

# **A LITERATURE REVIEW ON ROLE OF MICROFINANCE INSTITUTIONS IN WOMEN EMPOWERMENT**

**JOLLY RASTOGI<sup>1</sup>, DR. ANOOP KUMAR SINGH<sup>2\*</sup>, DR. P.R. DADHICH<sup>3</sup>**

<sup>1</sup>Ph.D. Research Scholar, Department of Commerce and Management, Bhagwant University, Ajmer, Rajasthan, India

<sup>2\*</sup>Associate Professor, Department of Applied Economics, University of Lucknow, Lucknow, UP, India

<sup>3</sup>Professor, Department of Commerce and Management, Bhagwant University, Ajmer, Rajasthan, India

Received: 11.03.2020      Revised: 12.04.2020      Accepted: 28.05.2020

**ABSTRACT:** Microfinance institutions play a crucial role in the economic and social development of the society particularly the females of the India. Microfinance institutions provides financial assets to satisfy the needs of the individuals of India which further results in the social growth as well as empowerment additionally, in a nation particularly females empowerment. Not merely this, microfinance institutions are extremely substantial in empowering females by offering them economic and social freedom because of the accessibility of financial resources at the end of theirs. There's no doubt that the economic and social development of the nation cuts down on the gap in between the wealthy and also the poor which eventually helps the very poor segment of the culture. Yet another merit of microfinance institutions will be the sustainable development of a nation which certainly results into societal economic growth as well as females' empowerment of the nation. This particular paper provides the literature review regarding the job of microfinance institutions in females' empowerment.

**KEYWORDS:** Microfinance Institutions, Women Empowerment, Self Help Groups, Financing, India.

## **I. INTRODUCTION**

Microfinance institutions for low income females have grown to be a progressively typical treatment from poverty in developing countries throughout the world. These applications mostly focus on very poor outlying females as well as finance small quantities of cash to people that are participants of a self help class so that team responsibility could be depended upon to make certain repayments [1]. The fundamental argument behind financing to females is they're not only great credit consequences but are not as likely to misuse the cash and may discuss the advantages with the whole family. Along with the economic benefits, it's argued that female's increasing role in the home economy will result in the empowerment of theirs [2-7]. Of the past several decades microfinance institutions has experienced huge growth and there's great hope that such plans will help the achievement of the objectives of it's especially females empowerment [8]. Women empowerment will be the process by that the powerless gained greater control with the circumstances of the lives of theirs. It provides settings over energy & over ideology an expanding intrinsic capability greater self confidence as well as an internal transformation of one's consciousness that allows anyone to conquer outside barriers. The participation of females in self help organizations made a huge effect on the empowerment of theirs both in economical and social areas [9].

As per the Global Poverty Index [10], 367 million people still live below the poverty line. The major cause is due to unemployment and unequal participation of females in the country. Women's empowerment is autonomy to women all about equipping and allowing women to make their life decisions through the different problems in society. It includes developing alternatives for the betterment of the society. They are promoting themselves and significantly contributing to the society through the self help groups. These self help groups help the women to take their own decision and to face challenges and to support the family too. The Microfinance institutions play a major role for women empowerment in rural through financing to these self help groups which not only provide employment opportunities but also provide skill development [11].

This paper presents the review of previous work in reference to the role of microfinance institutions in women empowerment and also presents the basic idea about microfinance institutions as well as women's related issues for their empowerment. The paper is divided into four sections. First section presents the introductory view of the paper. Second section talks about the microfinance institutions as well as women's related issues for their empowerment. Third section presents the related work and finally last section presents the conclusion of the paper.

## **II. MICROFINANCE INSTITUTIONS AND WOMEN EMPOWERMENT**

The idea of microfinance began with an easy but groundbreaking idea i.e. Loan poor folk's cash on conditions that are ideal to them and help them learn sound monetary concepts so they are able to attain monetary person sufficiency [12]. Microfinance in India roots the story of its in the entire year 1970 once the Self Employed Female's Association within the express of Gujarat created a metropolitan cooperative bank, considered the Shri Mahila SEWA Sahakari Bank. It was encouraged with the primary goal of offering banking services to poor females used in the unorganized segment within Ahmedabad City, Gujarat [13]. In the entire year 1980, Microfinance market paved the way of it's around the idea of Self Help Groups casual bodies to offer the customer of its little cost savings centre and recognition expertise [14]. With all the goal of connecting casual female's organizations to formalised banks National Bank for Rural Development and Agriculture (NABARD) in the entire year 1990 set up the Bank linkage program and this also paved the means to attain the unreached individuals and initiated the modification in the bank's perspective towards lower income households [15]. Of exactly the same time an additional apex amount institution, the Mahila Udyam Nidhi, a task to empower females with a chance to access micro recognition via Non federal organizations [16] was initiated by Small Industries Development Bank of India (SIDBI).

Though female's access to economic services has grown considerably in the past 10 years, the power of theirs to gain from this access is typically still restricted by the drawbacks they experience due to the gender of theirs. Some microfinance institutions are delivering a decreasing portion of loans to females, even because these institutions develop and also provide brand new mortgage products. Others have discovered that on average female's loan sizes are smaller compared to those of males, no matter if they're in the same credit plan, the same society, and also the exact same lending team. A few differences in loan sizes might be a consequence of female's greater poverty or maybe the specific capacity of female's companies to absorb capital. Though they also can signify broader social discrimination against females that limits the opportunities ready to accept them, raising the issue of whether micro business development plans must do far more to deal with these problems and checking out the leadership of countless microfinance institutions, hardly any females are seen by us. The contributions of theirs whether establishing the vision on a panel of directors, developing services and products, or perhaps using applications are lacking. Therefore, as the industry gets to be more sophisticated in developing targeted services and products, sense is made by it to take a look at both targeting females and empowering females [17].

Although has additionally established frequent saving practices among women, female's participation in microfinance programs hasn't just considerably enhanced income. Apart from enhancing their psychological and social empowerment it's additionally allowed females to get involved in home decision making through financial empowerment. Self-confidence is yet another most essential part of change for empowerment, however, it's additionally among the toughest to measure or even evaluate. Self-confidence is an intricate idea associated with both female's perception of the capabilities of theirs and the genuine amount of theirs of abilities and capabilities [18]. It's connected to author's [19] concept of agency which allows females to define as well as achieve goals also the sense of power females have within themselves. We have seen several scientific studies which have asserted that female's participation in microfinance results in a rise in violence that is domestic, the complete opposite experience has been reported by many providers. Microfinance programs are able to strengthen female's economic autonomy and provide them with the means to obtain non conventional activities. Improvements in female's condition in the communities of theirs have been observed by several microfinance assistance plans. Contributing financial resources to the household or maybe community confers greater value and legitimacy to female's views and gives them much more entitlements than they'd otherwise have [20]. Research [21-23] of microfinance customers from different institutions around the planet indicate the females themselves quite frequently perceive that they get far more respect from the families of theirs as well as the communities of theirs especially out of the male people than they did prior to participating in a microfinance plan. Widespread political empowerment is a relatively uncommon outcome of many microfinance programs. Though microfinance programs provide services as well as products that could improve specific female's skills to participate efficiently in politics, handful of microfinance groups explicitly seek political structure or mobilization the programs of theirs in such a manner as to intentionally nurture collective action. Nevertheless, numerous examples testify that female's participation in lending centres as well as groups increases the knowledge of theirs of channels, processes, and political parties of influence. The Government methods have attempted to assist the very poor by

implementing various poverty alleviation programmes however with very little success. Because nearly all are target based involving and extensive methods for loan disbursement, increased transaction costs, and insufficient monitoring and supervision. Since the credit needs of the rural poor can't be used on undertaking lending approach as it's in the situation of structured sphere, there emerged the demand for a casual credit source through self help organizations. The potential of theirs for person help to secure financial and economic power have been demonstrated by the rural poor together with the assistance from non federal groups.

### III. RELATED WORK

Microfinance as something for poverty elimination has attracted a whole lot interest particularly after Grameen Bank of Bangladesh was given the Noble serenity prize [24]. Self help organizations in India that originated during exactly the same period as Grameen Bank are deemed to become an effective mechanism for driving microfinance on the poor. Apart from providing financial advantages, involvement in Self help organizations additionally comes for the members of its social as well as political empowerment [25].

In this particular work author [26] examines the effect of the amount of participation in person help organizations on the empowerment of females Self help organizations participants. The study additionally investigates the effect of moderating variables, for example socio economic status, age, as well as spot of residence, on the connection between the amount of empowerment and participation. Brand new scales were created by authors to calculate these constructs. Making use of an interview routine in a survey technique, 353 females Self help class participants from the eastern Indian state of Odisha to obtain main information was interviewed by us. Utilizing partial very least squares structural situation modelling, the connections between degree of participation as well as females' empowerment are explicated by the study. The results suggest that a heightened amount of participation in person help groups leads to enhanced financial empowerment of the users of it's by getting in employment opportunities, greater income, stability in present jobs, and also enhanced entrepreneurial capabilities. Also, higher participation also generates higher interpersonal empowerment of users in the type of decision making capability of households, use of health care, communication skills, heightened self-esteem, self confidence, as well as the capability to transact with non government and microfinance organizations. Additionally, increased involvement in self help groups results in increased political empowerment in the type of higher political participation as well as much better neighbourhood mobilization. Socio-economic status and set of procedure greatly moderate the outcome of the amount of participation on females' empowerment. Insights from this particular study are useful for the government as well as non-government organizations working towards empowering females in developing regions. They might take note of the various indicators of role and participation of the substantial moderators while implementing comparable programs.

Authors [27] suggested in this particular job which the miniature penny by countryside females are able to give rise to the important money that could accustom the folks far from the sick treatment of moneylenders thrifts rely on practices in addition to voluntary thrifts create the secret for economic development. It's likewise been manifested the very poor people can store up significant through group endeavour. Encouragement of self help organizations has got the potential to get females to the traditional of economic expansion addressing the way for sustainable development.

Auhors [28] studied person help organizations in Uttaranchal and disclosed substantial recognition relating to the contribution of theirs, authorities and rights on account of the contribution display of theirs in team gatherings, training programs and also display visits which happen to have resulted in believe in building and interpersonal self assurance among females. Writer perceives that the election of theirs as Panchayat sarpanch is reflective of the contribution of females in decision making imply problems connected to Natural Resource Management.

Based on Author [29], females are definitely more disadvantaged in the labour sector compared to males since they've fewer economic resources to operate small scale business, the abilities of theirs are mainly domestic and the mobility of theirs is less than male's. Nevertheless, female's share in the worldwide labour pressure has risen. Things impacting this would be the expansion of the tertiary sphere, the rising amount of female's training as well as lower fertility. The scale of the female labour pressure usually increases during recessions with the urban poor in result of the energy to sustain the amount of the home income. Women take part in financial improvement and in a flexible work industry in a few ways: through their unemployment and underemployment, the willingness of theirs to move in as well as from the labour sector, and the low wages of theirs.

A report by provided by Authors [30] on females has additionally discovered that females have issues raising start up for enterprise than males which females encounter credibility issues when managing bankers. Consequently, providing credits to micro and small businesses is crucial for the causes that First, it's to do with industry imperfection whereby banks don't favour lending to small businesses. In providing credit to small businesses,

industry imperfection will therefore be minimized because banks will favour lending to small businesses especially, females in the marketing of gender equity. Once again, the improvement of private industry, the promotion of females and also the implementation of community development by individual initiative are favoured by them and they also help to lessen poverty and add to some fairer cash flow distribution. Authors found lots of females experience human rights abuse due to the financial weakness of theirs and added that it's usually a program of the relative lack of theirs of educational opportunities absolutely reinforcing their female's rights could include difficult traditions, ensuring training is offered, supplying legitimate assistance and also making company capital obtainable.

A survey was conducted by the Author [31] on Microfinance; found that most of their clients increased their income only for the improving of their living standard, not for household needs. Authors worked on empowerment through microfinance. They studied the relationship between loan cycle and level of empowerment. They used survey method of multivariate statistical model. From the data analysis they concluded that women in higher loan cycles were on a higher level of empowerment. From the overall result they concluded that microfinance has impacts on the empowerment of female borrowers and empowerment increases with the increase in number of loan cycles.

A study [32] about women difficulty to approach credit showed a case of 256 woman entrepreneurs in different cities of Pakistan and found that the big challenge for women is the access to finance. The study noted that woman entrepreneurs face more difficulties in business like startup capital, guarantee, credit, and experience distinction from bankers. The study also showed that most of the women are shy to approach banks because of unavailability of a business plan or strategy and unacceptability of social interaction with the professional male bankers. The empowerment of women has been an increasingly challenging policy goal from both angles as to achieve the development of other goal and an end to itself. Education and nutrition for children are bid investment in the household. Most of development intervention has pointed out on income transfer as empowerment. So, in the theory it is not clear that is transfer of income may empower women's status in their household. However it is hard to know which intervention focuses directly on power and which can really promote women's empowerment. Nor we have been capable to induct such type of result.

Author [33] conducted a comparative research on self help group and bank linkage program and financial inclusion in Chennai and Kerala states of India. Author had suggested that the repayment rates of loans to self help groups were high as compared with other types of lending by banks. It was suggested that the banks should pay more attention to self help group lending which increases their business and number of customers.

Author [34] presented a study on self help groups. Author conducted her study on twenty six self help groups who were self-employees. In this study author witnessed that their income level was increased after joined in self help groups. Author identified that forming as group and conducting business given empowerment and employment for them further she concluded in her study that training is critical for them to increase their empowerment.

#### **IV. CONCLUSION**

Self help group and microfinance organizations have somewhat changed the women's status socially and economically, as they have played an important role in providing financial assistance, decision making in the family as well as being helpful to the other members of the group and educating their children which have enable the women in improving the relationship with the family also. There is a scope for the self help groups to turn into an effective participatory mechanism to promote socio-economic development. It is true that the self help groups are organized and are based on principles of self-help in order to develop conditions for to begin with providing savings and credit service to its members.

Source of Funding: Self

Conflict of Interest: None

#### **V. REFERENCES**

- [1] D'espallier, B., Guérin, I., & Mersland, R. (2011). Women and repayment in microfinance: A global analysis. *World development*, 39(5), 758-772.
- [2] Garikipati, S. (2008). The impact of lending to women on household vulnerability and women's empowerment: evidence from India. *World development*, 36(12), 2620-2642.

- [3] Singh, S., Gupta, P., Ojha, B. K., Kumar, R., Shukla, H. K., Srivastava, R., ... & Gangwar, M. (2020). A Supply Chain Management Based Patient Forecasting Model For Dental Hospital. *Journal of Critical Reviews*, 7(3), 399-405.
- [4] Gangwar, M., Singh, A. P., Ojha, B. K., Shukla, H. K., Srivastava, R., Goyal, N., Rohit, Singh, S. (2020). Intelligent Computing Model For Psychiatric Disorder. *Journal of Critical Reviews*, 7(7), 600-603.
- [5] Gangwar, M., Mishra, R. B., & Yadav, R. S. (2014, November). Application of decision tree method in the diagnosis of neuropsychiatric diseases. In *Asia-Pacific World Congress on Computer Science and Engineering* (pp. 1-8). IEEE.
- [6] Patel, E., & Gangwar, M. (2017, April). Analysis of novel de-blocking method for blocking artifacts reduction. In *2017 International Conference on Communication and Signal Processing (ICCSP)* (pp. 1452-1456). IEEE.
- [7] Khan, M. A., Singh, S. (2020). A Quantitative Study of Problems Relating to Human Resource in Manufacturing Industries of Madhya Pradesh, India. *Journal of Advanced Research in Dynamical and Control Systems*, 51(SP3), 432–51. <https://www.jardcs.org/abstract.php?id=4130>.
- [8] Suguna, B. (2006). *Empowerment of rural women through self help groups*. Discovery Publishing House.
- [9] Mor, K., & Kumar, R. (2008). *Women Empowerment Policies in India—An Overview*. *Gender Empowerment and Development*, 291.
- [10] Poverty, O., & Human Development Initiative. (2019). *Global multidimensional poverty index 2019: illuminating inequalities*.
- [11] Sharma, A., Dua, S., & Hatwal, V. (2012). Micro enterprise development and rural women entrepreneurship: way for economic empowerment. *Arth Prabhand: A Journal of Economics and Management*, 1(6), 114-127.
- [12] Sengupta, R., & Aubuchon, C. P. (2008). The microfinance revolution: An overview. *Federal Reserve Bank of St. Louis Review*, 90(January/February 2008).
- [13] Mudaliar, A., & Mathur, A. (2015). Women empowerment through microfinance. *International journal of Arts, humanities and management studies*, 1(2), 58-65.
- [14] Tripathi, V. K. (2015). Micro finance in India-growth, and evolution in India. *International Journal of Information, Business and Management*, 7(3), 291.
- [15] Mansuri, B. B. (2010). Microfinancing through self help groups-A case study of bank linkage programme of nabard. *Asia Pacific Journal of Research in Business Management*, 1(3), 141-150.
- [16] Basu, J. P. (2006). *Microfinance and Women Empowerment An Empirical Study with special reference to West Bengal*. Mumbai, India: Indira Gandhi Institute of Development Research.
- [17] Kabeer, N. (2005). Is microfinance a 'magic bullet' for women's empowerment? Analysis of findings from South Asia. *Economic and Political weekly*, 4709-4718.
- [18] Mayoux, L. (2003). *Women's empowerment and participation in micro-finance: evidence, issues and ways forward*. *Sustainable Learning for Women's Empowerment: Ways Forward in Micro-Finance*, New Delhi, Hardbound.
- [19] Malhotra, A., Schuler, S. R., & Boender, C. (2002, June). Measuring women's empowerment as a variable in international development. In background paper prepared for the World Bank Workshop on Poverty and Gender: New Perspectives (Vol. 28).
- [20] Khan, R. E. A., & Noreen, S. (2012). Microfinance and women empowerment: A case study of District Bahawalpur (Pakistan). *African Journal of Business Management*, 6(12), 4514.
- [21] Pokhriyal, A. K., Rani, R., & Uniyal, J. (2014). Role of micro-finance in the empowerment of the women. *Journal of business and finance*, 2(1), 21-31.
- [22] Ngo, T. M. P., & Wahhaj, Z. (2012). Microfinance and gender empowerment. *Journal of Development Economics*, 99(1), 1-12.
- [23] Bali Swain, R., & Wallentin, F. Y. (2012). Factors empowering women in Indian self-help group programs. *International review of applied economics*, 26(4), 425-444.
- [24] Bayulgen, O. (2008). Muhammad Yunus, Grameen Bank and the Nobel Peace Prize: What political science can contribute to and learn from the study of microcredit. *International Studies Review*, 10(3), 525-547.
- [25] Tankha, A. (2002). Self-help groups as financial intermediaries in India: Cost of promotion, sustainability and impact. *Paises Bajos: Interchurch Organization for Development Co-operation and Memisa–Mensen in Nood-Vastenaktie (Cordaid)*.
- [26] Nayak, A. K., & Panigrahi, P. K. (2020). Participation in Self-Help Groups and Empowerment of Women: A Structural Model Analysis. *The Journal of Developing Areas*, 54(1).
- [27] Ali, I., & Hatta, Z. A. (2012). Women's empowerment or disempowerment through microfinance: Evidence from Bangladesh. *Asian Social Work and Policy Review*, 6(2), 111-121.

- [28] Fouillet, C., & Augsburg, B. (2007, March). Spread of the self-help groups banking linkage programme in India. In International Conference on Rural Finance Research, Moving Results, FAO and IFAD, Rome.
- [29] Simojoki, H. K. (2003). Empowering credit-more than just money: the socio-economic impact of micro-finance on women in Nairobi, Kenya.
- [30] Constantinidis, C., Cornet, A., & Asandei, S. (2006). Financing of women-owned ventures: The impact of gender and other owner-and firm-related variables. *Venture capital*, 8(02), 133-157.
- [31] Noreen, S. (2011). Role of microfinance in empowerment of female population of Bahawalpur district. In International Conference on Economics and Finance Research (Vol. 4, No. 20, pp. 65-71).
- [32] Niethammer, C., Saeed, T., Mohamed, S. S., & Charafi, Y. (2007). Women Entrepreneurs and Access To Finance In Pakistan. *Women's Policy Journal of Harvard*, 4.
- [33] Nair, A. (2005). Sustainability of microfinance self help groups in India: would federating help?. The World Bank.
- [34] Tankha, A. (2012). *Banking on self-help groups: Twenty years on*. Sage Publications India.