly scale up, in key markets, like India, home to high numbers of the world's poor. Second, in this process, clear priority is needed for philanthropic, quasi-commercial and commercial financing for the business plans of MFIs targeting the poorest segments of the population, especially women. Third, microfinance will need to realize its possibility as a broad platform and movement, more than simply an intervention and industry.

OBJECTIVES OF THE STUDY:

- To study the impact of micro finance in empowering the social economic status of women and developing of social entrepreneurship.
- To know about the working and effectiveness of SHG's members, micro finance banks and entrepreneur's women.
- To clarify the limitation of microfinance programs as the tool for women's empowerment and the type of support service necessary to maximize the contribution of microfinance service.

RESEARCH METHODOLOGY

Descriptive Research with data collected through authentic websites, govt. of India sites and World Bank,IMF, etc. It has been analyzed through tables and graphs.

DATA ANALYSIS

Distribution of Indebted Rural Households: Agency wise

Credit Agency	Percentage of Rural Households
Government	6.1
Cooperative Societies	21.6
Commercial banks and RRBs	33.7
Insurance	0.3
Provident Fund	0.7
Other Institutional Sources	1.6
All Institutional Agencies	64.0
Landlord	4.0
Agricultural Moneylenders	7.0
Professional Moneylenders	10.5
Relatives and Friends	5.5
Others	9.0
All Non Institutional Agencies	36.0
All Agencies	100.0

Table (1)

Legal Forms of MFIs in India

Types of MFIs	Estimated Number*	Legal Acts under which Registered
1. Not for Profit MFIs	400 to 500	Societies Registration Act, 1860 or similar Provincial Acts
a.) NGO - MFIs		Indian Trust Act, 1882
b.) Non-profit Companies	10	Section 25 of the Companies Act, 1956
2. Mutual Benefit MFIs	200 to 250	Mutually Aided Cooperative Societies
a.) Mutually Aided Cooperative Societies (MACS) and similarly		Act enacted by State Government

set up institutions		
3. For Profit MFIs	6	Indian Companies Act, 1956
a.) Non-Banking Financial Companies (NBFCs)		Reserve Bank of India Act, 1934

Objective 1:- To study the impact of micro finance in empowering the social economic status of women and developing of social entrepreneurship.

Amount in Crore/No. in Lacs

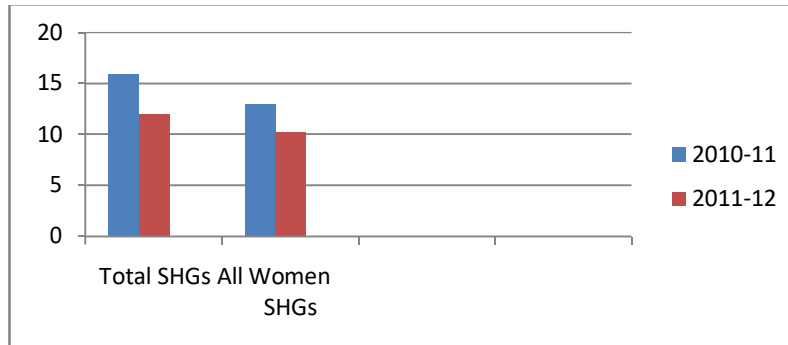
TABLE-1.

Particulars	Year	Total SHGs		All Women SHGs		% of Woman Groups	
		No.	Amount	No.	Amount	No.	Amount
SHG Savings with banks as on 31 st March	2010-11	69.53	6198.71	53.1	4498.66	76.4	72.6
	2011-12	74.62	7016.3	60.98	5298.65	81.7	75.5
Loan disbursed to SHGs during the year	2010-11	15.87	14453.3	12.94	12429.37	81.6	86
	2011-12	11.96	14547.73	10.17	12622.33	85	86.8
Loan outstanding against SHGs as on 31 st March	2010-11	48.51	28038.28	38.98	23030.36	80.3	82.1
	2011-12	47.87	31221.17	39.84	26123.75	83.2	83.7

Total No. of Loan disbursed:-

Particular	2010-11	2011-12
Total SHGs	15.87	11.96
All Women SHGs	12.94	10.17

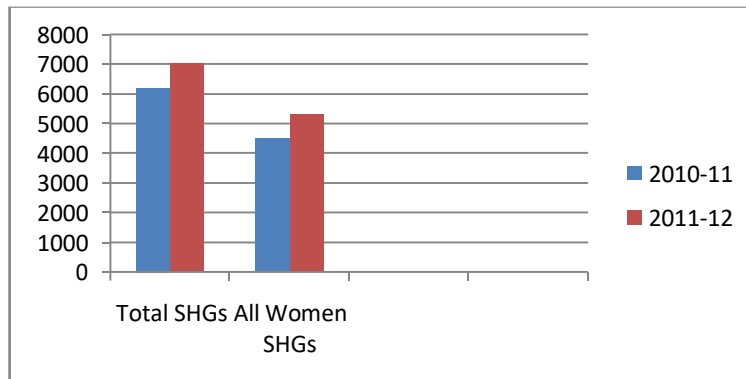
Table 2



Total Amount of loan disbursed:-

Particular	2010-11	2011-12
Total SHGs	6198.71	7016.30
All Women SHGs	4498.66	5298.65

Table 3



INTERPRETATION: -

According to main objective to know the economic and social development of women entrepreneurship. Above table show the economic development of women. In 2010-11 loans disbursed amount to women is 12429.37 crore and 2011-12 is 12622.33 crore. In 2009-10 SHG Savings amount to women is 4498.66 crore and 2011-12 is 5298.65 crore and in 2010-11 loan outstanding amounts to women is 23030.36 crore and 2011-12 is 26123.75 crore. That shows the economic development of women.

Objective 2:- To know about relationship between SHG's members, micro finance banks and entrepreneur women's **Savings of SHGs with public sector commercial banks as on 31st March 2012**

Table 4

AMOUNT Rs. LAKH									
Sr.	Name of The Bank	Details of SHGs Saving linked with Banks				Out Of Total SHGs- Exclusive Women SHGs			
No.		No. Of SHGs	No. of Members	Saving Amount	No. Of SHGs	No. of Members	Saving Amount		
Delhi									
1	Allahabad Bank	30	320	14		30	320		14
2	Bank of Baroda	383	3775	62.8		377	3685		60.96
3	Bank of India	35	552	6.73		35	552		6.73
4	Indian Bank	815	8956	43.6		789	8675		38.39
5	Central Bank of India	8	80	0.3		8	80		0.3
6	Syndicate Bank	19	173	2.58		16	165		2.54
7	Punjab National Bank	760	7600	108		705	7050		103.99
8	State Bank of India	751	9012	31		751	9012		31

*** AMOUNT Rs. LAKH

Sr.	Name of The Bank	Details of SHGs Saving linked with Banks				Out Of Total SHGs- Exclusive Women SHGs			
No.		No. Of SHGs	No. of Members	Saving Amount	No. Of SHGs	No. of Members	Saving Amount		
PUNJAB									
1	Allahabad Bank	304	3040	9.4		95	950		2.94
2	Bank of Baroda	150	1200	50.3		142	710		24.5
3	Bank of India	374	4452	25.43		271	3253		18.76
4	Canara Bank	159	1936	9.53		137	1502		7.28

5	Central Bank of India	540	6022	64.42		354	4106		42.06
6	Punjab & Sind Bank	1113	11744	50.89		745	7911		31.08
7	Punjab National Bank	4315	46575	2041.77		2105	22073		183.38
8	State Bank Of India	3944	47328	89		3156	37872		71

*** AMOUNT Rs.LAKH

Sr.	Name of The Bank	Details of SHGs Saving linked with Banks			Out Of Total SHGs- Exclusive Women SHGs				
		No. Of SHGs	No. of Members	Saving Amount	No. Of SHGs	No. of Members	Saving Amount		
HARYANA									
1	Bank of Baroda	152	725	16		129	350		2.6
2	Bank of India	139	1398	42.15		31	290		2.2
3	Canara Bank	453	4925	52.25		390	4052		37.59
4	Central Bank of India	482	5296	28.72		350	3844		19.14
5	Indian Bank	114	1710	3.63		114	1710		3.63
6	Punjab & Sind Bank	704	7040	49.76		411	4110		28.57
7	Punjab National Bank	10703	109260	7002.82		8037	84148		4264.17
8	State Bank of India	4984	59808	207		4190	50280		170

*** AMOUNT Rs.LAKH

TABLE 5

Table 5							
Amount Rs. Lakh							
Sr.	Name of The Bank	Details of SHGs Saving linked with Banks			Out of Total SHGs- Exclusive Women SHGs		
No.		No. of SHGs	No. of Members	Saving Amount	No. Of SHGs	No. of Members	Saving Amount
Himachal Pradesh							
1	Bank of India	46	465	11.5	0	0	0
2	Canara Bank	118	1440	4.65	118	1440	4.65
3	Central Bank of India	412	4244	48.21	324	3382	33.68
4	Indian Bank	39	585	2.37	39	585	2.37
5	Punjab & Sind Bank	92	920	11.62	53	530	6.73
6	Punjab National Bank	18049	182407	1127.8	12301	123010	946.24
7	State Bank of India	6794	81528	126	5436	65232	100
8	UCO Bank	993	11432	333.19	760	8680	259.91

Amount Rs. Lakh

Table .6

INTERPRETATION:- There are four states which show the relationship between Banks SHGs and women SHGs. There are more % of women SHGs saving out of total SHGs saving. In Delhi region 2011-12 highest SHG Savings amount to women in Punjab national bank is 103.99 lakh and lowest in Central Bank of India is 0.30 lakh. In Punjab region 2011-12 highest SHG Savings amount to women in Punjab National Bank is 183.38 lakh and Lowest in Allahabad Bank is 2.94 lakh. In Haryana region 2011-12 highest SHG Savings amount to women in Punjab National Bank is 4264.17 lakh and Lowest in Bank of India is 2.20 lakh. In Himachal Pradesh region 2011-12 highest SHG Savings amount to women in Punjab National Bank is 946.24 lakh and Lowest in Bank of India is 0.00 Lakh. It shows the good relationship of women SHGs with SHGs group and banks.

Objective 3:- To clarify the limitation of microfinance programmes as the tool for women’s empowerment and the type of support service necessary to maximize the contribution of microfinance service.

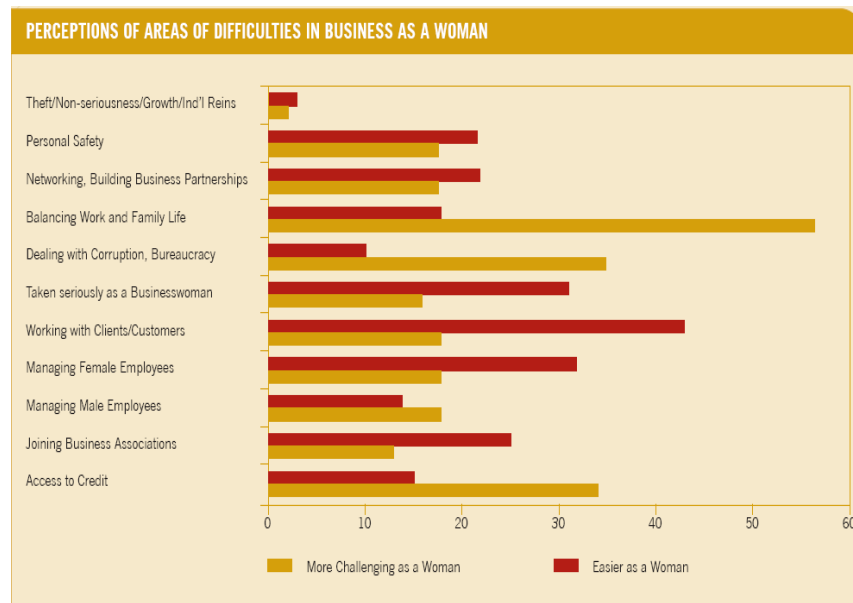


Table 6

Conclusion

Micro finance can contribute to solving the problems of inadequate housing and urban services as an integral part of poverty alleviation programmes. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrower without imposing unbearably high cost of monitoring its end use upon the lenders. A promising solution is to provide multipurpose loan or composite credit for income generation, housing improvement and consumption support. Consumption loan is found to be especially important during the gestation period between commencing a new economic activity and deriving positive income.

India is the country where a collaborative model between banks, NGOs, MFIs and Women’s organizations is furthest advanced. It therefore serves as a good starting point to look at what we know so far about ‘Best Practice’ in relation to micro-finance for women’s empowerment and how different institutions can work together.

Gender strategies in micro finance need to look beyond just increasing women's access to savings and credit and organizing self-help groups to look strategically at how programmes can actively promote gender equality and women's empowerment. On the other hand, thank to women's capabilities to combine productive and reproductive roles in microfinance activities and society has enabled them to produce a greater impact as they will increase at the same time the quality of life of the women micro-entrepreneur and also of her family.

RECOMMENDATIONS

Credit is important for development but cannot by itself enable very poor women to overcome their poverty. Making credit available to women does not automatically mean they have control over its use and over any income they might generate from micro enterprises. In situations of chronic poverty it is more important to provide saving services than to offer credit. A useful indicator of the tangible impact of micro credit schemes is the number of additional proposals and demands presented by local villagers to public authorities. Globalization will not be allowed to expand the gap between the rich and the poor. Affluent countries cannot continue to dump aid on needy nations; developing countries must not be permitted to ignore the needs of their impoverished population. As the poor are vulnerable it is not sufficient for us just to provide micro credit, but to have a series of support systems provided at the appropriate time. Government can contribute most effectively by setting sound macroeconomic policy that provides stability and low inflation.

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