



An Analysis of the Role of Microfinance in Assessing Women's Economic Empowerment

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ABSTRACT

Most women in India who were previously supporting themselves via a variety of self-employment activities have found themselves unable to do so after the advent of liberalization and globalization in the early 1990s. Women make significant contributions to the home and national economies, but their employment is often seen as an extension of the private sphere and hence not compensated. Self-Help Groups (SHGs) are widely recognized in India as a powerful tool for reaching the "Unreached Poor" with financial services and enhancing their collective self-help skills to ultimately empower them. A nationwide empowerment movement among women has emerged as SHG creation has accelerated. In order to help the rural poor, and especially rural women, achieve economic independence, microfinance is essential. While they aren't a silver bullet, they have the potential to have a major impact on the fight for gender parity and women's empowerment. These programs have the potential to set in motion a series of 'virtuous spirals' of economic empowerment, and subsequently broader social and political empowerment, by increasing women's access to economic opportunities.

Women's economic empowerment refers to efforts made to increase women's access to economic decision-making, income growth, and asset ownership. The study's primary objective is to analyze how microfinance contributes to women's economic independence. This research aims to illustrate the importance of Microfinance and SHGs in empowering women in India, mostly via the use of secondary data analysis.

KEYWORDS: Microfinance, Self-Help Groups, Women empowerment

Introduction

Microfinance is a type of banking service that is offered to low-income people or organizations that, in the absence of microfinance, would not otherwise have access to other types of financial services. It is meant to help the low-income population in particular. The impoverished may raise their level of life, but only via a slow and steady process (Khurshed, A., Khan, A. A., & Mustafa, F. 2021). In particular, when discussing microfinance from a female viewpoint, the role of microfinance donors is crucial in making it a reasonably successful resource for reducing poverty, maintaining economic development, and empowering women.

Women have historically been the most marginalized and discriminated-against social group, not only in India but all around the globe. Despite efforts from the government and non-government organizations, they have historically been much uninformed customers of the financial industry. Microfinance has emerged as a key tool for empowering women, especially rural women, in recent times. Providing microfinance to women is seen as a lucrative business venture by both the formal and semi-formal sectors of finance, such as commercial banks, NGOs, etc. Microfinance services supplied by different financial channels are also being used by women, making them active participants in the microfinance movement (Asad, A., et al, 2020).

One of the primary goals of microfinance is the enhancement of women's economic independence. Microfinance refers to the practice of providing banking and other financial services to those with modest incomes, such as low-income customers and self-employed individuals. Bringing credit, savings, and other important financial services into the reach of millions of individuals who are too poor to be serviced by traditional banks, often because they are unable to give adequate collateral, is what microcredit or microfinance is all about. The majority of those who get microloans are women. Historically, women have faced significant barriers to entering the workforce, particularly in less developed nations. Microfinance helps women get their feet off the ground financially so they may join the workforce. It boosts their self-esteem, elevates their social standing, and increases their participation in decision-making, all of which contribute to greater gender parity. Long-standing MFIs have seen a decrease in violence against women, according to CGAP's research (Christabell, P. J. 2009).

A new analysis by the World Bank indicates that countries that discriminate against women have worse standards of living for all of their citizens, as well as higher rates of poverty, slower economic development, and weaker governance. On a global scale, this is due to the fact that women make up 70 percent of the poor population in the world. In the majority of countries, women have a greater unemployment rate than males and are more likely to work in the unofficial economy. They make up the vast majority of people in need of microfinance programs. As a result, the influence of a microfinance organization grows as more women have access to microcredit loans, which in turn benefits future generations.

Empowerment

The process of helping individuals recognize the link between their actions and outcomes is known as empowerment. This understanding gives individuals the ability to attain the results they want to achieve. Meaning, competence, self-determination, and influence are the four

components that make up this kind of motivation, which is considered to be intrinsic. These are indicative of how someone approaches their job. Amartya Sen the winner of the Nobel Peace Prize, notes that a person's capability set is a reflection of their flexibility to lead a variety of various sorts of lives. A person's capabilities are influenced by a wide range of circumstances, such as their individual qualities and the social context in which they were raised. However, a complete accounting of individual liberty extends well beyond the bounds of one's own particular talents (Hill, M. (2003).

Microfinance and Women Empowerment

Not only do microfinance programs enable men and women to have access to savings and loans, but they also reach millions of individuals all over the globe and bring them together on a consistent basis in organized groups. Even while they are not a "magic bullet," they have the potential to make a very substantial contribution to the advancement of gender equality and women's empowerment, as well as to pro-poor development and the fortification of civil society. These programs have the potential to launch a series of 'virtuous spirals' of economic empowerment, enhanced well-being for women and their children, and broader social and political empowerment as a result of their contribution to women's capacity to generate an income and earn a living (Mayoux, L. 2002). As a key element in the process of attaining gender equality, the provision of microfinance services and the formation of organizations that include men both have the ability to call men's views and behaviors into question and to drastically alter those attitudes and behaviors.

The vast majority of microfinance programs are geared toward women with the goal of empowering them. Empowering women might be pursued for a variety of different reasons that lie underneath the surface. Some people believe that women are among the most impoverished and defenseless of those who are socially disadvantaged and that as a result, assisting women should be a top concern. From a more feminist point of view, it is emphasized that increasing access to financial services represents an opening or possibility for greater financial independence. These types of groups openly acknowledge that microfinance may serve as a weapon in the struggle for the rights and autonomy of women. Last but not least, in order to maintain their financial sustainability, an ever-increasing number of microfinance institutions provide preference to female applicants for membership (Kabeer, N. 2005). This is due to the belief that females are superior borrowers who are more dependable. It has been shown that women benefit from participating in self-help groups that are facilitated by microcredit, with some of the aforementioned benefits taking the form of ripple effects. They have played important roles in lowering the vulnerability of the poor via the development of assets, the smoothing of income and consumption, the provision of emergency assistance, and the empowerment and emboldening of women by providing them authority over assets as well as greater self-esteem and knowledge. In general, beneficial effects were documented in a number of more recent evaluation studies as well.

Literature Review

Malhotra compiled a list of the aspects of women's empowerment that are most often discussed, taking inspiration from the conceptual frameworks produced by a variety of writers working in a range of subfields within the social sciences. Taking into account the possibility of overlap, these conceptual frameworks imply that the empowerment of women must take place across a number of different dimensions, including the economic, sociocultural, familial/interpersonal, legal, political, and psychological (Malhotra, A., Schuler, S. R., & Boender, C. 2002). It has been shown, the well-being of the family, particularly the children. From a more feminist point of view, one of the most important things to highlight is how expanded access to financial services represents a chance for more personal agency. These types of groups see microfinance unequivocally as a weapon in the struggle to secure equal rights and financial autonomy for women.

In her 2007 article, Ranjula Bali Swain explored the question, "Can Microfinance Empower Women?" Self-Help Groups in India" came to the conclusion that many steps had been taken in the correct direction and that women are in the process of empowering themselves. In addition, non-governmental organizations (NGOs) that give assistance in the form of financial services and specialized training have a higher potential to have a beneficial influence on the empowerment of women (SWAIN81, R. B. 2007).

The authors of a paper titled "Empowering Women through Microfinance," Susy Cheston and Lisa Kuhn, came to the conclusion that microfinance has the potential to have a significant influence on the empowerment of women (Cheston, S., & Kuhn, L. 2002).

In their essay titled "Does Microfinance Empower Women?," which was published in September 2009, Ranjula Bali Swaina and Fan Yang Wallentin asked the question, "Does microfinance empower women?" Evidence from self-help groups in India's conclusion is that their study provides a strong indication that SHG members are empowered by participating in microfinance programs in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices. This conclusion was reached after the researchers came to the realization that their study strongly indicates that SHG members are empowered by participating in microfinance programs (Swain, R. B., & Wallentin, F. Y. 2009). There are three approaches to women's empowerment: the integrated development approach, which focused on women's survival and livelihood needs; the economic development approach, which aimed to strengthen women's economic position; and the consciousness approach, which organized women into collectives that addressed the source of oppression. The integrated development approach focused on women's survival and livelihood needs; the economic development approach aimed to strengthen women's economic position.

The influence that microfinance programs have on women is not always a favorable one. Women who have started their businesses not only see a little boost in their income but also see an increase in the amount of labor they have to do and the amount of pressure they are under to return their loans. Sometimes the males in the family may utilize their loans to start businesses, and other times the women will wind up working for the family for little to no pay and very few benefits. Both of these scenarios are unfortunate. She goes on to say that in other situations, women's enhanced autonomy has only been fleeting and has led to a loss of support from males in such situations.

Research Objectives

Main objective of the research is:

- To examine how microfinance is used to improve the lives of disadvantaged women.
- To analyze how well SHGs have been doing in the Lalganj area.
- To examine how participation in SHGs affects the status of its women.
- To provide suggestions for strengthening women empowerment using microfinance programs.

Research Methodology

Sources of data collection: Primary and secondary sources were used to gather information for this research. Secondary sources such as academic publications, government documents, and non-profit reports were mined for their information. A field survey was conducted in the Lalganj area to collect the primary data.

Sampling area: A field survey was used to learn about the experiences of women participating in SHGs in the Lalganj block.

Sample size: The current research used a sample size of 50, drawn from 3 SHGs named; Jeevika, HDFC bank and Bandhan bank in the Lalganj region.

Data collection method: The information from the women SHG members was gathered with the use of a planned interview schedule. The plan includes both free-form and confined questions.

Findings and discussion

There are 34% of women who cannot read or write, whereas 30% of women have finished their education at the secondary level. It is noteworthy that just 6% of those who responded had completed their undergraduate studies. The majority of respondents (88%) are under the impression that their levels of poverty have decreased as a direct result of receiving microfinance.

A total of 44% of the loan recipients used the money toward either the launch of a new enterprise or the expansion of an existing one. It is noteworthy to notice that twenty percent of the respondents take out a loan to pay off another debt that they already have. Nevertheless, 14% of those polled took out a loan to pay for the education of their children, which demonstrates that they are aware of the issue.

The results of the research may be summed up as follows, considering everything taken into consideration:

1. It was discovered that microfinance led to an increase in the respondents' levels of literacy as well as an increase in their knowledge of the need for child education.
2. The overwhelming majority of respondents agreed with the statement that microfinance has directly and indirectly contributed to economic growth, and has therefore contributed to happiness and tranquility in the home.
3. As a result of obtaining microfinance, women are becoming economically and socially empowered, and 88 percent of the respondents said that the degree of poverty has decreased as a direct result of their participation in the microfinance program.
4. Over ninety-six percent of respondents said that they had an important say in the decision-making process and that they were considered when making significant choices about their families. This is an essential component in achieving economic independence.
5. After participating in an SHG, most of the respondents have seen a large increase in their annual income.

Major challenges

Microfinance has the potential to emancipate women, despite the fact that it is neither straightforward nor quick to set up. It is not simple for women to undertake any sort of employment that has the potential to come with numerous challenges and obstacles. There are various factors that contribute to the difficulty that women face while pursuing microfinance firms. These components include the following:

- Women do not have access to banks or other financial services

- Women are illiterate
- Women do not have access to capital
- Women do not have access to knowledge
- Women do not possess property or other assets

Possible suggestions

- Women should be promoted to build leadership and ownership qualities
- Action research on best practices in empowering women should be conducted and supported Women's actions, abilities, and priorities should be properly acknowledged and esteemed
- Women should be encouraged to maintain a healthy balance between their personal and professional lives at work;
- Business-related education and training should be made available to women;
- Women should be made aware of available employment opportunities; and
- Women and men should be accorded equal significance.
- Participate in women's basic education and literacy initiatives
- Advocate for the advancement of women to positions of leadership within the microfinance institutions (MFIs) that they fund and support

Conclusion

Microfinance is playing an important part in the socioeconomic, psychological, and political empowerment of women in India. Microfinance is quickly becoming one of the most effective tools available in the fight against poverty in the new economy. Microfinance seems to have a significant impact on the economic position, decision-making capacity, knowledge, and feelings of self-worthiness of women who participate in the self-help group linkage program in Lalganj, according to the empirical results of the research. A nationwide women's empowerment movement has begun as a direct result of the rapid success that has been made in the founding of SHGs. The capacity of women to exert influence or make decisions, enhance levels of self-confidence, improved status and roles in the home, etc. are all outcomes of economic empowerment.

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Questionnaire

Respondent detail

Name ____ (optional) Gender Female

Literacy –

- illiterate
- Secondary
- Graduate Age –
- Between 18 to 25
- Between 25-40

Contact details ____ (optional)

Questionnaire for participating members

- 1- How you came to know about microfinance
 - neighbor
 - government
 - Advertisement
- 2- Are you working
 - Yes
 - No
- 3- What are the benefits of participating in a microfinance program?
 - Poverty reduction
 - Education
 - both
- 4- Is microfinance useful in starting a new business
 - Yes
 - No
- 5- Is microfinance useful in the repayment of an existing loan?
 - Yes
 - No
- 6- Is microfinance helpful in their economic empowerment
 - Yes
 - No