

Microfinance and Women's Economic Empowerment: Assessing the Role of Financial Inclusion

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Abstract- Empowerment of women is a major issue in most developing countries of the world including India. Despite of many efforts undertaken to reduce poverty and inculcate development target has not been achieved yet and one thing where we are lacking is giving empowerment to women. Micro finance institutions have mushroomed and have become a vital tool both in poverty eradication and women empowerment. This study is based on relationship between micro finance institution and women empowerment in India. Qualitative method that involves primary data collection with the help of in-depth interview with women have been used to infer valuable results.

Keywords- Women empowerment, poverty, microfinance, non-supportive family, business women

I Introduction

Microfinance is a new concept different from what is called charity and its aim is to support initiative of poor people to fulfill their dreams and help them stand on their own feet making them independent and respected in the society (1, 2). It can be a very long process when living standards of people can actually be said to come at par with rest of the society [3]. Microfinance in case of women becomes all the more important because it enables stability in the economy of a country and also is a means of women empowerment [4-6].

India is a developing country and much bias is still here. A country full of patriarchal norms and the female gender has always been regarded and considered as submissive giving little or no importance to their skills/ ability/ talent and even

presence in compared to men [7, 8]. The global scenario is no different and women have almost no control over their assets [9]; also they do not have any significant number of property/ finances/ saving under their name [10, 11].

II Problem statement

The prominent aim of microfinance is to uplift women in creating opportunities for themselves and others and achieve overall social well-being of poor people. Large number of studies [12-14] in this field are targeted on how microfinance can help in elimination of poverty but how it can have an impact on empowerment of particularly women in social and financial sector is a less explored subject which is why this study is undertaken to understand how microfinance can be a life-savior and magic in the life of women particularly from the deprived section of the society.

III Review of literature

Past studies on this aspect have reveal that default rate of women being very low in comparison to men is one of the primary reason why microfinance keeps women target in focus [15]. Another study reveals that microfinance can have immense social benefits for women [16]. Investigation by Mehmud [17] state that social empowerment of women can be achieved to a high degree of success with the help of micro finance institutions and it will also help to decide the income spending and important household decision making power which leads to women welfare. According to study conducted by Montgomery and Weiss [18] microfinance decides the decision making power of the family; the media exposure and institutional access being the vital elements to evaluate women empowerment. Women are found to be more inclined towards savings as compared to men and this in turn influences their decisions related to family planning/ entertainment/ lifestyle/ and other expenses [19].

IV Significance of study

India is a developing country where a large number of population is merely surviving. Immense population still lives in the rural region and below poverty line. Microfinance is the magic that can be created in the life of those marginalized people particularly women and make them empowered leading them to become entrepreneurs creating a good life and job opportunities for themselves and others. This research work is a precious awakening regarding how microfinance can lead to socially and financially empowered women in India.

V Research questions/ objectives

1. Evaluate the role of microfinance in social empowerment of women
2. To determine the impact of microfinance in making women financially empowered

VI Defining Microfinance

Micro finance has been playing vital role in poverty eradication since quite some time now [20]. The idea behind is who helps poor people in shifting them towards becoming entrepreneurs and this is done by the bestowing them sufficient credit. But one assumption which is usually taken care of in micro finances that the recipients should have sufficient social human capital and other mandatory requirements to expand their ongoing small-scale business. This clearly indicates that absence of credit is a major obstacle in the success of poor women [21]. This assumption is complex and difficult to achieve because any type of business bigger small needs the input of knowledge/ expertise/ ability/ and competencies which might not always be available [22].

Another bottleneck is that the actual poor people find it difficult to approach and get microfinance [23]. The actual reality is that microfinance does not entertain the most deprived division of people which is a violation of its feature which states that very poor applicants are eligible for it [24]. Further it has been observed that poor households who are able to avail the benefit of microfinance do not have the required ability and skill needed for the business. Micro finance programs do not abide by the non-income elements of poverty -like education/ health/ and security [25]. This has been proved by study from Shaw [26] which states that poor households face dearth of necessary education, health, and nutritional parameters which restricts their productivity on a whole.

Some of major micro finance companies of India have been depicted in fig. 1 below-

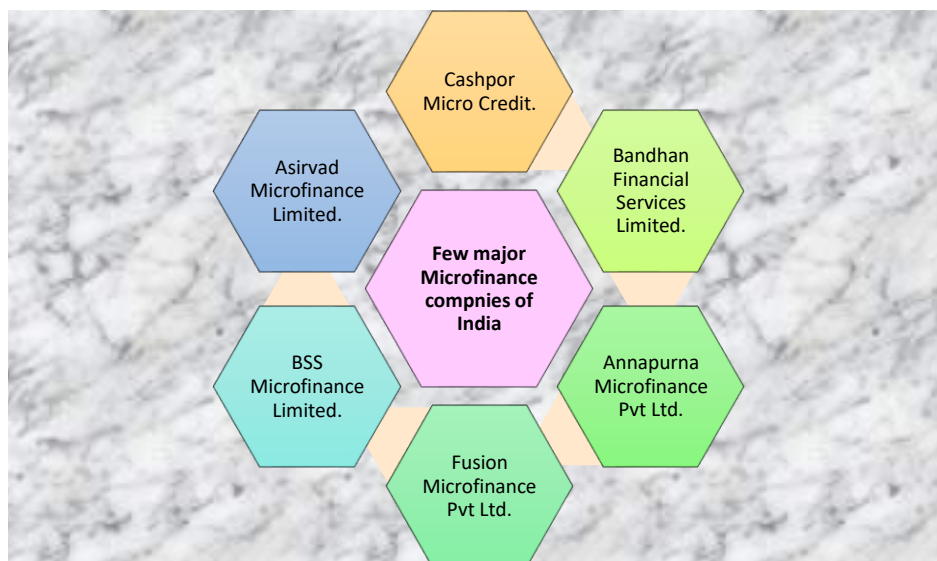


Fig. 1 - Major micro finance companies of India

Defining women empowerment – it means applying methods or outcomes that render power in the hands of women [27].

It also means-

Empowering the women to take their own decisions to stand on their own feet

To have the decision making power and ability

To leave a life of dignity and respect are all various parameters of women empowerment

VII Microfinance and women empowerment

Female gender is the primary target of microfinance programs. The credit given under the umbrella of Microfinance enables poor woman to grow socially and economically and work towards gender equality. It raises the level and status of women in family and society; also improves their health and educational level [28]. Looking through the lens of microfinance companies women have a good credit risk because they exhibit enhanced propensity for loan repayment [29]. Men are considered as risk takers and are tend to move the money in more risky business. Also, there are possibilities that men will spoil the money in anti-social activities of gambling/ tobacco/ and drinking [30]. This does not mean that all micro finance provided to women are used by them because study by Goetz and Gupta [30] have clearly exhibited that large number of loan taken by women is invested by their male counterparts and the liability of repayment is still on the shoulder of women.

VIII Methodology

Semi structured interviews were conducted with 10 women running their own small scale business. Purposive sampling method was used because it is most applicable in information rich case studies [31]. The average age of all participants was above 30 years. A proper questionnaire was carried and it was self-filled because of the ignorance and less educated status of the participants. Along with the filing of questionnaire at the spot the interviews were also recorded which later helped in analysis. All the information gathered (Table 1) was then subjected to SPSS 2.0 to obtain the results.

Table 1- General information of participants

S. No.	Participant no.	Age	Type of present business	Monthly income (in INR)	Main reason that made them start the business
1.	Women 1	50	catering	50,000	Disputes with family
2.	Women 2	48	Art studio	50- 70,000	Kids education support

3.	Women 3	37	Tailoring	35,000	Untimely death of husband
4.	Women 4	45	Boutique	50,000	To support good education of kids
5.	Women 5	41	Food stall	40,000	Abusive marriage
6.	Women 6	42	Food (Bakery)	40-50,000	Divorced and abandoned by family
7.	Women 7	40	Grocery shop	50,000-60,000	Husband lost his job
8.	Women 8	51	catering	45-50,000	Electrician husband was not able to handle the expenses on his own
9.	Women 9	43	Food truck	38,000	Not good terms with her husband
10.	Women 10	38	Shop of daily use items	32,000	Aggressive and non supportive husband

IX Results and Discussions

The women who had received micro finance were found to be more confident in expressing their opinion in their family and with their husband and in laws the reported that initially the husband had the monotonous control over major family matters but now as they are in a supporting role so they don't feel any hesitation in presenting their views regarding decisions related to savings/ income/ self-help/ care and other expenditures done on household chores. Many women also reported that in their entire life they did not ever had any ownership over a property but now few of them were having their own space or shop in their name and almost all women reported that they keep their cash and saving independent and with themselves.

Women have always been known for their far sightedness and saving nature. Many of the women participants reported that when the decision making power was with the husband he used to make the monthly budget and was least bothered about the contingency fund. But after they started earning and contributing their share in the household they definitely made sure to save on regular basis for any type of unexpected misfortune. Women also replied that now it is they who manage and plan the household expenses and feel a sense of pride and happiness while they do so.

Many women were poverty stricken before they could get the microfinance and many of them stated that they had spent many sleepless nights suffering from hunger along with their children but now their business has given them a life of dignity. Now basic needs of children and family gets full filled and they are surprised that how far they have come because they never had a dream that they would ever be able to earn and fulfill basic requirements for their family. According to all women participants microfinance loans have enhanced their living standards and they are able to provide good quality clothes/ stationery and other material to their children. Women also felt satisfaction by providing good quality health care and educational opportunities for their children. Women also reported having high amount of self-motivation because now they know that they have to earn for their family and children and hence they keep on moving keeping aside the hurdles and obstacles in their life. They are very much positive in their approach that the hard work they are doing and the good education they are providing to their kids will bear its fruits when time will come. Women have also reported becoming more open to challenges and obstacles having a brave mindset and approach towards any unexpected difficulties because according to them the difficult phases they have seen in their life have made them strong and obstinate. Only negative aspects faced by the working women was having less amount of time and energy to be devoted family; to take care of family and children. While at work they are constantly thinking about their children and hence are not able to fully concentrate on the business. According to most women running a business in a patriarchal society is a far more difficult job than running a household.

Major obstacles faced by women at family front were that the family was initially non supportive (Fig.2). The family did not approved the women of the house going out in public and doing some sort of business of their own kind. The husband

was non-supportive. The other relatives and in-laws were against and non-supportive. The woman had to fulfill dual responsibility and only then they were able to run their business then had to do the entire household work first and only then they could head to the office. It was very tiring exhausting and traumatic but then these women were real fighters.

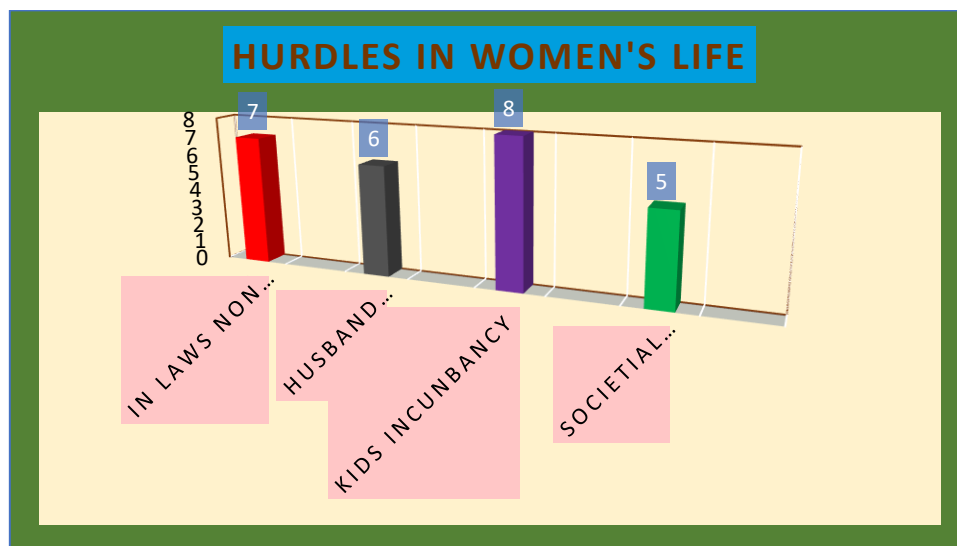


Fig.2- Major familial hurdles faced by women to start their business

Then there were many hindrances in getting the loan and few major ones are depicted in fig. 3

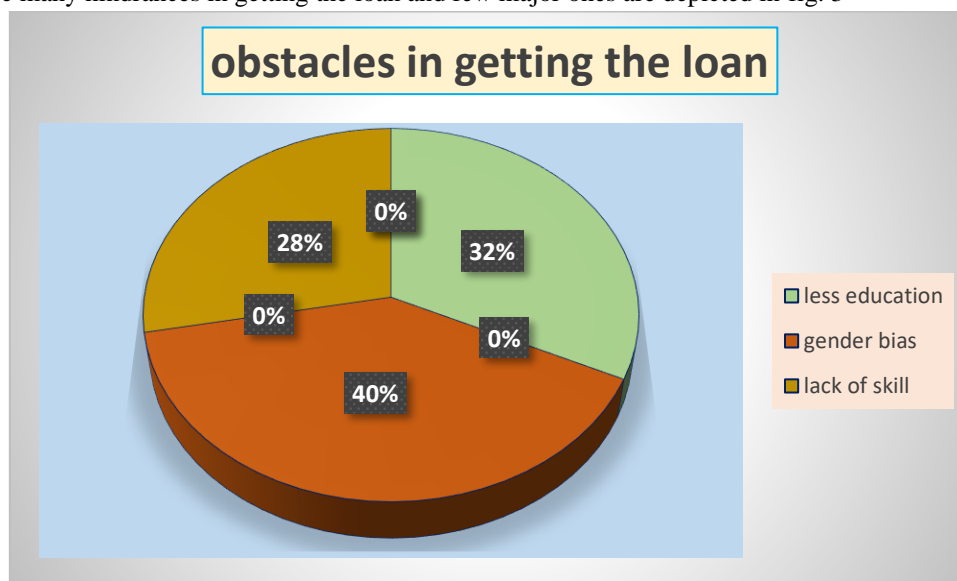


Fig. 3 – Other hindrances for women in getting loan

Three participants who were married were either left by the husband or were abandoned by the in-laws and now they were living on their own. Among them one participant replied that life was miserable without having a male in the life. Another one was about to end her life. Another one had to sleep on streets before all of them could get the benefits of microfinance.

Two participants were having abusive relationship with husband and were facing domestic violence on a regular basis. In one case husband was addicted to alcohol and another case he was addicted to drugs. Both of the women got divorce and it was like adding salt to insult because they were left all alone and had nobody to take care of them and feed them until they discovered the magic of microfinance. Both of them had good stitching skills and they made it their means of livelihood one began a tailoring shop and another started a boutique of her own.

Five different women with good cooking skills started their business in catering and food outlet. According to one the husband was an electrician and was not able to support the household expenses and children's demand. Today the children are very demanding, they seem less understanding towards the plight of their parents and are always keen to achieve and obtain they are dreams and desires. The husband was very dominating and initially refused to accept savings and earning from his wife but later on when things changed for a good and he could visualize the growth that was happening due to the income of wife. So, he became calm and also started supporting his wife. The other women had disputes with her husband and so started her own catering business. Also, one participant ran her own mobile stall serving food stuff in her food truck.

A participant in study who was around 40 years of age had a husband who was working in a government factory but the factory was running in losses and thus one day suddenly the owner decided to shut down the unit and the laborers went jobless. At this point the women showed up to obtain micro finance loan and established a small grocery shop. She appointed husband as her helping hand (in papers) however both participated in running the shop and its soon became a huge local success inspiring others to follow the same path.

Another participant had a husband who worked in a garage but lost his job due to global Corona pandemic of 2020. The situation became so pitiable that kids have to abandon their school and work as daily wage helpers in small tea shops and retail shops. The mother was absolutely overwhelmed by the misery of her children and family and decided to take a micro finance loan. The women had always been doing handicraft and painting as hobby and had a long-cherished dream to have her own artistic space. Finally, her dream came true when she got the micro finance and was able to establish a small art studio for herself. Initially the husband was very violent, aggressive, and non-supportive. But when he saw that having income in this way is no bad and many more than across India and world are doing the same so he finally accepted the working status of his wife. The wife stood up for herself and with all encourage and motivation started the studio alone and when the fruits of her success started showing up the husband slowly melted and he also accepted that his wife could run a business and later on also become a helper and assistant in the studio of his wife.

Few successful women who participated in this study and consented to give their photograph have been depicted in fig. 4 underneath-

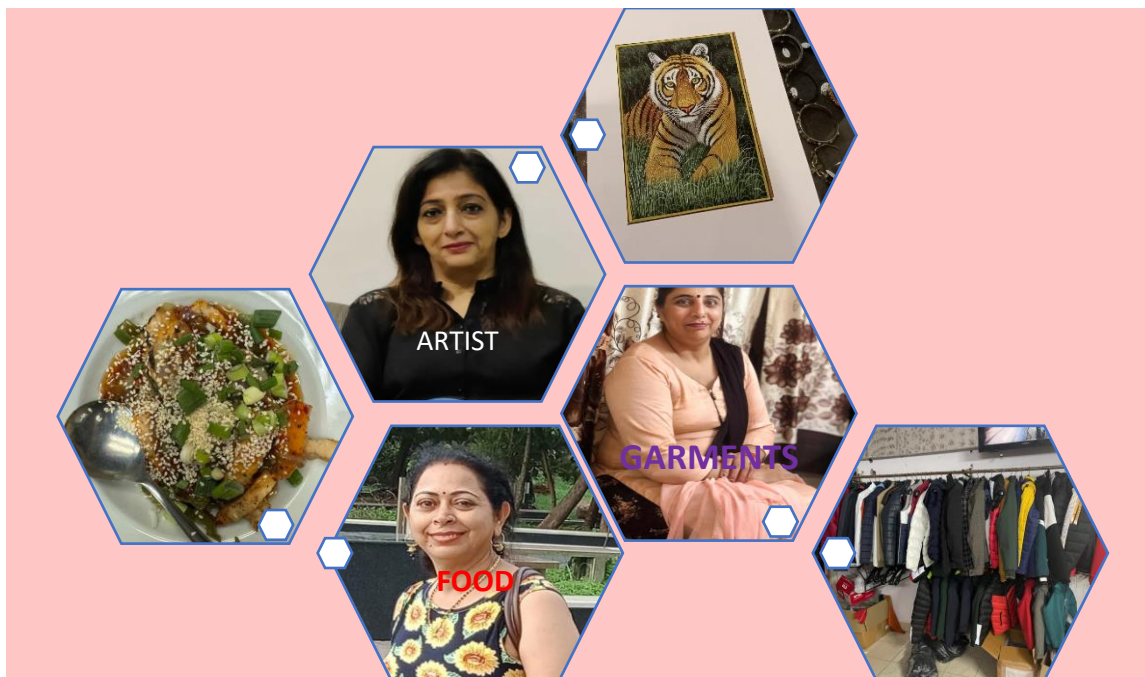


Fig. 4 - Few successful women who participated in this study

It was observed that after coming into business stream the women had become and empowered and confident about themselves, their identity, their being, and their personality. They were able to inculcate and nurture true spirit of

entrepreneurship. The skills and efficiency exhibited by them was clearly visible not only by the rate of growth of business but also by the amount of savings they were keeping on a regular basis as the contingency fund and retirement fund. There is no doubt that all women exhibited smart strategic planning and were able to be a man among the crowd actually a woman among the crowd. And these results are supported by various study from past [32, 33]. Women had become very professional and serious about their profession and had a sense of pride by supporting their husband and family [34, 35].

X Conclusion

Microfinance was found to play an important role to motivate and initiate entrepreneurial activities in people of any country and in this case women empowerment and development was achieved fully. This study contributes to the benefits of microfinance and how it can be a life changing decision for a woman who otherwise was dependent on others and had always been afraid of the conventional societal norms about having a working status. Equality of men and women can surely be achieved by letting women have the chances and advantage to grow and flourish. And microfinance can be one important tool in the economy of India which will contribute not only to the overall development of India but will also contribute to the total GDP and will create enormous number of jobs in the present scenario of unemployment for youth.

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