

## RURAL WOMEN EMPOWERMENT WITH USING OF MICRO FINANCE SCHEME

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### **Abstract:**

In India, Women empowerment is a process of awareness and capacity building leading to Participations, to greater decision- making power and control and to transformative action. Empowerment means that women live their own life in a way that think appropriate on the basis of their condition of family circumstances, qualities and capabilities of which they themselves are the best way. As per 2001 Census of India, of the total population of 102.9 crores, there are 49.6 crores (48.3%) women. Women and children (child 0-14 years) constitute 68.6 crores (66.7%). Empower the world's poorest people to lift themselves out of poverty with dignity through access to financial services and to information. With tiny loans, financial services and technology, we help the poor, mostly women; start self-sustaining businesses to escape poverty. This only makes sense because microfinance is not in the business of maximizing profits but rather of maximizing lives touched and transformed A study was undertaken on different aspects of rural women empowerment i.e. educational, economic, personal, social and psychological empowerment. In recent years, microcredit providers have shifted their focus from the objective

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of increasing the volume of lending capital available, to address the challenge of providing microfinance loans more affordably. The design used in the study was the Multiple Case Study Design for the purpose of exploring the phenomenon under study through the use of a replication strategy. A semi structured interview and observation were used to collect the information and required data through personal interview with these rural women and supervisor. The data was analyzed by using qualitative data analysis techniques. Only through a collective effort will we have the best chance of succeeding. Critics argue that microcredit has driven poor households into a debt trap, that the money from loans is used for consumption that men actually use the money for which their female relatives get into debt and that microcredit does not alleviate poverty or improve health and education. In this paper we decided that women are very important for they improve their status.

**Keywords:** *Microfinance 1, Ngo2, RMK-3, SFP 4, MFI-5. SEWA -6, ILO-7*

## 1. INTRODUCTION

[1] In this report two microfinance schemes explaining with his status. [2] In this article define that government & ngo make many plan for women empowerment. [3] In this report by ministry of women and child development present report on women microfinance. [4] In this Microcredit plays a critical role in empowering women, helps deliver newfound respect, independence, and participation for women in their communities and in their households .[5] In this thesis impact of micro finance on empowerment of rural women – a case study of dairy enterprise in the tank management project area of north Karnataka. The mode of female participation in agriculture production varies with the land owing status of farm households. Their roles range from landless labourers to managers. [6] Microfinance has been one of the few effective tools for poverty reduction over the past 30 years. Through the creation of sound Microfinance institutions and systems, poor people can safely deposit money and accumulate funds for future investments or emergencies as well as access loans for productive purposes leading to higher incomes. Here four outcomes will be that stakeholders view themselves as an integral part of the microfinance process. [7] In this explain microfinance summer report 2008 & microfinance scheme different level. [8] In this article define that It makes a link between microfinance, employment of women

and ultimately, household welfare. To check the link between microfinance and women empowerment is focus of the current study. [9] In this paper is an attempt to analyse the impact of micro finance on income and employment of rural women in dairy Enterprise. The total maintenance cost per annum per buffalo was found Rs. 9937.23 in Haveri district and Rs. 10306.17 in Bellary district. The net return was found to be Rs. 3945.56 and Rs.4581.06 per annum in Haveri and Bellary districts respectively. [12] In this Microcredit is being justified by its positive impact on poverty reduction, income, consumption, the creation of businesses, education and health, the empowerment of women and the empowerment of the poor in general. [13] Vara Laxmi said his own article “We must not be afraid of dreaming the seemingly impossible If, we want the seemingly impossible to become a reality.” In this current era, people and small organisations with long names and short budgets are striving to construct a Sustainable world. The progression is visible as many institutions are mushrooming from government and private sectors, sincerely committed to uplift the poor and vulnerable sections of the society.

## 2. CONCEPT

### Micro finance

[5] Micro finance is a broad term that includes deposits, loans, payment services and insurances to poor. The concept of micro finance and micro credit are used interchangeably. But micro credit does not include savings; hence micro finance is more appropriate term (Manimekalai, 2004). The concept is understood as providing poor families with very small loans to help them engage in productive activities or grow their tiny businesses. A success indicator of micro finance lies in a ‘ credit-plus’ approach, where the focus has not only been on providing credit, but to integrate it with other development activities. Today micro finance is very much in the agenda of public policy and it has been increasingly used as a vehicle for reaching the otherwise unreachable poor in the country.

### Micro finance in India

[5] In India Self-Employed Women’s Association (SEWA) was started in 1972 which is first of its own and by 2000 it had 20,99,250 members. In 1992, NABARD launched a pilot project linking 500 SHGs with banking systems. NABARD refinance the banks which lend to SHGs have been linked with 44,362 bank branches of 545 banks in 583 districts across 31 states of the

Indian Union and disbursed Rs 11,398 billion cumulatively, as on 31 March 2006. The organisations like PRADAN, MYRADA, ASSEefa, MALAR RMK, CAPART and other NGOs are engaged in micro finance through SHGs. In India, 64 per cent of total SHGs are in Southern India mainly in Andhra Pradesh, Tamil Nadu and Karnataka as on March 2000. Only 5 per cent of total SHGs are in Northern India. Government, banks and NGOs act as Self-Help Promotion Institutions (SHPI). The Government of India through Rashtriya Mahila Kosh and Indira Mahila Yojana, STEP and NABARD fund NGOs to form and nurture SHGs. A total number of 5,39,365 new SHGs have been provided with bank loans in 2004-05 and Rs. 2994552 million of bank loans disbursed during this period.[9] Micro finance is a broad term that includes deposits, loans, payment services and insurance to poor. In general this concept is understood as providing poor families with small loans to help them to engage in productive activities or expand their tiny businesses (Josily, 2006).[10] Using microfinance, women in southern India are running viable businesses and contributing to family income. Hundreds of thousands of women are opening up grocery shops, engaging in poultry and livestock, pickled or pickle making, pottery, vegetable vending, bangle or trinket shops, and beauty parlours.

### **Economic principles of microcredit**

[12] Microcredit is ideally based on a unique set of principles that are readily distinguished from trends in the wider credit market. Microcredit organizations were initially created as alternatives to the "loan-sharks" known to take advantage of clients. Indeed, many micro lenders began as non-profit organizations and operated with government funds or private subsidies. By the 1980s, however the 'financial systems approach,' influenced by neoliberals and propagated by the Harvard Institute for International Development, became the dominant ideology among microcredit organizations. The commercialization of microcredit officially began in 1984 with the formation of Unit Desa (BRI-UD) within the Bank Rakyat Indonesia. Unit Desa offered 'kupedes' microloans based on market interest rates.

### **Role of microfinance in women empowerment**

[8] Microfinance is a type of banking service which provides access to financial and non-financial services to low income or unemployed people. Microfinance is a powerful tool to self-empower the poor people especially women globally and particularly in developing countries. From early 1970's, women movements in a number of countries are increasing to alleviate

poverty through microfinance programs. The problem of women's less access to credit has been given a particular concentration at First International Women Conference in Mexico in 1975. The evolution of microfinance started from Bangladesh since late 1970s as a successful project.

### **Why Target Women?**

Seventy percent of the world's poor are women. Yet traditionally women have been disadvantaged in access to credit and other financial services. Commercial banks often focus on men and formal businesses, neglecting the women who make up a large and growing segment of the informal economy. Microfinance on the other hand often targets women, in some cases exclusively. Female clients represent eighty-five percent of the poorest microfinance client's reached<sup>2</sup>. Therefore, targeting women borrowers makes sense from a public policy standpoint. The business case for focusing on female clients is 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.

### **Women empowerment in India: Cooperation among women**

[11] To reemphasize once again, women's empowerment cannot take place unless women come together and decide to self-empower themselves. Self empowerment should be all round in nature. Once this happens then we can think about galvanizing the system towards the direction of better health facilities, nutrition and educational facilities for women at a very large scale. Self empowerment can begin by addressing day to day issues faced by individual women and tackling them with a mindset of improving the overall living conditions of women at every level and strata of the society. A movement has to be build which awakens the individual self in each and every woman for creative and generative action. In this regard progressive and resourceful women in the society need to come forward to help their less privileged sisters in as many ways as possible. This shall help us sow the seed for real women empowerment in India.

### **Micro Finance scheme:**

[1] Microfinance using as a platform to offer integrated services increases economies of scope for all the organizations involved in trying to service the same base of clientele. With leveraged

resources assets, infrastructure, knowledge, distribution channels, etc. we can increase the capacity of the service offerings to reach more clients and to reach them more effectively. By partnering with other critical social providers and businesses and serving as a platform, microfinance can offer other organizations with a distribution channel to reach individuals in need, share experiences in working in a particular region and community, and offer countless other tangible and intangible products and services. This only makes sense because microfinance is not in the business of maximizing profits but rather of maximizing lives touched and transformed.

### **Microcredit for women**

The Rashtriya Mahila Kosh (RMK) which is the micro credit agency of M/o Women and Child Development has in place unique credit delivery model RMK-NGO-SHG-Beneficiaries and has flexible credit and other social concerns. The main objective of awareness generation camps is to identify the needs of rural and poor women and to increase women's active participation in development and other allied programmes. The scheme of Condensed Course of Education aims to provide educational opportunities to girls/women above the age of 15 years along with additional inputs of skill development/vocational training. The contents of the course are need based and modified according to local requirement. The scheme of Family Counselling Centre provides counselling, referral and rehabilitative services to women and children who are victims of atrocities, family maladjustments etc. The centres work in close collaboration with local administrator, police, courts, medical institutions etc. Some of the Family Counselling Centres are being run at Police Headquarters, Mahila Jails, Rape Crisis Intervention Centres, Pre-Marital Counselling Centre and Centre for Devdasis/ Red Light Areas.

### **Technology in Microfinance**

[7] Recently there has been growing interest in branchless banking as a way to create access to financial services for more poor people. Branchless banking includes the use of technologies such as smart cards and mobile telephones to deliver financial services. Existing bank customers in many countries already have access to financial services through the use of such technologies, but can these approaches help us reach out to and include many more non banking poor people who are not being reached by microfinance institutions? This described what is happening

around the world and the models and approaches being used. It described the challenges to branchless banking, primarily in terms of developing workable business models that can benefit poor people and in terms of regulations to create an enabling environment.

### **MFIs Microcredit a Debt Trap**

[13] MFI means micro-Finance Institutions that increasing studies on Microcredit has shown a whole host of issues both positive and negative effects. Some have argued that for some women in some contexts programs may even be disempowering, reducing women to unpaid debt collectors for development agencies and increasing tensions within the family. The studies shown that though the microfinance can lead to increased confidence, decision making and control over resources, but this by it also lead to short term increase in domestic violence and this a natural reaction of a patriarch that is challenged . These studies argued that domestic violence is anchored in deep rooted structures of power and ideological norms. The microfinance is no placebo and in short run it caused to violence against women of different strata, educated, middle aged, newly married etc. In the rural area, women's earning an income increased the risk. These factors are important to consider when designing interventions.

### **Socio Economic Empowerment of Women**

[2] The Ministry of Women & Child Development has been implementing various programmes and schemes aimed at improving the socio economic empowerment of women, support services for enabling the women reach the take off level for empowerment, schemes providing relief, protection and rehabilitation to women in difficult circumstances and policies, legislations and initiatives to enable gender justice. [5] About 50 per cent of the beneficiaries were illiterate and 93.33 per cent were married. A major portion of the beneficiaries belong to general category (43.30%) followed by backward caste (30.00%) and SC/ST (26.70%). [9] To improve the socio-economic conditions of rural women, the Community Based Tank Management Consultancy Project (CBTMCP), Dharwad has extended micro finance to poorest women entrepreneurs in the selected tank commands of Haveri and Bellary districts through Tank Users Group (TUGs) on pilot basis during 2004-05 and 2005-06.

### **Schemes for Socio Economic Empowerment of Women**

The poor asset less women suffer from the high poverty incidence levels and in order to tackle this problem, initiatives such as mobilization of women into Self Help Groups (SHGs), provision of training in various livelihood skills, up gradation of skills to enable them take up income

generation activities through self employment or wage employment have been undertaken by the Ministry. Swayamsidha, STEP is some of the important programmes of the Ministry working in this direction. Under the scheme of Swayamsidha, women's SHGs have been formed and these SHGs are involved in various developmental activities. Under the programme STEP, updated skills and new knowledge are provided to poor and asset-fewer women in the traditional sectors such as Agriculture, Animal Husbandry, Dairying, Fisheries, Handlooms, Handicrafts, Khadi and Village Industries, Sericulture Social Forestry and Wasteland Development for enhancing their productivity and income generation.

### **Women, Microfinance and the ILO**

[4] Women's empowerment through microfinance is an essential component of promoting the International Labour Organization's Decent Work Agenda. The Social Finance Programme (SFP) is the ILO's focal point for microfinance. Operating via a Social Finance Network across all sectors and regions, the SFP contributes to achieving gender equality and women's empowerment through the promotion of more inclusive financial systems. The SFP's Microfinance for Decent Work action research aims to reduce vulnerability, invest in job creation and strengthen social partners' capacity to improve access to financial services. The SFP also works in cooperation with the Gates Foundation to manage the Micro insurance Innovation Facility, an experimental programme designed to improve men and women's ability to cope and mitigate risk through micro insurance. The ILO Bureau for Gender Equality supports policies and programmes throughout the organization that promote gender equality and lead to women's empowerment. The ILO STEP programme researches micro insurance schemes in an effort to develop social protection for the poor. The WEDGE team, part of ILO's Small Enterprise (SEED) programme, works to enhance economic opportunities for women by developing tools and strategies specific to the needs of women entrepreneurs and by working to ensure gender is mainstreamed throughout the programme.

### **Laws on Women**

[3] In terms of its mandate, the Ministry of Women and Child Development has taken several initiatives during the past years for bringing about social equality, empowerment and development of women. These initiatives are discussed below:



1. The Protection of Women from Domestic Violence Act, 2005 was notified in the Gazette of India on 14-9-2005.
2. The Ministry has also notified the Protection of Women from Domestic Violence Rules, 2006 laying down the rules for implementation of the Act.
3. The Protection against Sexual Harassment of Women Bill, 2005.
4. The National Commission for Women (NCW) was constituted on 31-1-1992 as an apex level statutory body under the National Commission for Women Act, 1990.

### **Impact on education and health**

Tazul Islam asserts a positive influence of microcredit on the level of education, health and nutrition. However, the first randomized evaluation of microcredit, carried out in Hyderabad in India, did not find any evidence of an impact on education and health.

### **Microcredit a hollow promise**

Microcredit is not the best way to help poor countries out of poverty. He pinpoints the existing gap between the hype and reality of microcredit. Microcredit assumes that all poor people are entrepreneurs. By entrepreneur, if we mean somebody who creates value through innovation, drive, persistence, and good business skills, then I think that most people are not entrepreneurs. Even in rich countries, I think that less than ten percent are self-employed; most people have a job with a regular salary. To assume that poor people are going to somehow become entrepreneurs is a distant dream. The biggest problem with microcredit is that people who get these small loans usually start or expand a very simple business. The most common business for microcredit is simple retail - selling groceries - where there are often too many people, fierce competition, and where they don't really earn enough money to get out of poverty. He emphasized in creation of more jobs, and microcredit does not help to do that yet. Rather than putting more money into microenterprises, I think we should devote more resources to the small to mid-scale sector.

### **Suggestions to improve microcredit**

Many scholars and practitioners suggest an integrated package of services ('a credit-plus' approach) rather than just providing credits. When access to credit is combined with savings facilities, non-productive loan facilities, insurance, enterprise development (production-oriented and management training, marketing support) and welfare-related services (literacy and health services, gender and social awareness training), the adverse effects discussed above can be

diminished. Some argue that more experienced entrepreneurs who are getting loans should be qualified for bigger loans to ensure the success of the program.

### **Reducing Interest Rates**

[12]One of the principal challenges of microcredit is providing small loans at an affordable cost. The global average interest and fee rate is estimated at 37%, with rates reaching as high as 70% in some markets. The reason for the high interest rates is not primarily cost of capital. Indeed, the local microfinance organizations that receive zero-interest loan capital from the online micro lending platform Kiva charge average interest and fee rates of 35.21%. Rather, the principal reason for the high cost of microcredit loans is the high transaction cost of traditional microfinance operations relative to loan size. The result is that the traditional approach to microcredit has made only limited progress in resolving the problem it purports to address: that the world's poorest people pay the world's highest cost for small business growth capital. The high costs of traditional microcredit loans limit their effectiveness as a poverty-fighting tool. Offering loans at interest and fee rates of 37% mean that borrowers who do not manage to earn at least a 37% rate of return may actually end up poorer as a result of accepting the loans. However global average interest rates for microcredit loans are still well above 30%.

### **3. CONCLUSION**

Microfinance plays a important role in improving women status & decision making through participation in economic activities. The Women's groups are useful vehicles for non-financial service delivery, such as literacy and health programmes. Groups also encourage linkages between women and other active community associations and the larger civil society network as a whole. Grameen Foundation's mission is starting in 1997 by a group of friends who were inspired by the work of Grameen Bank in Bangladesh; our global network of microfinance partners reaches over 3.6 million families in 25 countries. The amount of demonstrative success of micro credit has introduced the concept with modification in many developing countries including India. Micro-insurance protects low-income people from septic perils in exchange for regular monetary payments proportionate to the likelihood and cost of the risk involved. Government run rural development projects, as practiced today, are unlikely to significantly improve the social and economic status of women in the foreseeable future. Hence, privately funded and managed initiatives on a large scale need to be tried to bring about sustaining changes.

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