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Microfinance: A strategy for women empowerment

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Abstract

In India, women have low socio-economic status with gender discrimination as they considered for low participation in economic activities. A country having gender discrimination, poor perception for women, unequal access over finance as compare to men can never be a developed country. In India, Women having less access over financial services because they are considered to have lower capital capacity than men, there-by restricting the women empowerment. (M.PERUMAL, 2015). According to Start-up India data, Indian women entrepreneurs are below 14 percent. Empowering to women make them to take decisions, live their life economic independent and make them self-reliant. MFIs ensures the financial inclusion of under privileged women. MFIs empowering women by providing microfinance to strengthen their role in economic participation and providing opportunity to become either primary or secondary earner in their family. MFIs are the vehicle for the socio-economic development of women. This paper elaborates how microfinance can be used as a strategy for the women empowerment.

Keywords: Women empowerment, Microfinance, MFIs, SHGs (Self Help Groups), growth, economic, underprivileged

1. Introduction

1.1 Objectives

1. To know the relationship between Microfinance and Women Empowerment.
2. To analyse the various Microfinance initiatives in India.
3. To examine the role of Microfinance through SHGs for women.

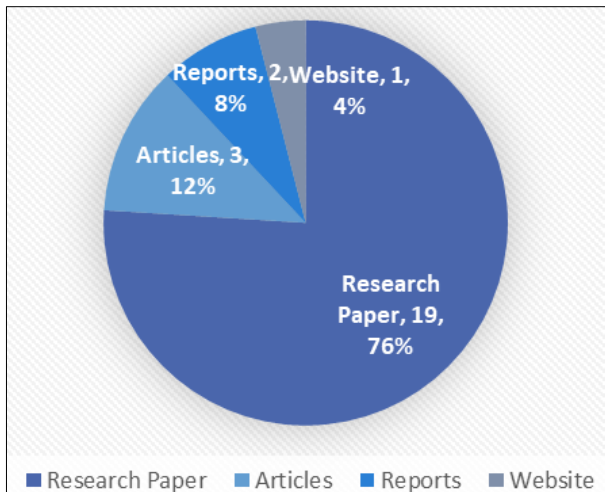
1.2 Research Methodology

This paper is based on the descriptive study. For this study Literatures are reviewed. Secondary data has been collected from the Research journal, Articles, websites and Reports. Here is the data of number of research paper reviewed published in given years.

Table 1: Here is the composition of various reviewed literatures

Publishing Year	No. of Research Paper
1994	2
1999	2
2002	1
2008	1
2009	1
2013	1
2014	1
2015	2
2016	2
2017	2
2018	2
2019	2

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Microfinance

Microfinance is tool for the economic development by providing banking and financial services to poor or financially backward people who would have little or no access over finance.

MFIs

Micro Finance Institutions provide loans or financial services to the poor segment of society.

Women empowerment

Empowerment for women is to make them self-reliant and to take decisions for their life independently.

6. Literature Review

“If you think creating a world without any poverty is impossible; let’s do it. Because it is the right thing to do. The only place where poverty should be is in museums”. (Muhammad Yunus, as cited by Yunus Centre, 2011). In the words of Batliwala (1994) ^[5] “empowerment is the process by which women gain greater control over material and intellectual resources and challenge the ideology of patriarchy and gender-based discrimination in all the institutions and structures of the society. Empowerment is said to be designed to counter existing power relations that result in the domination of the subordinate groups by more powerful ones (Applebaum *et al.*, 1999; Aggarwal *et al.*, 2020). In India, Gender discrimination is a major reason for the poor situation of women but when it comes to knowledge then such discrimination has no meaning. As women were used to do work in the home, a habit and custom developed in the mind of people that woman is suitable and safe for home work only and no other power is necessary for them. (Anandita, 2019)

Micro finance is necessary to overcome exploitation, bringing confidence for the rural or underprivileged women who are mostly invisible in social structure.(Swapna, 2017) Women's access to finance gives them a greater economic independency and role in decision making.(Swapna, 2017). Microfinance has gained widespread recognition in India and many countries. In India, Microfinance has its roots in 1970 with the formation urban cooperative bank named as Shri Mahila SELF (Self Employed Women’s Association) Sahakari Bank in Gujarat state. This bank was set up with the objective to serve the banking services to the financially weak or poor women.

Microfinance ensures the access over finance to the financially poor and backward people were not being provided financial assistance by the conventional and commercial banks. MFIs has made its hard efforts for women which would have little or no access to financial services in India (M.PERUMAL, 2015). MFIs considered that women have a good repayment capacity if they provided support in their start-ups or small business activities. The high rate of loans recovery to women encourages many nations for adopting the SHG model of micro finance. The idea of SHGs (Self Help Groups) has its origin from Olson’s theory of group behaviour. According to which human beings have an intrinsic propensity to form and work in groups if they are organized to further their common interest (NABARD 1995).

Women empowerment through microfinance will benefit in reducing the gender discrimination, raise their standard of living, reduce poverty, more education and women can sure the proper take care for their kids and family. Microfinance institutions at present span across 29 States, 4 Union Territories and 588 districts in India. Interestingly, women borrowers constitute 97 per cent of the total clientele of MFIs.

Women empowerment required the system of sound microfinance schemes. Purpose of these schemes is to make women self-reliant and economically independent by granting credit through microfinance.

Microfinance initiatives in India

Government taking many initiatives to empower women through various schemes. In India, Government is continuously making efforts for the successful formation and implementation of policies and schemes through microfinance which providing social, economic and financial empowerment to the poor people living in rural India specially to women. Such efforts are playing a crucial role in providing financial assistance and loans to underprivileged women living in rural India. Financial inclusion through microfinance is a strong instrument and strategy for the empowerment of women and it will make them a contributor to national growth.

SHGs are the hearts of microfinance to women

Self Help Groups-Bank linkage programme were started by the NABARD (National bank for agricultural bank and rural development) as pilot project in 1992 with the objective of financial inclusion and financial equality. In 2020 achieved the milestone with total membership of 1.02 crore groups that is covering total 12.4 crore household in India. With the government initiative of Digital India SHGs are being digitalised under a project name “ESHakti” focusing to connecting with the more people in villages with a special focus on women across India. In India, SHGs playing vital role in the microfinance distribution. Through SHGs-Rasure K.A (2004), in his article “women empowerment through self-help-groups” reveals that the Self-Help groups are working as a tool for empowering women in rural areas by providing microfinance. Bank linkage programme by providing a cost-effective mechanism.(Swapna, 2017).

Here is the data explaining the number of SHGs across India. Data has been released by the Ministry of Rural Department during 2019-20.

Table 2: States

S. No.	State Name	Total districts	SHG started in districts	Total Block	SHG Started in block	Total SHGs
1	Andhra Pradesh	13	13	662	662	820062
2	Assam	34	34	219	219	319836
3	Bihar	38	38	534	534	1003245
4	Chhattisgarh	28	28	146	146	231196
5	Gujarat	33	33	248	248	263722
6	Jharkhand	24	24	263	263	264721
7	Karnataka	31	31	226	226	234958
8	Kerala	14	14	152	152	253069
9	Madhya Pradesh	52	52	313	313	392100
10	Maharashtra	34	34	351	351	575262
11	Odisha	30	30	314	314	514501
12	Rajasthan	33	33	352	352	237954
13	Tamil Nadu	37	37	388	388	306861
14	Telangana	32	32	542	536	437814
15	Uttar Pradesh	75	75	827	827	646670
16	West Bengal	22	22	342	342	1005288
	Sub Total	530	530	5879	5873	7507259

Table 3: North East States

S. No.	State Name	Total districts	SHG started in districts	Total Block	SHG Started in block	Total SHGs
1	Haryana	22	22	142	142	53073
2	Himachal Pradesh	12	12	88	88	39931
3	Jammu And Kashmir	20	20	125	112	65994
4	Punjab	23	23	153	125	35724
5	Uttarakhand	13	13	95	95	46067
	Sub Total	90	90	603	562	240789

Table 4: North East States

S. No	State Name	Total districts	SHG started in districts	Total Block	SHG Started in block	Total SHGs
1	Arunachal Pradesh	25	24	114	68	5005
2	Manipur	16	15	70	44	4781
3	Meghalaya	11	11	46	46	41855
4	Mizoram	11	11	26	26	8255
5	Nagaland	11	11	74	74	12795
6	Sikkim	6	6	33	33	5363
7	Tripura	8	8	58	58	39588
	Sub Total	88	86	421	349	117642

Table 5: Union Territories

S. No	State Name	Total districts	SHG started in districts	Total Block	SHG Started in block	Total SHGs
1	Andaman And Nicobar	3	3	9	9	1075
2	Goa	2	2	12	12	3511
3	Ladakh	2	2	31	8	517
4	Lakshadweep	1	1	10	7	322
5	Puducherry	2	2	3	3	3759
6	The Dadra And Nagar Haveli And Daman And Diu	3	3	3	3	767
	Sub Total	13	13	68	42	9951
	Grand Total	721	719	6971	6826	7875641

SHG Count (nrlm.gov.in)

Scheme for promotion of Women Self Help Groups (WSHGs):

Under this scheme of Government of India, 2.11 lakh women SHGs (WSHGs) have been savings linked and 1.29 lakh of them have been credit-linked in 150 backward/Left Wing Extremism (LWE) affected districts spread across 29 states. A cumulative amount of R139.43 crore has been utilised as grant assistance out of the WSHG Fund for various activities up to 31 March 2020.

Scheme for Interest Subvention to Women SHGs

NABARD is implementing the Interest Subvention Scheme for Women SHGs under the National Rural Livelihood

Mission (NRLM) for Regional Rural Banks (RRBs) and Cooperative Banks in Category I districts. This scheme is covering to women SHGs in rural India only. Under which all WSHGs will be eligible for interest subvention on the lending by commercial and cooperative bank up to Rupees 3 lakh at 7 percent interest rate per annum in 150 districts is provided at Annexure I.

Social microfinance organisation

In India, Government is planning for the creation of social microfinance organisation for the women and small

entrepreneurs to disburse up to Rupees 10 lakh, said by Nitin Gadkari.

Annapurna Scheme

Under this scheme women can get finance up to 50,000 to start business of food catering to buy kitchen equipment. Duration for the repayment is 36 months. This will assist women to start small business.

Udyogini Scheme

Subsidies loan are provided to the women entrepreneurs in rural and backward regions India. Women can start their small businesses like bakery, sewing and dairy.

Loan Amount

Up to 3 lakh rupees.

Eligibility

Ages between 25 and 65 with family annual income of below Rs 1.5 lakh.

Mudra Yojna Scheme

Under this scheme women entrepreneurs can get loan range 50,000 to 50, lakh to start their small business. If the loan

amount increases more than 10 lakhs then they have to provide collateral.

This scheme has further three plans:

Shishu plans

Loan to new business for 50,000.

In Shishu plan out of total number of accounts, 67% of the account belong to women with the sanctioned amount of 67% as per the MUDRA annual report 2019-20.

Kishor plan: Loan between 50,000 - 5 lakhs.

Tarun plan: Loan between 5 lakhs to 10 lakhs.

Below is the data showing the number of loan accounts and sanctioned amount under various category of MUDRA Scheme for 2020-21

Table 6: MUDRA Scheme for 2020-21

Category	No. of loan accounts	Sanction Amount
Shishu	4,01,80,115	1,09,953
Kishor	9,4,86,160	1,32,516
Tarun	1,0,68,771	79,290
Total	5,07,35,046	3,21,759

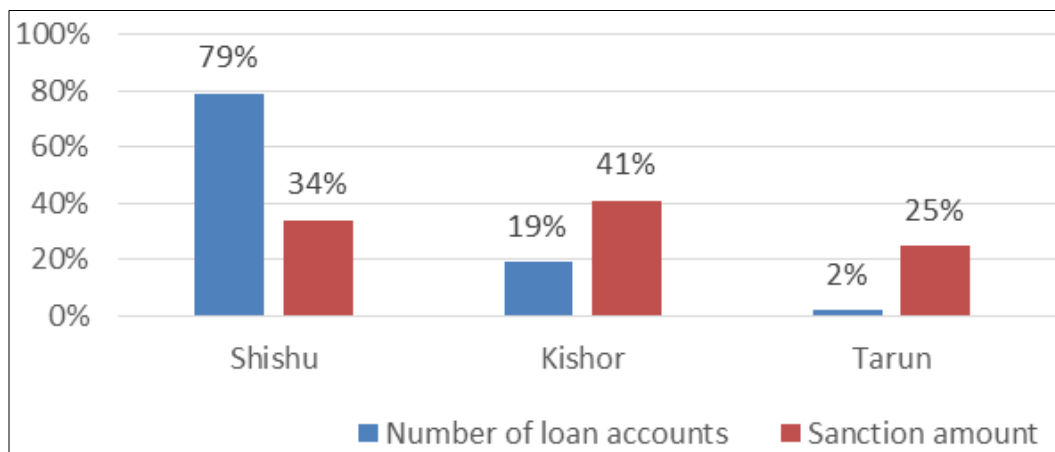


Fig 1: Annual report 2020-21 (MUDRA)

SHISHU Plan is showing the highest amount of sanctioned loan and number of accounts among all plans of this scheme.

Table 7: Here is the data showing the total number of various plans under this scheme

Category	SHISHU Plan		KISHOR Plan		TARUN Plan		Total	
	No. of account	Amount	No. of account	Amount	No. of account	Amount	No. of account	Amount
Total	4,01,80,115	1,09,953	94,86,160	1,32,516	10,68,771	79,290	5,07,35,046	3,21,759
Women	2,77,53,288	74,490	54,68,211	50,731	82,105	6,082	3,33,03,604	1,31,303

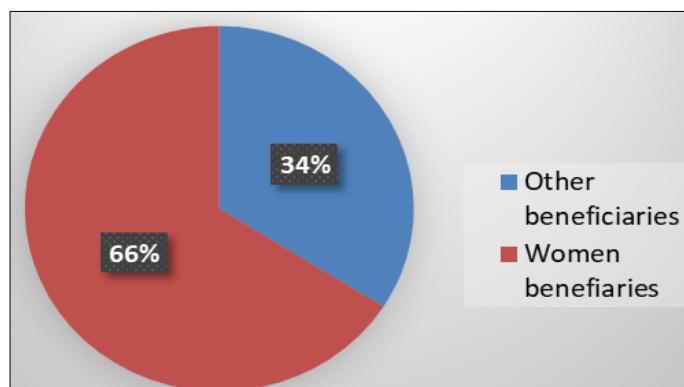


Fig 3: Number of loan account of women under MUDRA scheme during 2020-21

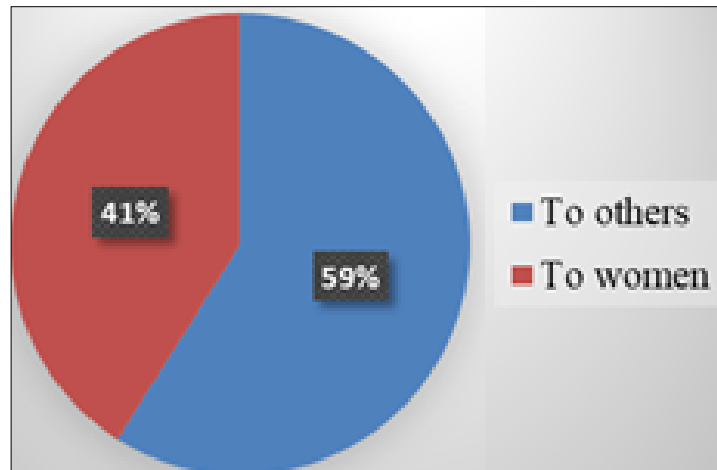


Fig 4: Loan amount sanctioned to women under MUDRA scheme during 2020-21

Out of total loan sanctioned amount under MUDRA scheme amount 41% given to women which are 66% of the total number of loan account during 2020-21.

Percentage of women shown in the above table regarding number of accounts and sanctioned amount is mainly because of the contribution from MFIs with the aim of women empowerment and making them financially independent.

Mahila Udyam Nidhi Scheme

Under this Scheme financial assistance of Rupees 10 lakhs is provided to women entrepreneurs to set up new small-scale ventures by the SIDBI (Small Industries Development Bank of India) for the modernisation of business.

SSP (Stree Shakti Package) for Women Entrepreneurs

The Stree Shakti Package Scheme is initiated by the Government of India to allow women to set up their own business. Govt. of India is providing these loans through SBI only. SSP helping in increasing the income level of rural and underprivileged women by supporting them in starting small enterprise that can generate income.

Eligibility

Business ownership

This loan is provided to those women only who have equal 50% or more ownership in the business.

EDP

It is necessary for the women applicant to be a part the Entrepreneurship Development Programmes (EDP) organised by State agencies.

Dena Shakti Scheme

This scheme provides loans at 25% concessional rates up to 20 lakh rupees for maximum duration of 3 years to women entrepreneurs to start their small enterprises. The limit of loan is as per SBI directives for given sectors.

- Retail trade- 20 lakh rupees
- Education and housing- 20 lakhs
- Microcredit- 50 thousand

Challenges in Women Empowerment

As per United Nations, Gender discrimination means women often end up in insecurity and less-wage jobs and no or little access to economic assets such as land and loans. It reduces the women participation in shaping economic and

social policies. And, because women perform the bulk of household work, they often have little time left to pursue economic opportunities.

Although MFIs has that ability to empowering women but many elements are there that break the potential of microfinance targeting women empowerment and creating a gap in the goals or microfinance institution and the results.

Gender discrimination: Since a long there is no change in exploitation of women. Male are strong physically and has developed and empowered in every aspect whether it be social or economic. The reason women power is underutilized and women are limited to boundaries of home. The greater the level of gender-based discrimination in any society, the more likely the society is to experience higher levels of poverty, stagnant economic growth, and weaker governance. (Anandita, 2019). Low rate of participation in economic activities also the women participation is limited due to lack of capital and customs of society that doesn't consider the woman going for working or earning inappropriate. It actually reduces the financial independency of women and they have depended on the male earner in family. Women do not have sufficient knowledge of market and thus training or education must provide to women. Increase in women's workloads and stress as they must take care of family and kids without support of male person in family.

Conclusion

Researches/Reports and surveys have proved that micro-financing possess the potential and playing a vital role to empower women in developing countries by enabling them economic independency and in giving a shape to their innovative ideas for promoting entrepreneurship skills. Microfinance is the key to ensure the balanced growth of men and women to target the long-term sustainable goals and economic growth. Although there are bottlenecks and difficulties in way of empowering women but microfinance has the capacity to reach the poor and underprivileged women. Initiatives need to be taken to provide more resources to existing Microfinancing institutions and policies need to improved that can focus on women empowerment and ensure their economic independency. Poor perception of society towards must be change as they are equally important human asset for a country. Government needs to strengthen the mechanism for better planning and implementation at ground for attaining the objective of women empowerment through microfinance.

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