

MICRO FINANCE AND EMPOWERMENT OF WOMEN

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Conceptual Background

Transforming lives of the poor is the basic need facing the global economy and there is a perennial search of an intervention to meet this end. One of such interventions is making available small finance to the poor section of the society which is not linked to the formal credit market i.e. more popularly known as the micro finance. Micro-finance is a term having a broad meaning and it covers all types of micro-products (financial and non-financial) and micro-services targeted at the poor population of any country, region, state, province or/and society. It refers to loans, savings, insurance, transfer services and other financial products targeted at low income clients (Khandelwal, 2007). Among all these financial services, micro-credit is more popularly used in many parts of the world as an intervention strategy of poverty eradication, employment generation and small enterprise creation. Micro-credit gives more emphasis on loans while micro-finance includes support services where channels for thrift, market assistance, technical assistance, capacity building, insurance, social and cultural programmes are opened. Thus, where micro-finance is "credit plus", micro-credit is "only credit". Research studies conducted world over has shown that making micro-credit assessable to the poor (who are considered to be unbankable and low-credit worthy) can be the magic formula to pull the downtrodden up to the mainstream of economic activity (Ahmed et al, 2006; Shaw, 2004; Park, 2001; Coleman, 2006; Haitt and Woodworth, 2006).

Empowerment is a "multi-dimensional social process that helps people gain control over their own lives. It is a process that fosters power (that is, the capacity to implement) in people, for use in their own lives, their communities, and in their society, by acting on issues that they define as important" (Page and Cuba, 1999). The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self-esteem and self-confidence (Kabeer, 2001).

In the real sense of the term, empowerment is related closely to the fortunes of the women population. Moreover, 70 per cent of population living on less than a dollar (US) a day are women (World Bank, 2001). World over including India women are the dis-advantaged and neglected lot. They have a limited presence in economic activities and are hardly considered in the formulation and implementation of any developmental scheme/programme. India has 37 per cent of the world's population earning less than US\$ 1 a day, of which 60 per cent are women (HDR, 2003). The crux of the matter is that women are an important element of economic development and a holistic development cannot be possible without their empowerment.

Economic development depends on women empowerment, which in turn depends on their long-term engagement in economic activities. Two arguments support this notion. One, majority of the poor in the world including India is women. Two, empowering women will transform the entire household and not the person concerned alone. Empowered mother has a greater say in domestic issues and this leads to better education, health and well being of the children and the entire household. Empowerment is an intermediary factor that leads to other developmental outcomes (socio-political outcomes). Empowerment is not an end in itself. Rather it is a means to achieving other ends. Women empowerment will presumably lead to other positive outcomes in social and political spheres. Women will have more say in issues relating to fertility and

child birth, education and health matters, family planning, social welfare and well-being, political participation, legal recourse, access to prominent and key developmental institutions (financial and non-financial) and recourse to political decision making.

Micro Finance and Women Empowerment

While giving a rationale of micro finance for the women in particular, the attempt in this article is made to explore the linkage between micro finance and women empowerment. Starting from global level we will go deeper into a region of India and with a clinical analysis of a programme we will try to provide some evidence at the micro level with few suggestions to improve the situation.

Micro-finance for women has been a popular poverty-alleviation strategy among development agencies since the mid-1980s. It has also been considered an effective vehicle for women's empowerment. Disproportionately representation among the poorest in society, discrimination in the formal labour market, more vulnerability of women headed households and the higher repayment rates on loans and contributions to family well-being are some of the rationales put forward for providing loan to women (Mayoux 1999). There are good reasons to target women. Gender equality turns out to be good for everybody. The World Bank reports that societies that discriminate on the basis of gender have greater poverty, slower economic growth, weaker governance, and a lower standard of living (World Bank, 2001). Studies in Latin America, and elsewhere, show that men typically contribute 50 to 68 per cent of their salaries to the collective household fund, whereas women "tend to keep nothing back for themselves (Chant, 1997) because "women contribute decisively to the well-being of their families". Although in many cases women's increased contribution to household well being has improved domestic relations, in other cases it intensifies tensions (Mayoux, 2005).

At the Millennium Summit in 2000, the 189 member states of the United Nations made a commitment in the Millennium Declaration to achieve eight goals, labeled the Millennium Development Goals (MDGs). The third goal on this list seeks to achieve gender equality and the empowerment of women. In setting this goal, the U.N. member states recognized the contributions that women make to economic development and the costs to societies of the multiple disadvantages that women face in nearly every country. Women throughout the world play critical roles in economic growth and development, and their contributions have an impact on households, communities and national economies (Grown, Gupta and Khan, 2003).

Studies conducted in Ghana to look at when, how and why women are empowered found strong evidence that micro-finance institutions contribute to women's empowerment. One consistent finding was increased self-confidence and increase self-esteem. Another was women's increased participation in decision-making (Cheston and Khun, 2002). Women's Empowerment Project in Nepal showed 68 per cent of women experienced an increase in their decision making role in the areas of family planning, children's marriage, buying and selling property, and sending their daughters to school (Ashe and Parrott, 2001). 40 per cent of poverty reduction in rural Bangladesh has been attributed to the role of micro-credit (Khandker and Shahidur, 2005). Combining education and financial services programmes in Nepal has empowered women to ensure female children have equal access to food, schooling, and medical care, and given women a stronger role in property transactions, and domestic and familial choices (www.uncdf.org). In India too, micro-finance is making head way in its efforts for reducing poverty and empowering women in particular (BLCDDRA, 2005).

Indian Experience

The success of the Grameen Bank Model in Bangladesh acted as a stimulating factor for the take-off of micro-finance

in many other countries particularly India. The effort of pioneer institution i.e. NABARD through its SHG-Bank Linkage Programme (SBLP) has added more than 22 lakh SHG units connecting around than 33 million households directly by the end of the year 2005-06 in 31 states and 583 districts with the participation of 545 banks and 4896 NGOs and with more than 90 per cent dominance of women groups (NABARD, 2006). This signifies the importance of the financial intervention for women. Particularly during the last five years growth is tremendous with its manifold outreach and huge amount of loan provision.

This has made this programme as the largest micro finance initiative by any organisation in the world. Although the present initiative entirely focuses on micro credit aspect, it has a huge potential to bring other products like micro-insurance into its fold. Over the last 14 years of the bank linkage programme there is a phenomenal growth of numbers of SHGs as well as the loan disbursal to them. In this programme more than 32 million families have been linked till date at least linking equal number of women members. In any case this is a huge step towards women empowerment.

Though at national level the success appears to be quite impressive, at regional level its distribution is much skewed. Micro-finance can be considered to be in a consolidation stage in South India, ending take-off, entering consolidation stage in North India and ending pioneer-entering take-off stage in North Eastern Region (Porteous, 2006). The all-India spread of SBLP shows skewed picture in favour of southern region in both the number (more than 50 per cent) and amount of outstanding loan (more than 75 per cent). So far as NE region is considered it is far behind rest of the regions. The present share of NE is very negligible (2.79 per cent and 1.45 per cent for the number and amount of loan respectively), which does not commensurate with its population share (3.75 per cent). The North Eastern Region of the country lags behind in the field of micro-finance from all aspects. Micro-finance as an

intervention measure for overall economic development has gained momentum only after the year 2000 in the North Eastern Region (NER) of the country, particularly in Meghalaya. A cursory look at the position of SHG finances as on March 31, 2006 (Table 4.1) reveals a much skewed picture. Micro-finance in the North Eastern Region is dominated by Assam in terms of both volume and amount.

Table 4.1: State-wise Overall Growth of SHG- Bank Linkage in NE India

Source: Compiled from NABARD data

State	2001-02		2005-06	
	No of SHGs	Amount of Loan (Rs. Lakh)	No of SHGs	Amount of Loan (Rs. Lakh)
Arunachal	108	2.00	280	13.49
Assam	1024	13.65	56449	1424
Manipur	134	2.61	1468	71.85
Meghalaya	179	5.79	735	16.19
Mizoram	0	0.00	974	64.14
Nagaland	15	0.58	422	34.38
Sikkim	23	0.44	127	1.86
Tripura	7	0.33	1996	31.12
NE Total	1490	25.40	62517	1657

Meghalaya: An Unexplored Domain

Situated in the North Eastern corner of India, Meghalaya is bounded by Assam in the north and east; and the plains of Bangladesh in the south and west. The state covers an area of 22,429 sq. kms with a population density of 78.5 per sq. km. The state as a whole comprises of seven districts inhabited by three major tribes namely Khasis, Jaintias and Garos. In Meghalaya, micro-finance is still a pioneer concept. The SHG movement started in Meghalaya in the year 1988 with the formation of the first SHG in Mawryngkneng village in East Khasi Hills District. Despite a slow start micro-finance has

gained momentum over the years in the state with around 780 SHGs on an average being formed per annum over the period 2000 to 2005. Only 4,843 SHGs were in existence as on January, 2006. 42 per cent of the SHGs are women SHGs, 17 per cent are men SHGs and the rest (41 per cent) are mixed SHGs and each SHG houses around 10 to 15 members. Out of the total membership of 52,910 women make up a sizeable number in total membership (59 per cent) with the male folk making up the rest (41 per cent).

IFAD: A Success Story

The International Fund for Agricultural Development (IFAD) (one of the leading International Financial Institutions, committed for agricultural security the world over) in collaboration with The Ministry of Development of North Eastern Region (GOI) and North Eastern Council has been doing wonders as regards to reducing poverty and empowering women in West Garo Hills District of Meghalaya. Total geographical area of West Garo Hills District is 3,677 sq. kms with a population of 5.15 lakh. There are 1,481 villages and 46 per cent (2.38 lakh) of the total population of the district resides as BPL category. The IFAD Project in West Garo Hills District covers 7,070 families in 192 villages. Under the Project there are 852 SHGs, 257 Natural Resource Management Groups (NaRMGs), 29 Village Cluster Associations and 25 SHGs Federations.

Apart from other objectives, IFAD has the following two – (1) To increase the participation of women in local institutions and in decision-making process within the community and (2) To enhance saving capacity and establish the habit of thrift. In line with the objectives IFAD has been encouraging and providing facilities for the formation of SHGs. 99 per cent of the SHGs are women SHGs and this speaks in itself as regards the focus given by IFAD for poverty reduction.

By providing the women folk in the rural areas means to economic activity the SHGs has changed their outlook and

profile in the community. Economic empowerment has enabled the women folk to take important decisions in the society and thus help bring about a structural change in their livelihood. Economic empowerment has led to other developmental outcomes like prevention of liquor sale on market days, improved the functioning of the schools by ensuring that the teachers attend the 'school regularly, encourage children are enrollment in schools, help the school management committee to provide cooked mid day meals regularly on school days, controlling school drop-outs, etc. As a result of IFAD's initiative a total of 5,162 families out of 7,070 families have been lifted economically. Hence, we can confidently conclude that IFAD's initiative has led to the empowerment of the women at the grass root levels in West Garo Hills District.

A campaign of all the women SHGs has resulted into consolidation of all groups into one Apex SHG Federation called the NIM-BILCHAM. This powerful women organization comprises of 9,200 women from 852 SHGs. Over 150 SHGs from non- project villages have applied to joint in NIM-BILCHAM. Two main reasons have been attributed towards the success of IFAD Project in West Garo Hills District. First, easy accessibility of loans through NIM-BILCHAM to all the SHGs, NaRMGs, Federations and Cluster Associations. Second, concurrent operation of the project with the National Rural Employment Guarantee Scheme (NREGS) (IFAD Status Report, April 2007).

It is targeted that in the Year 2007-08 the remaining 1,908 families will be lifted out of poverty through the efforts of the project, and synthesis with other Central Government Sponsored Schemes (CSS) like National Rural Employment Guarantee Scheme (NREGS), Rashtriya Sam Vikas Yojana (RSVY), Sampoorna Grameen Rozgar Yojana (SGRY) and Swarnjayanti Gram Swarozgar Yojana (SGSY).

The IFAD Project has been able to penetrate and reach the core poor of the population and the design of implementation

as applied has had satisfactory results. However, innovative designs, mainstreaming, market and technical assistance are to be stressed upon for uplifting the remaining to above poverty lines level. Market Mapping is one of the major challenges facing SHGs presently because of the limited-size and weak rural markets. The imbalance between demand and supply can disturb the entire balance and functioning of SHGs. Donors, NGOs, Federations, etc has to provide a structured-streamlined framework for the transit of the SHGs produce from source to the point of termination.

Observations from the Evidence

The potential of micro finance bringing women empowerment is enormous. The success story of IFAD is just one of the many such programmes undertaken by MFIs and NGOs in India and around the world. However, micro-finance alone cannot contribute fully towards women empowerment. Economic empowerment is not the only measure that leads to women empowerment. Micro-finance intervention measures should be webbed with other developmental schemes and the focus should be on personality development and not economic aspects alone. The male folk should be made a part of the mix but without diluting the female-oriented profile of the measure. A greater presence of MFIs is required and women's empowerment needs should be integrated into national planning through better access to education, developmental schemes, political freedom and designing policies and products which fits and meets the needs of women. A proper market survey and objective selection of the right scheme or project for implementation is of utmost importance as they have a profound impact on the swings of economic fortunes of the beneficiaries and this has a direct bearing upon the socio-economic conditions and empowerment of women. The need of the hour is to devise strategies so as to improve the impact of micro-finance and concentrate on specific issues like gender mainstreaming, products design, delivery systems, value added

services, marketing services and group dynamics.

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