



# International Journal of Financial Management and Economics

P-ISSN: 2617-9210  
E-ISSN: 2617-9229  
IJFME 2024; 7(1): 393-395  
[www.theeconomicsjournal.com](http://www.theeconomicsjournal.com)  
Received: 21-02-2024  
Accepted: 28-03-2024

**Rinku Pandey**  
Research Scholar, Department  
of Commerce, Dr. Ram  
Manohar Lohia Avadh  
University, Ayodhya, Uttar  
Pradesh, India

**Arun Kant Gautam**  
Professor, Department of  
Commerce, Ramabai  
Government Women Post  
Graduate College, Akbarpur,  
Ambedkarnagar, Uttar  
Pradesh, India

**Corresponding Author:**  
**Rinku Pandey**  
Research Scholar, Department  
of Commerce, Dr. Ram  
Manohar Lohia Avadh  
University, Ayodhya, Uttar  
Pradesh, India

## Impact of micro finance on economic empowerment of women

**Rinku Pandey and Arun Kant Gautam**

DOI: <https://doi.org/10.33545/26179210.2024.v7.i1.319>

### Abstract

In India women empowerment is major concern. The progress of women and the nation are directly intertwined. In human resource development, the efficient management and advancement of women's resources, aptitudes, interests, and potentialities is crucial. In emerging economies, MFIs and women empowerment is considered to be one of the most effective tools for poverty alleviation by particularly focusing on women.

The objective of this study is to understand the role of micro finance in women's economic empowerment in so that the research will facilitate MFIs and policymakers in strengthening the link between MFIs and women entrepreneurship.

**Keywords:** Women empowerment, micro finance, economic empowerment

### Introduction

India is now a major player in the world of women's rights in recent years. A study conducted by the Center for Global Development indicates that gender inequality has decreased and women's emancipation has been facilitated by Indian policy. Indian women's development paradigms are being swiftly replaced by women-led groups. Women's economic development remains a top emphasis on India's G20 agenda. Speaking at the G20 Summit in Bali, Prime Minister Narendra Modi stated, "Global progress is not possible without women participation."

Women's development is directly related with National development. The effective management and development of women's resources, their abilities, their interests, skills and potentialities are of paramount importance in human resource development.

Women Empowerment as a concept was introduced at International Women's Conference in 1985 at Nairobi, which defined it as a redistribution of social power and control of resources in favour of women.

Since women empowerment is the key to socio economic development of the community, bringing women into the mainstream of national development has been a major concern of the government. The ministry of rural development has special components for women in its programmes funds are earmarked as "Women Components" to ensure flow of adequate resources for the same. Besides Swarna Jayanthi Grammen Swarozgar Yojana (SJGY), Ministry of Rural Development is implementing other scheme having women's component. They are the Indira Awas Yojana (IAY), National Social Assistance Programme (NSAP), Restructured Rural Sanitation Programme (RRSP), Accelerated Rural Water Supply Programme (ARWSP) the IRDP and Development of Women and Child in Rural Areas (DWRCRA) and JRY.

The term Micro Finance is of the recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro entrepreneurs, gender development etc. There is no statutory definition of Micro Finance but it has been recognized as 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 levels and improve living standards. The term 'Micro' literally means 'Small'. The term Micro Finance sometimes is used interchangeably with the term Micro Credit. Micro credit refers to purveyance of loans in small quantities.

The term Micro Finance has a broader meaning covering in its ambit other financial services like saving, insurance as well. The essential features of Micro Finance are to provide financial services through the groups of individuals formed either in joint liability or co obligation mode.

### Literature Review

Microfinance programs have been playing a dominant role in poverty alleviation since long ago.

Richa Sharma (2021) presented a paper to empowering women self-help group through microfinance during COVID 19. This paper the role of SHGs in women livelihood during the COVID 19 and their financial inclusion.

D' Espallier, Guerin postulates that women are better borrowers in comparison to men in terms of utilization of the loan amount in order to improve the family's life Quality.

Sakshikumar (2013) reveals that Microcredit has made women more productive by providing them opportunity to be self-dependent in terms of their finance, helping them earn, making them aware of their rights and making them independent which in turn has empowered them.

### Objective of the Study

- To find the relationship between Microfinance and Women Empowerment.
- To study various Microfinance initiatives started in India.
- To analyse the challenges in economic development of women.
- To provide suggestions to meet those challenges.

### Research and data collection methodology

- The secondary data was gathered from [www.dcmsme.com](http://www.dcmsme.com), [www.msme.gov.com](http://www.msme.gov.com), and [www.timesofindia.com](http://www.timesofindia.com) in order to fulfill the study's goal.
- For data collection, journals are recommended.
- Used a variety of Business publications, economic and political periodicals, books, etc.
- Descriptive research methodology is used for research.

### Role of Micro Finance in Women's Economic Empowerment

#### Economic Environment

Giving those who have historically experienced disadvantage the opportunity to participate in economic activities that benefit both them and the greater community is known as economic empowerment. For those who would otherwise continue to rely on the social assistance system, it is thought to be a more effective and economical method of helping. Other critics of welfare claim that it lessens the motivation to seek employment while drawing disproportionate amounts from the federal budget. People are released from benefit payrolls as they achieve financial or economic independence and turn into more valuable members of society, thus promoting their own development. Women who have encountered prejudice in the job and in their possibilities for advancement are often assisted through economic empowerment.

The following changes in the women have been noted by academics who have conducted substantial research on the contribution of SHGs to economic empowerment of women.

- A. Increase in the base of material resources.
- B. The capacity for both big and minor purchases.
- C. Capable of launching micro and small businesses.
- D. Smoothing of income and consumption.
- E. Creation of resources.
- F. Financial stability.
- G. Possession of financial resources.
- H. Having access to the resources they need to realize their goals.
- I. Ability to invest in things like housing, education, health, and marriage, among other things.

### Micro Finance

The number of challenges ahead of women empowerment are poor economic status, illiterate, unskilled, unemployment, low access in land, housing, transportation, electricity and family decision. It is considered as one of the most effective poverty alleviation tools. Microfinance services are considered as an entry point or vehicle towards empowering women. Members of microfinance institution (MFIs) have more contribution to saving and income generating activities, household decision making and activities beyond household sector. Although many programs have been implemented for poverty alleviation, only microfinance programs are seen as poor and rural women based institution.

### The main role micro finance are

- a) By providing the independent sources of income outside home, it tends to reduce economic dependence of women on husband and thus helps in enhancing autonomy.
- b) The independent source of income helps in setting of new ideas, values and social support and makes women more independent.
- c) Micro credit programme helps in raising women's prestige and status. Being empowered by such financial income female recipients have asserted their autonomy. It has helped in rapid economic improvement in the situation of women. The credit members are reported to be more confident, assertive, intelligent, self-reliant and conscious of their right.

### The types of micro finance that are helping and supporting women's for economic development are

There are five main types of institutions directly involved in microfinance those related to Governments, those in the private sector, NGOs, co-operative type institutions and informal lenders.

1. **Government Related:** BRI, Indonesia, is a state owned bank with 2.5 million loans outstanding.
2. **Privately Owned:** Barclays Banks of Kenya Limited and Kenya Commercial bank offer some small loans including the informal sector, Commercial Bank of Zimbabwe provides US \$300 loans to urban clients using solidarity group methodology ADEMI, Dominican Republic is a non-profit organization managed by a trustees with 16,000 customers, k-rep Commercial microfinance bank with 10,000 customers with 46 thousand customers.
3. **NGOs:** CARE, Niger with 12, 000 customers, Accion, Oxfam, Opportunity, Trust.
4. **Co-operative owned:** Credit unions, village banks, Self-help groups.

- 5. Individuals:** Money lenders / friends, relatives and suppliers.

### **Problem and challenges**

Surveys have shown that many elements contribute to make it more difficult for women empowerment through micro business. The elements are:

- Lack of knowledge about market and potential profitability, thus making the choice of business difficult.
- Inadequate book keeping.
- Employment of too many relatives which increases social pressure to share benefits.
- Setting prices arbitrarily.
- Lack of Capital.
- High interest rate.
- Inventory and inflation accounting is never undertaken credit policies that can be gradually ruin their business.

### **Conclusion**

Some studies have revealed that there is a rapid changes in female/male relationship in terms of increased freedom, autonomy and mobility. Micro finance programmes have led to joint action to deal with social issues such as violence, alcoholic habits, abuse over women, dowry etc. The income earning capacity of women increases the likelihood of children attending school. The financial support helps women to overcome the obstacles they face in these relationships which helps them to achieve financial stability.

### **References**

1. Sudhir Raj K. Micro Finance and Empowering Rural Women. *J Dev. Soc. Change.* 2007;4(1&2):279.
2. Thingalaya NK, Moodithaya MS, Shetty NS. Micro Finance and Rural Employment: An Appraisal of the potentialities. *J Dev. Soc. Change.* 2007;4(1&2):281-282.
3. Biswas T. Women Empowerment through Micro Finance: A Boon for development [Internet]. Available from: <http://google.com.in>.
4. Somanath VS. Micro Finance: Redefining the Future; c2009.
5. Puhazhendi V, Badatya KC. SHG-Bank Linkage Programme for rural poor in India: An impact assessment. Mumbai: NABARD; c2002.
6. Kamble HY. Role of Karnataka a State Financial Corporation.