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## Microfinance in Female Empowerment and Poverty Reduction

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### When is female considered empowered?

The female who can make decision of her own for herself and for the society at large is considered to be an empowered one. She holds a respected position in the society and plays a major role in human progress. In no way empowered females are inferior to males. They can equally share all the responsibilities of life therefore male and female have been aptly compared to the two sides of the same coin.

Female Empowerment provides them the many rights which they deserve for improving and increasing their social, economic, political and legal strength such as right to gender equality, right to have equal opportunity for education and employment, right to live their life with respect dignity and self-worth, right to make choices and decisions on their own, right to have absolute control of their life, both within and outside their home and workplace, rights to be involved in social, religious and public activities, right to possess equal social status in the society, rights for social and economic justice, rights to ascertain financial and economic choices, rights to have safe and comfortable working environment in all work places.

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### Female: Vulnerable lot!

Though the female population constitutes 49.58 percent almost half of the world population (UN-world population prospects, 2019) a large number of females around the world are vulnerable and poverty stricken. The world economy is suffering due to unequal opportunity for female at work places although they are equally competent as their male counterpart, sometimes even ahead of them in many socio-economic activities.

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### Benefits of empowering female

Empowerment of female is advantageous to the society as it enhances both quality and quantity of human resources available for development. It is rightly said "If you educate a man, you educate an individual. But if you educate a woman, you educate a nation". Empowerment of female leads to larger economic benefits not only to the individual alone but to the society at large. An empowered female can stand on her own feet, become independent and be able to earn for her family which in turn helps in growth of country's economy. Educated female are at a lower almost negligible risk of domestic violence as compared to uneducated female. Educated female are aware of their rights and duties and thus are less vulnerable to be tricked by corrupt employees and hence can curb corruption to some extent. Financial support imparted by an empowered female helps to boost the income in families where a lone male members income is insufficient to meet the demands of the family. Female, through their outstanding performances in many spheres are capable of making nation proud and are thus aiding in the process of National Development like Mother Teresa, Indira Gandhi, Kalpana Chawla, Indra Nooyi, Aishwarya Rai, Mary Kom etc. Female are considered irreplaceable in some sectors for certain jobs like nursing, primary school teaching, public relations, human resources and social work.

Social and economic development of a country can be increased by educating female. This has been observed in last few decades when involvement of educated female in various activities have helped a nation move towards sustainable developments. Earlier, they were not allowed to pursue higher education like men thereby suppressing their talents but in recent times they opt for higher education which encourages them to exhibit and execute their talents which apart from benefitting her individually also benefits the world at large. Female Education contributes towards health and well-being of the family and national income, education makes female capable of providing quality nutrition to their children, they become capable enough to participate in politics and also in defending themselves better by becoming aware of their rights.

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### Requisites for female empowerment:

Availability of safe work places encourages families to send their daughters and wives to work thus enabling them become self-reliant and independent. Providing equal ease of access to resources and opportunities including economic participation and decision making and by closing all gender gaps and prompting gender equality, female empowerment can be done. Vocational training programs play a key role in empowering rural female. Female look positively towards income generation programmes. Female mostly housewives do not get opportunity for full time job hence more part time and flexible jobs should be created so that more female can get engaged into various income generating activities.

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## What is microfinance? How is it helpful in the society?

Microfinance has emerged as a powerful instrument for providing financial services to the “Unreached poor”. It provides credit access to a large number of deprived individuals which barely had an opportunity to take service of banks and other financial institutions. It is a category of financial services targeting individuals and small business who lack access to conventional banking and related services. It includes microcredit, the provision of small loans to poor clients; savings and checking accounts; microinsurance; and payment systems among other branches (Caramela, S., 2018). Microfinance services are designed to reach excluded customers, usually poorer population segments, possibly socially marginalized or geographically more isolated to help them become self-sufficient (Kagan, J. 2018) and thus empower them (Wikipedia). It helps in imparting self-confidence to female and gives them the capacity to play active role in the society (Christen, et al., 2004). According to world bank microfinance is not banking but it is a development tool.

The fundamental truth that serves as a foundation of micro finance are; The poor need a variety of financial services like savings, cash transfers, insurance not just loans. The services should be convenient, flexible and reasonably priced. Microfinance is a powerful tool against poverty. The poor can increase incomes, build assets and reduce their vulnerability to external shocks provided an access to sustainable financial services. They are able to move forward from everyday survival to planning for future, investing in better nutrition, improved living conditions and children’s health and education. Microfinance means building financial system that is pro poor. In developing countries where a vast majority of people are poor, microfinance should become integral part of financial sector so that even poor can get access to basic financial services. Financial sustainability is necessary to reach majority of poor people. New innovative methods must be found out to reach the unbanked poor by way of reducing transaction cost etc. Microfinance is about building permanent local financial institutions. Dependence on funding from Donor and Governments will gradually lessen as local financial institutions mature. These local MFIs can provide financial services to the poor people on permanent basis. Micro credit is not always the solution: The destitute and hungry who have no income altogether can be helped by using varied non-financial services like small grants, infrastructure improvement etc for poverty reduction. Interest rate ceilings can damage poor people’s access to financial services. Microlenders should not raise the interest rates and other taxes far higher than they need to be in order to support the poor. The government’s role is an enabler, not as a direct provider of financial services. Government by improving access to markets and infrastructure, cutting down corruption, improving the business environment for entrepreneurs can enable financial services to the poor. Donor subsidies should complement, not compete with private sector capital. The lack of institutional and human capacity is the key constraint.

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## What is Microfinance Institution?

Microfinance Institutions (MFIs) is an organisation which provides financial services to low income populations by giving loans, insurance, deposit and other services to their members. Its main aim is to motivate the poor to increase their economic and social status. MFIs accesses financial resources from the banks and financial institutions and provide financial support services to the poor clients. They are key organisations which make individual micro-credit loans directly to villagers, needy female, poor families and micro entrepreneurs. MFIs have the potential to empower female in rural area through microcredit and related services. MFIs prefer female members as they think and believe that female are more reliable. The main focus of MFIs is to empower female apart from improving the quality of life of poor, devising ways and means to eradicate poverty faster, creating self-employment opportunities for the underprivileged so as to help them acquire simple skills which enable them to utilize the available resources and contribute to employment and income generation (IDB, 2011).

Different types of institutions which offer microfinance are credit unions, commercial banks, NGOs, Cooperatives and sectors of government banks. An increasing number of MFIs are requesting Non-Banking Finance Company (NBFC) status from RBI to get wide access to funding, including bank finance.

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## Microfinance Programmes & SHGs

Microfinance programmes mainly target female with the sole aim of empowering them. It has proven to be an important instrument in fighting against female poverty and vulnerability in the developing countries. It not only empowers them economically but socially too!

Microfinance delivery through Self Help Groups (SHG) has been identified internationally as a modern tool to fight poverty. The SHGs are formed and supported by NGOs or by government agencies and sometimes by bank directly. SHGs confer many benefits both social and economic thus providing new and real opportunities for rural female that challenge the traditional barriers which female face. They through this community platform become active in village affairs, stand for local election and even act to address social or community issues like alcohol, female abuse, dowry, local water supply etc.

The empowerment of female has emerged as an important issue in recent times. The economic empowerment of female is being regarded these days as a progress for a country. The self-help groups have paved the way for economic independence of rural female. The members of SHGs are involved in micro commercial venture. Through it they are becoming economically independent and providing employment opportunities to others.

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## Conclusion

From the study, it is concluded that the micro finance through SHGs is helping towards the empowerment of female. Furthermore, the female section of society, those who are under SHGs are satisfied towards the working of it and it has paved the way for their improvement in family condition, income and largely boosted their decision-making ability. The activities undertaken by SHGs enhance the confidence and capacity of the poor female.

Widespread poverty and unemployment can be treated through these SHGs. SHG programme has lightened the burden of life for the average member of a SHG in many ways.

There have been perceptible and wholesome changes in the living standards of the SHG members in terms of ownership of assets increase in savings and borrowing capacity, income generating activities and in income levels.

SHGs and MFIs develop saving habits and bring people closer to the banking system by helping in getting loans easily and frequently.

Lastly, microfinance has become a boon for the empowerment of female in the society thus aiding in poverty reduction.

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