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MICROFINANCE - AN ANALYTICAL STUDY TOWARDS WOMEN EMPOWERMENT

Introduction ::

Micro finance is a general term to provide financial services to low-income individuals or to those who do not have access to typical banking services. It provides the idea that low-income individuals are capable of lifting themselves out of poverty if access to financial services is given to them.

Women have been the most underprivileged and discriminated strata of the society not only in India but the world over. In spite of all Government and Non-Governments' efforts, they have been highly ignorant clients of the financial sector. Today, micro finance has been emerging as a powerful instrument for empowering women particularly, the rural women. Apart from the informal sector of finance the formal and semi formal sectors like commercial banks, NGOs etc. are taking much interest in providing micro finance to women considering it to be a profitable commercial activity. Women are also participating in the micro finance movement by availing the micro finance services being provided by the various financial channels.

The aim of micro finance is to empower women. Micro finance is the provision of financial services to low-income people, who traditionally lack access to banking and related services. Micro credit, or micro finance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks as they don't have security to give. Micro finance provides women with the financial backing they need to start business and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision making.

Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. A micro finance institution (MFI) is an organization that provides micro finance services. MFIs range from small non-profit organizations to large commercial banks.

MICROFINANCE : BACKGROUND::

Micro finance sector has grown rapidly over the past few decades. Nobel Laureate Muhammad Yunus is credited with laying the foundation of the modern MFIs (Micro finance Institutions) with establishment of Grameen Bank (Bangladesh) in 1976. And now, it has evolved into a vibrant industry providing a variety of business models.

In India, Micro finance Institutions (MFIs) exists in the following forms:-

1. NGOs registered as societies or trusts
2. Section 25 companies
3. Non-Banking Financial Companies (NBFCs)
4. Commercial Banks, Regional Rural Banks (RRBs), cooperative societies and other large lenders
5. Banks have also leveraged the Self-Help Group (SHGs) channel to provide direct credit to group borrowers

OBJECTIVE ::

The Major objectives of this study are to:

1. To study the role of micro finance in women empowerment.

2. To analyze the empowerment which women members get in SHGs.
3. To offer suggestion for empowerment of Women through micro finance.

DESCRIPTION ::

This analytic study is regarding following topics :

1. The Contribution of Micro finance to women from poor households, as Women workers throughout the world contribute to the economic growth and sustainable livelihoods of their families and communities.
2. Provision of Micro finance regarding 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.
3. The benefits to particularly Women from micro finance as many micro finance institutions (MFIs) target female clients.
4. Services of Micro finance influencing towards women's decision-making power and enhancing their overall socio-economic status.
5. The potential of micro finance and its significant contribution to gender equality and promoting sustainable livelihoods and better working conditions for women. As Women's empowerment through micro finance is key for promoting the International Labour Organization's (ILOs) Decent Work Agenda, which acknowledges the central role of work in people's lives as a means for achieving equitable, inclusive and sustainable development. By increasing women's access to financial services, micro finance ultimately contributes to ILO core values of greater gender equality and non-discrimination.

Conclusion ::

70 Percent of the world's poor are women and even then women have been disadvantaged in access to credit and other financial services. Generally, Commercial banks focus on men and formal businesses,neglecting the women.

On the other hand, Micro finance targets women and even exclusively in some cases. Female clients represent 85 percent of the poorest micro finance clients and Therefore, targeting women borrowers makes sense from a public policy standpoint. The business case for focusing on female clients is quite substantial, as women clients register higher repayment rates. They also contribute larger portions of their income to household consumption than their male counterparts. There is thus a strong business and public policy case for targeting female borrowers.

Households of micro finance clients appear to have better health practices and nutrition than other households. Positive environmental impact is also achievable as micro finance programmes may support green jobs and renewable energy systems. Micro finance therefore makes a strong contribution to the realisation of the Millennium Development Goals.

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