

## WOMEN EMPOWERMENT THROUGH MICRO CREDIT: AN OVERVIEW

**Dr. K. Somasekhar**

Associate Professor, Department of Rural Development, Acharya Nagarjuna University,  
Guntur-522 510, A.P, India

### ABSTRACT

*Women constitutes around half of the population. But in the development process of the country it had by passed the women. The women are form the bottom of the development of the pyramid and lagging behind a great deal both in availing of the benefits of development due to socio-economic factors. In view of this, a number of measures have been launched and implemented programmes. Since last four decades after declaration of International Women's Year in 1975 by the UN for through self-help groups (SHGs). The provision of is one of the measure initiated by the Government for empowerment of women. Micro-credit organizes the poor to work collectively for eliminating their poverty which can reach the poor by delivering financial services through the SHGs. Organization of women around thrift and credit services has emerged one of the effective method for empowerment of women. SHG is a group based approach towards the elimination of poverty should be self-help in order to help the power to help themselves. It is felt that there is need to organize the poor into various groups for taking collective action, collective decision making and collective implementing programmes by the women and so as to attain group savings to get credit for different purposes for undertaking economic activities which promote their economic self-sufficiency which is a pre-requisite for their empowerment.*

**KEYWORDS:** Marginalised, Empowerment, Self-Help Groups, Micro-Credit, Self-Sufficiency.

### INTRODUCTION

Women constitute 48.46 per cent of the population in India as per 2011 census. But, women are participating in economic activity only 34 per cent. The country can make progress when the women would be brought into the process of development. Ultimately, which leads to growth and to prevail healthy socio-economic environment in the society. The indicator of the social development of the society reflects of the attainment of social status by the women. Historically women were considered a liability while men were considered an asset. In India, women suffer from economically and socially invisible. They are lagging behind a great deal both in availing of the benefits of development and as participants in the process of development due to several socio-economic – cultural – political impediments. In view of this it has become a concern to improve the socio-economic condition of women

and make them equal partners in the process of development.

In the initial stage of planning welfarist perspective has been main focus for gender through the grants, waivers, subsidies and freeships for girls and women in a few relevant programmes. But, it did not elicit the required level of participation. Later, during 1970's the focus shifted from merely welfare to development and greater emphasis on integration of women into the main stream of social and economic development several programmes like non-formal education for girls Integrated Rural Development Programme were introduced for women. It was posing a challenge how to derive the benefits from these programmes had to sustained unless and until the women voice in the decisions reflects then only the tangible results can be achieved in improvement of livelihood, education, nutrition otherwise expected results cannot be attained. In this backdrop, the strategy has shifted to empowerment of women from development perspective.

## WOMEN EMPOWERMENT

Empowerment is a multi-faceted, multi-dimensional and multi-layered concept. Women's empowerment is a process in which women gain greater share of control over resources – material, human and intellectual [knowledge, information, ideas] and financial resources and control over decision-making in the home, community, society, nation and to gain 'power'. According to a Report of the Government of India, "Empowerment means moving from a position of enforced powerlessness to one of power". In this process, women should be empowered socially, economically, educationally and politically that can help them take Self-decision regarding education, mobility, economic independency, political participation, public speaking and awareness to exercise rights.

India has so far passed/amended several women specific legislations and implemented a plethora of programs and schemes for women's well-being and economic emancipation.

Empowerment is a process aimed at changing the nature and reaction of systemic forces which marginalize women and other disadvantaged sections in a given context. The need for women empowerment was felt in India long back. Mahatma Gandhi had announced at the Second Round Table Conference that his aim was to establish a political society in India in which there would be no distinction between people of high and low classes and in which women would enjoy the same rights as men and the teeming millions of India would be ensured dignity and justice-social, economic and political.

The country's concern in safeguarding the rights and privilege of women found its best expressions in the constitutions of India, covering fundamental rights and the directive principles of the state policy. Articles 14, 15, 15[3], 16, 39, 42, 51[A] [e] contain various types of provisions for equal rights and opportunities for women and eliminate discrimination against women in different spheres of life. The Constitution [73 and 74 amendments] act 1992 provides that not less than one third [including the number of seats reserved for schedule caste and schedule tribe] of the total number of seats reserved for women. To make this de-jure equality into a de-facto one, many policies and programs were put into action from time to time, besides enacting/enforcing special legislations, in favor of women. Apart from the constitutional provisions, a large number of laws have been enacted to protect the Human Rights for women. The important policies which have vital implications for the women are National Policy for Empowerment of Women 2001 and other relating to population, health, sanitation, water, housing, credit, science and technology and media etc. Since women empowerment is a global issue, UNO has also expressed concern in the matter. The charter of the United Nations declare equal dignity and worth of human person- all types of human rights, civil, political, economic, social and cultural. In 1993, the Vienna Declaration and program of action proclaimed the rights of women and girl child as "inalienable, integral and indivisible part-priority objective of the international community". The National commission for Women made a number of recommendations for changes and removal of lacunae in 34 laws and 8 bills. It also made recommendations an Older Persons Maintenance, Care and Protection Bill, 2005. The Compulsory Registration of Marriage Bill, 2005, Protection of Women from Domestic Violence Rules 2005, laws relating to Rape/Sexual Harassment assault etc.

## DEVELOPMENT POLICIES FOR EMPOWERMENT OF WOMEN

Since the 1950s' when development planning first came on the international spotlight, a number of approaches, having different effects on women, have been tried. They are as follows: 1) **Welfare**: This was the earliest approach. It dominated from 1950 to 1970 and is still widely used. Its main purpose was to enable women to be better mothers influencing their role in the society. 2) **Equity**: This was the original approach of women in development and was utilized during the decade for women 1975-85. Women were seen as active participants in the development process. 3) **Anti-Poverty**: It aimed at increasing the productivity of poor women and saw their poverty as a problem of underdevelopment, not of subordination. 4) **Efficiency**: This is the most prevalent approach used today. Its aim is to ensure that development is efficient and effective. 5) **Empowerment**: An approach articulated by third World feminists since the mid-1980s. It aims at empowering women through greater self-reliance and sees women's oppression as stemming not only from male patriarchal attitudes but also from colonial and neo-colonial oppression.

Rural women must be made equal and visible partners in the process of development. They should be considered active partners in the development not mere the beneficiaries. In order to make the rural women as partners in the development they should be supported with the credit for taking up economic activities. Prior to 1990 there were no credit schemes planned particularly for rural women.

## THE CONCEPT OF MICRO-CREDIT

Micro-Credit has become a major tool of development and fast developing as an international industry with its own supporting structures. Micro-Credit has become a workable solution to deep-rooted poverty. There are strong evidences which point out that micro credit can reach the poor by delivering financial services at a scale and through appropriate mechanisms suitable to them. It is also equally emphasized that micro-credit organizes the poor to work collectively for eliminating their poverty By providing loans but not grants it becomes sustainable by recycling resources again and again.

In the opinion of some of its advocates it is essential to put development back into the provision of micro-finance services and at the same time there is a need to go beyond micro credit. This process is equally framed in terms of including micro-financial services other than credit such as savings, consumption credit and insurance coverage. In other words, micro credit includes a wide range of financial services to meet the needs of poor and to protect them from the fluctuating income and also increasing incomes and other means of livelihood.

In the Micro-Credit Summit sponsored by the World Bank and other International Organisations in February 1997, the participant discussed certain important issues relating to micro-credit. They emphasized that micro-credit by itself is not sufficient for achieving the development of the poor and hence the national and international institutions should prepare proper plans of micro-credit. It was also held that the focus should be shifted from micro-credit to micro-finance and then to micro enterprise of development. Further, it was argued that beneficiary participation in the management of micro-credit programmes is a must for the success of these programmes. The declaration adopted at this Summit contains certain specific proposals as follows:

1. Institutional capacity should be built up to reach the very poor in the developing countries by strengthening the existing institutions and also by preparing new practitioners through training programmes.
2. Measures should be taken to reach the very poor in the industrial countries which are in transition.
3. The media should be involved in the campaign for popularizing micro-credit.

The summit has launched a global campaign for eliminating extreme poverty through the provision of micro-credit for self-employment and business to 100 million of world's poorest families, especially women.

It is now widely acknowledged that micro-credit programmes aim at promoting the development of the poor by enabling them to cross the poverty line. These programmes initially encourage the poor to save small and petty amounts and then provide them additional credit to undertake productive assets. The micro credit programmes are targeted at the poorest of poor, mainly the women. The savings and credit are entry points of these programmes. The micro-credit programmes are designed as alternative sources to the private moneylenders who used to exploit the poor. The credit provided to the poor is used as a tool to develop their management skills and abilities to participate in the development process.

As emphasized by its advocates the micro-credit programmes have the following advantages.

- i. They enable the women to earn through their own activities.
- ii. They help the women to properly spend the income from the activities undertaken with the loans provided under the Microcredit programmes.
- iii. It improves the position of women in their own families.
- iv. It provides women access to support savings which enable them to protect their individual and collective interest at the local and macro level.

It is proved beyond doubt in several countries that the micro-credit system is a successful model because of its democratic nature. The system encourages popular participation in the decision making process and acquisition of assets. It replaces the traditional system of collateral security with the collective security among the members of the group. Thus micro-credit model is mainly based on the participatory approach which is its main strength and also consistent with its democratic nature.

The studies on micro-credit programmes highlighted its various positive features which are responsible for its success. This system adopts simple but effective recovery procedures and strategies. Hence, the recovery tasks under this model are very high when compared with bank loans and government loaning. Each member is under constant security by the rest of the group members. Hence, she is forced to utilise the loan property and she can't divert the loan to other purposes. Further, the rate of interest is very low when compared with the rate of interest charged by money lenders or banks. This motivates the loanees to repay the loans promptly.

### THE CONCEPT OF SELF-HELP GROUPS

In the recent past, organization of women around thrift and credit services has emerged as one of the more effective methods for empowerment of women and alleviation of their poverty. This strategy has resulted in the formation of Self-

Help Groups in several countries, mostly developing countries. The term SHGs, is used to describe a wide range of financial and non-financial associations. In India, it is referred to a form of Accumulating Savings and Credit Association (ASCA) promoted by the governmental agencies, NGOs and Banks. Thus the SHG is essentially a group-based approach. The general features of this approach are as follows:

- i. Common interest, heritage and occupation.
- ii. Small size with 10 to 20 members only.
- iii. Each member of the group has intimate knowledge of other group member's strength, needs and problems.
- iv. Common fund through regular savings supplemented by external borrowing.
- v. Mutual confidence and trust among all the members
- vi. Market-oriented approach and low rates of interests as per the decision of groups.
- vii. Loans for traditional and no-traditional production and consumption purposes.
- viii. Terms of credit determined by the group member on the basis of consensus.
- ix. Peer pressure and group dynamics to ensure prompt repayment.

The SHGs can be divided into different categories on the basis of their origin, and sources of funding. Some SHGs are formed out of larger groups for undertaking thrift and credit activities. Some groups are promoted by the NGOs within the parameters of bank linkages scheme but as part of the integrated development programme. There are other type of groups which are promoted by the banks and governmental and agencies like DRDA. In the Indian context, the special characteristics of the SHGs are as follows;

- i. An SHG is generally an economically homogeneous group formed through a process of self solution based upon the affinity of members.
- ii. In the case of most of the SHGs the women members vary from 10 to 15.
- iii. The SHGs have well defined rules and by-laws, holding regular meetings and maintain records on savings and credit discipline.
- iv. The SHGs are self managed institutions characterized by participation and collective decision-making.
- v. The women who join the SHGs have a homogeneous background in respect of income level, occupation, habitation and
- vi. neighbourhood which form the common link factor.
- vi. Developing the groups effectively is essential for enhancing their ability to interact with the outsiders and work together.
- vii. The group members have full freedom to decide to whom the loans should be given, for what purpose and at what rate of interest.

### EVOLUTION OF SHGs-BANK LINKAGE PROGRAMME

The SHG-bank linkage programme is the flagship microfinance intervention mechanism of NABARD. The launching of its pilot phase in February 1992 could be considered as a landmark development in the annals of banking with the poor. The informal thrift and credit groups of the rural poor came to be recognized as bank clients under the pilot phase. The pilot phase was followed by setting up of a working group on NGOs and SHGs by the Reserve Bank of

India in 1994, which came out with wide-ranging recommendations on internalization of the SHG concept as a potential intervention tool in the strategy of banking with the poor. The Reserve Bank of India accepted most of the major recommendations and advised the banks to consider lending to the SHGs as part of their mainstream rural credit operations.

As SHG is a small localized group of 10-20 persons from a homogeneous background. It is formed and groomed by an NGO or a branch or a government agency called a self-help promoting institution (SHPI). The members of the group are encouraged to collect regular thrift on a weekly or fortnightly or monthly basis and use the pooled resources to give interest-bearing small loans to their members. The SHPI trains the members to maintain simple accounts of the collected thrift and loans given to members. The regular meetings also provide them a platform to discuss and resolve many social and common issues, thus strengthening their bonds. A savings bank account is opened with a bank branch and regular thrift collection and loaning to members, builds up financial discipline among the members and encourages the bank to provide larger loans to the group.

In brief, and SHPI (generally a NGO and at times, a bank branch, or government agency) facilitates evolution of an informal group of the rural poor initially to encourage thrift, learn participative fund management, meet varied credit needs of the members in the beginning, learn to interact with a bank branch with a savings deposit account followed by borrowing of small loans from the bank and managing such credit. The partners in the process include an SHG, an SHPi and a bank branch.

- Self help supplemented with mutual help can be a powerful vehicle for the poor peoples' efforts in achieving upward socio-economic transition.
- Participative financial services' management is more efficient and responsive.
- The poor can save and are bankable.
- The mismatch between the expectations of the poor and capabilities of the formal banking system needs to be minimized.
- The poor need not only credit support but also savings and other financial services.
- Small affinity groups of the poor, with initial outside support, can effectively manage and supervise microcredit among their members.
- Collective wisdom of the group and peer pressure are valuable collateral substitutes.
- SHGs could be a pre-microenterprise formative stage for a majority of the rural poor.
- SHGs as clients facilitate wider outreach, lower transaction costs and much lower risk costs.
- Empowerment and confidence building of the poor, especially of poor women, is a major outcome.

## CONCLUSION

Micro-credit is essential input in the empowerment of women. The provision of micro-credit to the poor was made since 1970's under various poverty alleviation and women empowerment programmes. Experience during the past few years in extending financial assistance in the form of micro credit to self-help group shows the poor woman are 'bankable'. SHG's today became the agents of economic change by using micro-credit. NGO's initiated individualistic credit approach the group credit approach by forming the small group of persons. They instilled in them the spirit of Self-confidence. The principle of self-help groups is mutual help. NABARD has launched SHG-Bank linkage programme in 1991. The linkage of SHG's with bank has brought many changes in the life standards of women facilitating empowerment of women.

Empowerment of women is the real solution for the major problems facing in the society. If the rights start has been given by making major debt on poverty and employment. The women will enter into the mainstream of development. For which, SHG's have to be strengthened further. In order to make the SHG's as successful the concept of micro-credit with the support of NABARD should be implemented effectively in order to accomplish the empowerment of women.

## REFERENCES

1. Hisha S. Kumar (2017). "Women Empowerment: Role of Self-Help Groups", *Southern Economist*, Vol.56, Number 16.
2. Karnakar ( ). "Rural Credit and Self-Help Groups", *Sage Publications*, New Delhi.
3. Nagayya, D. (2006). "Micro Finance for Self-Help Groups", *Kurukshetra*, Vol.48 No.11.
4. Pandiyan and Eswaran (2002). "Empowerment of Women Through Micro-Credit", *Yojana*, Vol.46, November.
5. Ramachandran, T., and Balakrishnan, S. (2008). "Impact of Self-Help Groups on Women's Empowerment", *Kurukshetra*, December, Vol. 57, No.2, pp.31-34.
6. Srinivas, M.K.T. (2017). "Women Empowerment Issues and Challenges", *International Journal of Indian Philosophy*, 4(2), p.115.
7. Sudha Rani, K. et al., (2002). "Self-Help Groups Micro credit and Empowerment", *Social Welfare*, February.
8. Venkateshamurthy, S. Dinesh, G.M. (2011). *SHGs and Empowerment of Women: A Study*, *Southern Economist*, 49 (18).