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Microfinance: An Innovative Tool for Women Empowerment in Rural Area

ABSTRACT

Women are identified as a mother, a wife, sister, daughter and daughter in law but she is not treated as independent person. Women have remained backward owing to many factors the scriptures laid down an exalted status for them .in recent year , there has been an increasing awareness and recognition of the fact that women who formed half of the society can't be ignored . Government initiates many policies for betterment of women status in society &for empowerment. Microfinance programmes for women are increasingly seen by development agencies as an effective poverty alleviation intervention, with a positive impact on economic growth and number of social development indicators. High repayment rates are interpreted to mean that women are using loans productivity and controlling credit. It is widely assumed that there is a clear and direct relationship between access to credit and increase in the status of women within their house holds and communities, provision of credit is believed to lead to empowerment of women. This paper reflects on women as a primary strategy for addressing poverty & empowerment. Key words: scriptures, laid down, exalted, empowerment, alleviation, intervention.

1. INTRODUCTION

Empowerment is the process of increasing the capacity of individuals or Group to make choices and transform those choices into desired actions and outcomes. Central to this process are actions that both build individuals and collective assets, and improve the efficiency and fairness of organizational and institutional context which governs the use of these assets.

Kabeer (1999) stress that women's empowerment is about the process by which those who have been denied the ability to make strategic life choices acquire such ability. According to her empowerment is a important to understand as a process and not an instrumentalise from of advocacy which, requires measurement and qualification of empowerment.

The need for credit in India had been recognized even before independence, by the erstwhile British government as early as 1793 when it issued regulation for providing loan for farmers and subordinate tenants for various purposes. The measure initiated to reduce indebt ness and regulating money

landing activities for agriculture purpose failed to provide long term solution.

The cooperative societies act which was passed in 1904 to provide necessary lessslative support to the fin acing of agriculture al and regulating credit in the interest of cultivators then signaled the entry of credit for agriculture from the institutional sector.

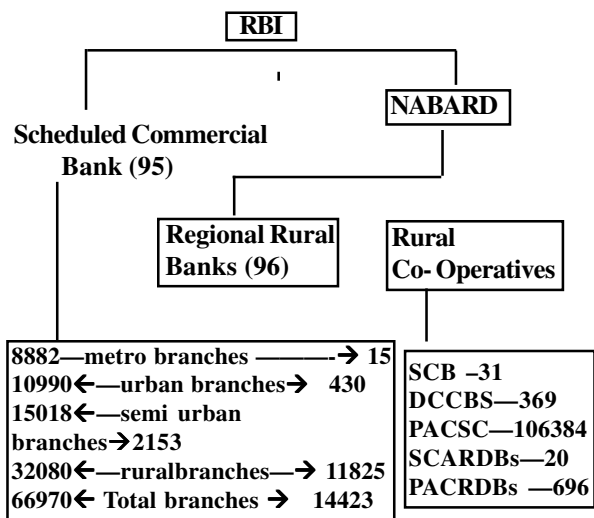
Since then co-operatives have been the major institutional source for all agriculture loan. The rural credit system as we see today has evolved over the last five and half decades. During this course; the system witnessed many reforms mainly based on recommendation of various committee and expert groups appointed by government of India and RBI from time to time. The agriculture credit system received its first and significant policy directions from all India rural committee which recommended new initiatives .the committee recognized the existence of co-operative structure and recommended state financial support for its stengthing

It's also recommended the

establishment of large sized multipurpose credit societies and Nationalization of imperial bank of India for extending banking services in rural areas. Through these steps helped in augmenting the flow of agriculture credit to some extent, credit supply from the co-operative did not match the demand for credit.

There fore the government intervened to encourage commercial bank to play major role in providing agriculture credit by nationalizing major commercial banks in two batches- first in 1969 and later again in 1980.

The other major development in



PACs— Primary agricultural cooperatives.
 SCARDBs—State cooperative & agricultural rural development banks.
 PCARDBs—primary cooperative agriculture & rural development banks

agriculture from the supply side were establishment of RRBs in 1975, establishment of NABARD in 1982 and ongoing financial sector reform since 1992 to supplement the institutional Mechanism. Further the concept of local area bank was introduced in 1996-1997. All these institutional development initiatives have contributed to strengthening the rural credit structure and initiatives qualitative changes in credit delivery over time.

2. NABARD'S ROLE

NABARD, established as an apex institution, accredited with all matters concerning policy, planning and operations in

the field of credit for agriculture and other economic activities in rural India with a vision to facilitate sustained access to financial services for the unreached poor in rural areas through various microfinance innovations in cost effective and sustained manner.

NABARD initiated certain research project on SHGs as a channel for delivery of microfinance in the late 1980s. In 1988-89 in collaboration with some of the member institutions of the Asia Pacific Rural and Agricultural Credit Association (APRACA), NABARD undertook a survey of 43 NGOs in 11 states in India, to study the functioning of microfinance SHGs and their collaboration possibilities with the formal banking system.

Both these research project threw up encouraging possibilities and NABARD initiates with a view to evolving supplementary credit strategies for, rural poor women, etc. in transparent and a cost effective way, NABARD reaching the unreached poor in rural areas like landless agricultural laborers had launched its pilot phase of SHGs—bank linkage programmes in February 1992 which could be considered as a landmark development in bank with the poor.

3. MICROFINANCE AND EMPOWERMENT OF WOMEN

The importance of women to economic development of India was first recognized during the country's struggle for independence. Women-owned business has the potential to make significant contributions to job creation and economic growth, economic empowerment of women changes the balance of power because it allows half the world's population to contemplate higher goals than basic survival. In rural areas, there is an urgent need of empowering women. The formation of SHGs and microfinance will enhance their socio-economic status in society.

Mohd. Yunus, born 1940, is a

Bangladeshi banker and the developer and founder of concept of micro credit. With the help of micro finance, women get small loan for business and its gives them an independent means of generating wealth and becoming self –reliant in a society.

The success of micro credit initiatives has often been attributed to their particular focus on empowering women and encouraging their self reliance through developing their own means of income. It is observed that majority of rural women who are associated with self help group actively positively succeeded to gain themselves empowered.

In rural areas, women lived in virtual isolation, but with the formation of women's SHGs these women are now achieving social & physical mobility.

SHGs is a suitable means for empowerment of women .microfinance programmes intends to arrest the most burning issues i.e. poverty and unemployment, which are main hurdles in the process of development .it can be defined as a provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas for enabling them to raise their income level and improving living of standards.

4. OBJECTIVE OF M F P

- To make the participating agencies well acquainted with the need of different target groups such as –women , Tribul,SC&ST And unemployed youth.

- Increasing women's income level and control over income leading to greater level of economic independence.
- enhancing perception of women's contribution to households income and family welfare, increasing women's participation in household decisions about expenditure and other issues and decisions about expenditure and other issues and leading to greater expenditure on women's welfare.

5. ROLE OF SHGs

The SHGs of rural women consists of members who are poor, having low saving capacity and who depends on money lenders for meeting their consumption needs & social obligations. Formation of women into self help group paved a way to develop their economic standard, thereby building self confidence.

Availability of micro credit helped SHGs women a lot, many women start their own enterprise .govt. of India and many NGOs encourage SHGs. with the help of micro credit & SHGs many women growing gradually in rural areas.

6. CONCLUSION

Micro finance, through SHGs has become important instrument to meet credit needs of rural women. it helps the women household meet their basic needs of credit . SHGs work as a nucleus of micro finance program. Govt of India and many NGOs encourage micro credit programme for women.

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