iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 11 **Issue:** XII **Month of publication:** December 2023

DOI: https://doi.org/10.22214/ijraset.2023.57690

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 11 Issue XII Dec 2023- Available at www.ijraset.com

Effect of Micro Finance on Women Empowerment in India – A Review

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Abstract: ***The paper examines how microfinance impacts women's empowerment and highlights the significance of women's empowerment in economic development. Indian women's status is not good as compared to men in respect of power, control over economic resources, wages, education, confidence, economic independence, social security, financial resources, over dependence on creditors to get credit, family ties, gender discrimination, sexual harassment etc. Consequently, various studies have investigated the relationship between developmental tools like microfinance and women's empowerment. The findings indicate that microfinance, particularly through micro-credit, has had a positive impact on women's well-being. However, most studies have only focused on one aspect of women's empowerment, mostly at the household level. Therefore, developmental initiatives should address multiple dimensions of women's empowerment at all levels.***
Keywords: Micro Finance, Women Empowerment, Self Help Group

I. INTRODUCTION

Micro-Finance is a critical antipoverty tool, a wise investment in human capital. When the poorest, especially women receive credit, they become economic actors with power to improve not only their own lives, but in a widening circle of impact, the lives of their families, their communities and their relations. Micro- Finance now means providing small scale financial services to people, who operate very small or micro-enterprises who work in agriculture, fishing and herding, who provide services and other individuals or groups at the local levels of developing countries both rural and urban.

The term 'Micro- Finance' is perceived to be a Paradigm shift in the quality of delivery of finance to micro-entrepreneurs. The old paradigm of micro-finance envisaged providing credit to poor people basically residing in rural and semi urban areas at subsidized rates of interest through public or government financial institutions. The new microfinance continues to target the rural and urban poor household with emphasis on women borrowers, provision of finance for asset creation and on the principle of 'Borrower knows best'.

The essential features of the modern microfinance concept include delivery of credit and then facilities in a convenient and user-friendly way, quick disbursement of small and short loans, maintenance of high recovery rates through pressure, incentives of access to larger loans immediately following successful repayment of the first loan, encouraging and accepting savings through group decisions and peer support and linking credit with savings. The new paradigm emphasizes financial intermediation with self-sustainability of institutions and qualitative and quantitative outreach to the poor.

Poor people, especially poor women have traditionally not been recognized as credit-worthy or able to save and thus they are not perceived to be a profitable market of credit. This forces them to fall in the vicious cycle of everlasting high interest and - 3 - high collateral loan from money lenders. The sine qua non of any anti-poverty strategy is the irrepressible desire and innate capacity of the poor to uplift their conditions. Therefore, the need comes for innovative credit delivery systems which deviate from formal collateral-oriented lending institutions to informal structures. It has been felt all over the world today that microfinance performances can simultaneously help in alleviation of poverty and empowering women.

This phenomenon is often referred to as feminization of poverty. Women face a wide range of biases in society against them – unequal opportunities in education, employment and asset ownership. The lingering poverty among women is linked to their unequal situation in the labour market, unfair treatment meted out to them under social welfare systems and their subordinate status as well as lack of power in the family. Despite considerable progress achieved in recent decades in developing women's capabilities, their participation in economic and political making remains limited.

Most banks require the borrowers to be wage/salary earners or property owners who can provide acceptable collateral. Limited education, complicated loan procedures and the location of the nearest bank at a long distance further constrain women's access to institutional credit. As a result, women constitute a very small proportion of borrowers from formal financial institutions.

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II. REVIEW OF LITERATURE

1) Azizuddin Sultani (2022) - Impact of Microfinance on Women Empowerment in Afghanistan*:* this study holds great importance for the government, MFIs, banks, and academia. Both primary and secondary data were utilized in this research. The results indicate a significant improvement in the economic status of women after obtaining loans from MFIs. Women borrowers experienced positive changes in their personal income, access to credit, savings habits, ability to support their families, business growth, control over resources, and employment opportunities. The findings also revealed that the major obstacles faced by MFIs include management concerns, administrative issues, loan procedures, lack of government support, high interest rates, security concerns, and political instability.
2) Ambreen Khursheed (2022) - Exploring the role of microfinance in women's empowerment and entrepreneurial development: a qualitative study*: The* analysis and results demonstrate that microfinance is an effective tool that can contribute to the development of women's empowerment and entrepreneurship. The findings also support William's theory, which discusses women's empowerment in terms of resources, agency, and achievements. The study contributes to breaking the conventional barriers that limit women's decision-making and mobility. Developing countries need to focus on promoting entrepreneurship to achieve stability, and microfinance provides an opportunity for people to enter the entrepreneurship field. This study highlights that microfinance has a positive and influential impact on rural women, not only benefiting women but also their families by supporting them in enhancing their livelihoods. The study may encourage more women to take part in microfinance projects and entrepreneurial activities.
3) Anurudha Gishan Illangakoon & S. M. Ferdous Azam & Ali Khatibi & Sepali Sudasinghe (December 2021) Women Empowerment in Microfinance - The relationship between microfinance and women is well-established, as it not only empowers women but also has broader implications for empowerment in general. This paper aims to highlight the importance of building women empowerment through microfinance, which includes fostering confidence, courage, skill development, and overall empowerment, ultimately serving as an effective tool for alleviating poverty. To achieve this, it is crucial to focus on financial and social dimensions, as well as garner support from the government, regulators, and the environment. By encouraging active participation from women, microfinance can become a new standard in the sector and effectively contribute to poverty alleviation. Therefore, women's involvement is essential to achieve tangible results from these emerging concepts and uplift microfinance to effectively combat poverty.
4) Basu Dev Lamichhane (Oct 2020): Microfinance for Women Empowerment: A Review of Best Practices - Microfinance is one of the best alternatives for generating self-employment opportunities, especially for poor women in rural areas who have no collateral to offer against loans. Women who have gained access to microfinance services have been able to create self-employment opportunities and have been economically and socially empowered through increased income from small projects. Microfinance has a profound impact on the economic status, decision-making power, knowledge, and self-worth of women, as well as community activities and self-help group programs. The study reveals a positive relationship between microfinance and women's empowerment, as microfinance becomes a catalyst for social change and women's empowerment.
5) D. Kavitha Mary (2018) - A Study On Women Empowerment Through Micro Finance with Reference to Thiruvallur District The primary objective of the study is to bring women beneficiaries under microfinance in Tiruvallur district. Microfinance has been in existence for some time now and serves as an entry point for uplifting the rural poor. . The study indicates that income, education, and family size are the best predictors of women's empowerment, with a combined contribution of about 98%. In all sectors, including manufacturing, service, and trading, the respondents' monthly income has influenced women's empowerment in the study area.
6) Maybel Fernandez Vallado (October 2023) Communication Dynamics of Women in Microfinance Projects as a Model for Women Empowerment: The study utilizes the grounded theory approach to social science research and examines the relationship between various variables, including origin, development initiative, situation, intervening variables, intervention strategies, and outcomes. The communication dynamics model for women's empowerment presented in the study illustrates how success and failure factors can lead to empowerment or lack thereof. Additionally, the model highlights that oppressive or overly lenient conditions can also result in a lack of empowerment.
7) Nawaraj Khanal (May 2019) - Microfinance and Women Empowerment (A Case Study of Virkot Municipality Ward No-8 Syangja) - The focus of this research is to analyze the effects of microfinance programs on the social-economic status and decision-making abilities of women. The findings indicate that participation in such programs leads to positive changes in economic security, household economic decision making, legal awareness, mobility, and family decision making. Microfinance institutions also provide training and education, which contributes to the overall literacy of the population.

The study emphasizes the importance of women empowerment, which encompasses various aspects of their lives, including economic conditions, decision-making abilities, and mobility. The results of this study can be useful for microfinance institutions to evaluate their services and improve their impact in the areas they serve.

8) Rashmi Pathak, Dr. Ashok Kumar Mishra (2022) Women Empowerment Through Micro Finance: A Boon For Development: This article aims to examine the socio-economic development achieved through microfinance provided to members of self-help groups (SHGs). It also seeks to analyse the factors and impact of SHGs on the socio-economic condition of women belonging to these groups. Additionally, the research explores the role of SHGs in empowering their members in terms of economic, social, and political status. Several studies have highlighted the challenges faced by SHGs, including a lack of knowledge among members regarding business selection, inadequate bookkeeping practices, illiteracy, low self-confidence, limited independence, insufficient skills, lack of support from family members and relatives, and a lack of production and technical knowledge. These constraints also include issues related to the supply of raw materials, machine handling, training, product planning, packaging, product selling, technical know-how, transportation, and access to credit sources.

9) Sanjeev Kumar (2023), “Micro Finance and Women Empowerment in India" analyses the benefit of self-help groups achieving women’s empowerment in India. To explain this, he has included the points like how Microfinance has developed and provided the small finance facilities, status of women particularly who befogged to the weaker section, about self- help groups, economic empowerment and poverty alleviation, household investment and consumption and decision making and self-confidence. Their participation in microfinance formed an opportunity to have savings in their hands. But they do not know how to make assets from that savings. There is also no evidence about how their savings are used, whether women can really decide as to how they want to spend the savings. Women being the members of the self-help groups enjoy improved standard of living, educational awareness to children as productive members than mere witness of social development. It also underlines the fact that increased financial benefits directly help the socio-economic development of women.

10) Surendra Basnet: September 2023 KMC Journal 5(2):194-213: Impact of Microfinance on Women Empowerment: The impact of economic development, improvement in family matters, decision to use public amenities, and political empowerment on women's empowerment in Surkhet district was examined in this study. The positivist research philosophy was followed, and the deductive approach, quantitative research method, and descriptive and causal-comparative research design were used to draw conclusions. Using the convenience sampling method, 390 women participants were selected for the study. Self-made questionnaires were used to collect primary data from women taking microfinance services, and household surveys and interview methods were used to collect data. SPSS and Amos graphics software were used to analyze the collected data, and descriptive and inferential statistics were used for data presentation and analysis. The SEM technique was used to test the hypotheses. The study's findings indicate that economic development, improvement in family matters, decision to use public amenities, and political empowerment have a significant impact on women's empowerment. Additionally, there is a significant relationship between microfinance services and women's empowerment. The results of this study have significant implications for government and microfinance organizations in shaping their plans for women's empowerment.

11) Shaikh Aftab Anwar & Shahid Jamal Ansari & Ana Mateen (December 2021) Perspectives Of Microfinance & Women Empowerment: This book aims to examine the concept of women's empowerment and its connection to microfinance in both rural and urban India. Through various chapters, it is revealed that microfinance can be an effective tool for uplifting the financial and social status of women, especially those from poorer sections of society. However, the success of microfinance depends on a complex and integrated network, and while both the self-help bank model and MFI model have shown some positive growth, their performance is not entirely predictable when compared to other countries. The book evaluates whether microfinance can truly empower women and whether empowered women can make a difference in societal issues. It highlights the work of microfinance organizations that have been empowering women for over 25 years, transforming the social and cultural landscape in the areas where they operate by providing access to formal sources of finance and credit, as well as capacity building inputs. The microfinance industry is also expected to see changes with a greater emphasis on electronic usage in the delivery and management of client portfolios, which could simplify the lives of the poor, particularly women, and facilitate the process of financial inclusion in practice.

12) Sowmya Budampati (June 2022) Impact of Microfinance in The Empowerment of Women Workers - A Case Study: The primary objective of this research is to examine the effects of Microfinance on the empowerment of women workers residing in rural areas and working at lower levels. The study involved analysing the women workers' awareness levels regarding Microfinance services and the challenges they face in accessing such services. Data was collected from 68 women workers at an Engineering College using a structured questionnaire and a case study approach.

The collected data was then analysed to determine the influence of demographic variables on various aspects of women's empowerment, including Economic Empowerment, Political Empowerment, Social Empowerment, Personal Empowerment, and Family Empowerment. The findings of the study indicate that demographic variables do not significantly impact the factors contributing to women's empowerment. Furthermore, it was observed that the women workers do not experience significant empowerment through the utilization of Microfinance services. However, it was noted that there is a notable increase in Family Empowerment and Economic Empowerment after availing Microfinance loans. Consequently, it can be concluded that Microfinance does not have a significant impact on Women Empowerment, leading to the rejection of the alternative hypothesis.

III. OBJECTIVE OF THE STUDY

1) To know the role of micro finance in India in the present scenario
2) To study the women empowerment and micro finance
3) To study about the role of micro finance institution in women empowerment

IV. METHODOLOGY OF THE STUDY

This research is entirely based on secondary data. The main secondary data has been collected from books, journal articles, research reviews, annual reports, periodicals, reserve bank bulletins, NABARD annual report, internet and narrative techniques have been used to discuss and conclude the research.

V. FINDINGS

1) Microfinance facilitates access to financial services for women who may not have access to traditional banking systems. This inclusion allows women to save money, access credit, and manage their finances more effectively.
2) Microfinance empowers women to start and expand small businesses. By providing small loans and financial resources, women can engage in income-generating activities, such as small-scale farming, handicrafts, and retail businesses with Self Help Group.
3) Microfinance helps lift women and their families out of poverty by providing them with the means to generate income. As women become economically active, they contribute to the overall economic development of their communities.
4) Microfinance institutions often offer training and capacity-building programs alongside financial services. These programs help women develop the necessary skills to manage their businesses successfully, enhancing their overall economic independence.
5) With increased financial resources, women can invest in the education and healthcare of their families. This has a positive impact on the well-being and future prospects of both women and their children.
6) Economic empowerment through microfinance often leads to increased social standing and decision-making power for women within their families and communities. This can contribute to breaking down traditional gender roles and stereotypes.
7) Women who benefit from microfinance often reinvest their earnings in their communities. This can lead to improved infrastructure, better education facilities, and overall community development.
8) Microfinance helps women build financial resilience by providing them with the tools to cope with economic shocks and uncertainties. Savings and credit services enable women to weather unforeseen circumstances, reducing their vulnerability.
9) Microfinance initiatives often measure success through various indicators of women's empowerment, including increased control over financial resources, improved self-esteem and confidence, and greater participation in decision-making processes.
10) Microfinance contributes to advancing gender equality by challenging traditional gender norms and fostering an environment where women can actively participate in economic activities and decision-making at various levels.

VI. CONCLUSION

This study conducted a meta-analysis of existing literature on the relationship between microfinance and the empowerment of women. Its objective was to determine the extent to which microfinance influences women's empowerment. Both theoretical analyses and empirical evidence indicate a positive impact of microfinance on women's empowerment. The literature review revealed that while many studies explored various dimensions of women's empowerment, the focus was primarily on economic empowerment. Few studies addressed the psychological aspect of women's empowerment, as well as empowerment at the household or individual level. Furthermore, there appears to be a gap in knowledge at regional and national levels.

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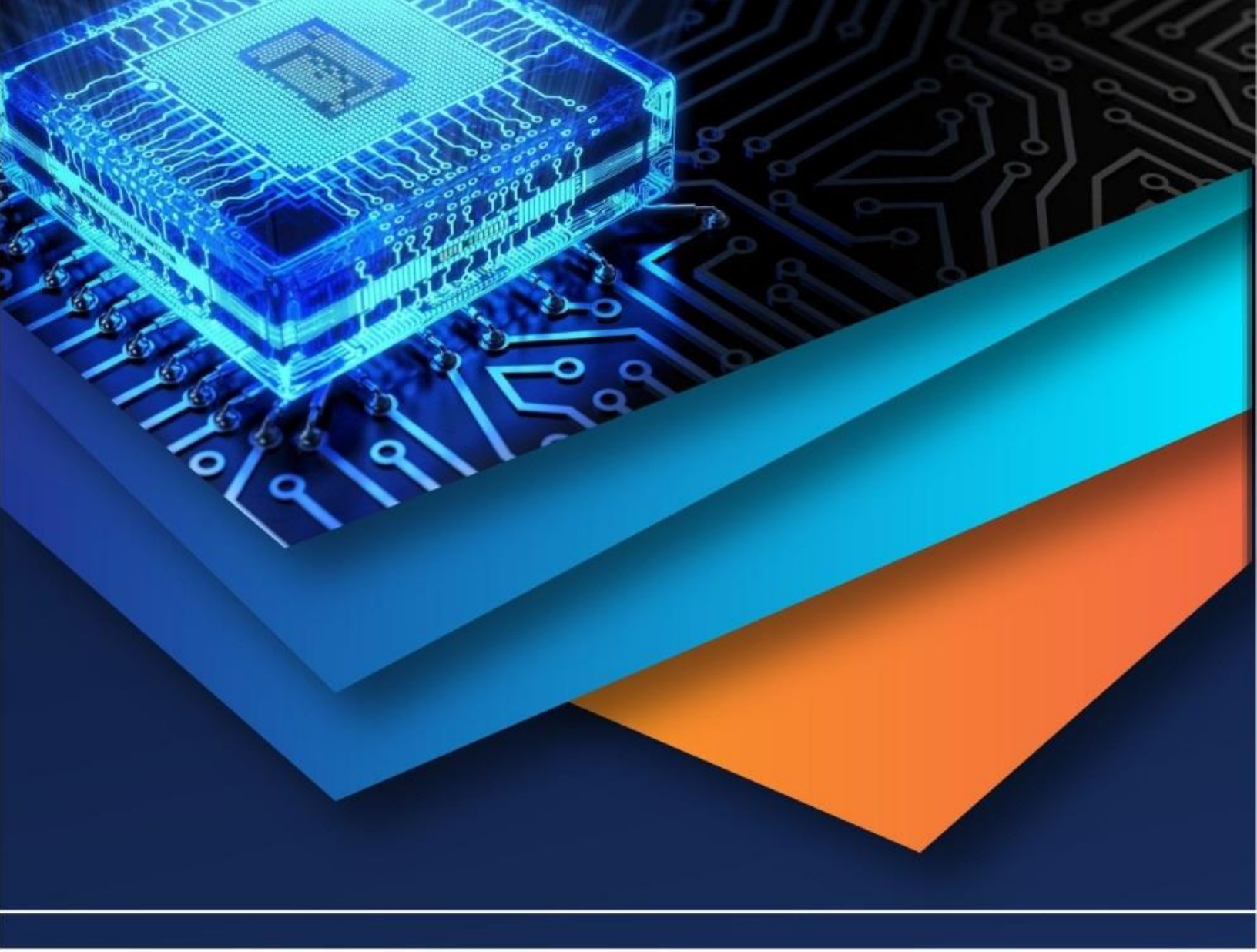
Existing research has predominantly concentrated on the political and legal dimensions at higher levels, while the familial, social, and economic dimensions are generally examined at the individual or household levels.

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