ROLE OF MICRO FINANCE INDUSTRY IN ADDRESSING THE EMPOWERMENT OF RURAL WOMEN IN INDIA

Paritosh Dube¹, Vivek Shivhare²
¹Assistant Professor, Department of Management, Kruti Institute of Technology & Engineering, Chhattisgarh Swami Vivekanand Technical University, Chhattisgarh, India
²Research Scholar-Management MATS University, Raipur, Chhattisgarh, India

I. INTRODUCTION
Empowerment of women has been envisioned as a socio-political objective to ensure the greater objective of welfare of women in general. It is a process which allows a woman access to opportunities, resources and choices within their family and in society and thus realizes their full potential.

India has signed various International agreements to uplift the status of women in the society. It formulated National Policy for the empowerment of the women in 2001. It sees women not only as a recipient of welfare benefits but also envisions as a participant in the development process. As a result not only new opportunities have opened up in the mainstream but also there has been new challenges which needs to be addressed. These challenges refer to all fields such as social, political, economical etc.

As a result the government of India has been increasing its commitment to the cause of women welfare from first plan onwards itself and has now devised more specific means to help raise their levels. Rural women like their urban counterpart are at the deprived end if their society. Their status is even more serious since they are further bounded by family restrictions, social and traditional barriers. Statistics show that whereas 86.1 per cent females are engaged in agriculture, the figure of males is 74 per cent. But there are hardly any special programmes for enhancing women’s agricultural skills. They are further exploited as average payment extended to them is much below their male counterparts.

Economic empowerment is being seen as means to achieving overall empowerment in all spheres of life whether domestic or professional. With this view in mind micro finance schemes have been in devised to help weaker sections specially women to uplift their social status.

II. MICRO FINANCE CONCEPT AND FEATURES
The term micro finance is of recent origin. Many times it is used as synonyms to the term micro credit. However whereas the micro credit refers to extension of small credit, the term micro finance is a broader term covering other concepts such as savings, insurance etc along with micro credit.

Micro finance essentially means banking through groups. It seeks to provide financial help through group of individuals. Its other dimensions include:-
1. Encouraging savings to ensure creditworthiness
2. Linking credit facility to capacity to save
3. Absence of subsidization
4. Emphasis on the role of group as a credit appraisal, monitoring and recovery process

Basically groups can be of two types:
Self Help Groups (SHGs): The group as a intermediary between the borrower and the financial institution. This form is majorly followed in India.

Grameen Groups: In this model, borrower is extended loan on the basis of the financial creditworthiness of the group associated with him. Thus the responsibility is both the borrower and the guarantor/group to ensure return of the group.

Microfinance has become a significant tool in the hands of governments and social activist to remove the gender inequality, promote micro and small entrepreneurship and poverty removal. It is defined as the provision of broad range of demand oriented services, including remittances, savings (deposits), credit/loan and insurance to the poor households. Origin It is defined by taskforce on supportive policy and Regulatory Framework for Microfinance as “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”.

Traditional banking is not equipped to deal with the achievement of social objectives of equality and poverty removal. It seeks to support those who already have finances to provide as collateral to their ventures. Microfinance deals with providing financial support to those who have lower financial savings or have initiative but lack resources to back their ventures. It is aimed at self employment, employment generation, balancing of income levels and looking after the weaker sections of the society.

The earliest pioneer was Self Employed women Association or SEWA as it is popularly known in 1972. It seeks to organize women workers for full employment. Self help group NGO’s Such as MYRADA and PRADAN in mid 1970’6 were the reason for development of Microfinance industry in India. The states launched programs such as Integrated Rural Development Program (IRDP) to promote their objective of social welfare by providing low interest credit to weaker sections. However the success was limited as institutions gave away low level of lending to targeted groups.

NABARD launched self help group bank Linkage programme in 1980 to link the informal credit proving groups to banking industry and thus widen their reach and influence area. Around same time, SIDBI, initiated the Mahila Udyam Nidhi, to empower women economically.

It has been observed that the credit provided to ventures led by women have more repayment success rate even though they are facing more hardships. Thus their involvement in economic process of the country will ensure that the economy has a more chance of registering higher growth rate. With this objective and to remove gender inequality Ministry of Rural Development has implemented many schemes such as Integrated Rural Development Programme (IRDP), Development of Women and Children in Rural Areas.

III. PROBLEMS AND CHALLENGES

However the micro finance method has not met with full success in terms of empowering women. Studies have revealed that a number of challenges and obstacles exist which have restricted the growth of women entrepreneurs. These are:

1. Lack of Market & Business Knowledge: Rural women have very limited access to market itself. Their knowledge regarding its various aspects such as banking, credit system, etc. is even more further limited. Most women do not even have their own bank account. Awareness about concepts such as cost, sales price, sales management, profit maximisation, branding, storage is not available to them in its entirety. Therefore they have to rely greatly on their family members, friends
or local money lenders. This restricts their ability to access finance and thereby their role in strategic decision making of their own finances.

2. **Lack Of knowledge of Book Keeping:** Women are further hampered on account of inadequate or total lack of proper book keeping knowledge. This further restricts them from obtaining credit even from institutions which have been formed for this purpose only. Book keeping is the basic of all accounting and the taxation laws rely on it. Therefore all sound decision making which might arise as a result of proper accounting is not possible.

3. **Reliance on Family members:** It has been observed that in case of many ventures launched by women they rely on their own family members as part of workforce. As such on account of family pressures they are sometimes forced to part with the profits to their family members even when they do not deserve it. This further restricts their financial Independence.

4. **Arbitrary setting of Prices:** Since rural women are not aware of the marketing, business and accounting concepts they are forced to set the prices of their products arbitrarily. This many times results into their charging a very price for per unit of their product while a little extra effort could get them much more beneficial price and a larger profit margin.

5. **Discouraging Credit conditions:** Rural women’s operate in a scenario where the income capacity of individual is very low. Therefore many times the customers do not pay in cash or delay the payment of cash. This bring stress on already precarious position of rural women entrepreneurs. The situation is further worsened when on account of same low income capacity the suppliers insist on cash payment. This especially happens in case of women in rural areas.

6. **Difficult family and professional work Scenario:** Rural women in order to operate a venture must perform the dual work of both bread earner as well as caretaker of the daily operations. She is expected to her family chores dutifully and only in very rare case do the men help her out in the family operations. On top of this she has to attend many meetings being member of self help group or beneficiary of schemes of SHG. These meeting are sometimes related to training aspect and as such cannot be avoided. The women are therefore being taxed physically as well as mentally in order to avail the benefits of the schemes being extended by Micro finance institutions.

Furthermore as the women become recipients’ of financial benefits certain social pressures also arise which make her situation even more precarious. The objective of linking financial empowerment to social and political empowerment has not been achieved. In majority of programmes the financial growth has not conclusively been converted to social empowerment as the role of women within their family has hardly changed and she hardly has any say in the decision making even in the matters affecting her. Political empowerment too has been not achieved as men remain the decision maker on variety of issues even to extent of her voting right. Being a bread earner has not increased stature. She is still looking unto her family to make choices for herself.

The Government and also NGO’s SHG have largely developed schemes in sector which mainly see her as expert of traditional ventures. These ventures though can start with low capital but they also do not yield high profit margin. Thus the independence on account of financial gain is restricted. This further emphasis her role only in traditional context and therefore women are given scope of moving out from their conventional industry setup.

Moreover there is no direct observed linkage between the financial status of women and her political empowerment. Some NGO’s & SHG have used micro finance as an entry point for addressing of issues related to social and political empowerment but there is no significant relationship between the two. Infact it has been observed that participation in economic activity has led to withdrawal from political activities. Women’s increased economic role
puts severe demand on her and has different types of costs involved. In fact some micro finance groups put stress on her network in case of her not being able to make repayment. Therefore all the evidence suggests that rural women are likely to excluded from programmes as their creditworthiness and repayment capacity is highly doubtful. The micro finance groups have mainly focused on existing women entrepreneurs only. In case where rural credit was extended it was observed that due to lack of adequate advisory and support system the rural women are more likely to fail than succeed in their effort

IV. CONCLUSIONS & SUGGESTIONS

There already existed many formal and informal forms of financing before the medium of micro finance came into existence. The idea was to empower the weaker sections of the society financially so that they could have more say in the social and political decision making system. However this has not happened. The need exist to look into long term impact and objectives of providing micro finance. Impact on the income level along with work conditions and social status has to be studied and given due weight age to ensure sustainability of micro finance benefits as well as achieve overall empowerment objective.

Micro finance can contribute to higher level of income for weaker sections of society especially rural women. The need is to ensure that while it provides low interest lending rates to the borrower on the other hand it must be balanced against the cost for providing and monitoring funds by lenders. Therefore schemes must be devised to ensure it serves the multiple needs of the borrowers during gestation and growth periods both. This should serve fund requirement of the borrower and the security and cost consideration of the lenders. Micro finance providing organisations should keep following considerations in mind while devising the schemes for credit:

Credit is only a means to poverty alleviation and not an end itself. It can help rural women to develop and grow but does not in any way ensure that her poverty will be removed.

Provision of credit to rural women at present does not guarantee that they also have control over use or are able to use the benefits generated from as per their discretion. They have to rely on family members and have to share both resources generated and benefits arisen from it. thus schemes should be devised to ensure that finance cannot be used without her consent and all benefits arising thereof should be utilized by her.

Micro finance institutions should launch schemes to promote saving as many household are finding it difficult to even save let alone provide collateral for credit. They live in extreme conditions of poverty.

India has created a good collaborative equation between MFIs, SHGs, NGOs, financial institutions and women organizations. This can be used as good launching pad for programmes which address not only issue of providing micro finance and developing savings among rural women but also ensure that origrammes exist which address overall empowerment concept of women in long term. The programmes need to be diversified, multipurpose, cost effective and target group orient.

REFERENCES