

Microfinance and Empowerment of Rural Women: A Study of North Bihar

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ABSTRACT

Microfinance refers to provision of financial services which is provided to poor people or unemployed or groups especially for women to enable them to raise their income levels and also to improve the standard of living. Microfinance plays a very important role in removing the poverty and creating job opportunities. Women empowerment means to give power to women to do something in her life. There are mainly five types of empowerment which is required to empower the women; these are social empowerment, political empowerment, education empowerment, economic and financial empowerment and psychological empowerment. It is very difficult to measure the empowerment of women but on the basis of experience, knowledge and behaviour of women, measurement can be done. The study possesses the two objectives: (i) To identify the role of microfinance in the empowerment of rural women of North Bihar. (ii) To know the different policies, programmes and schemes for the empowerment of rural women. This study has been conducted in the two districts (Vaishali and Muzaffarpur) of North Bihar. Out of 32 blocks only 6 blocks (3 blocks each from both the districts) have been selected for study purposes. Both primary and secondary data have been used to collect information from 212 rural women respondents. Both multi-stage sampling and simple random sampling technique have been followed and simple statistical tools have been used to analyze and interpret. The study concluded that microfinance is playing a very important role in empowering women in terms of social and psychological employment but not much in terms of economic empowerment. After analyzing the different programmes and schemes introduced by government, it is found that there are so many programmes and schemes which are helping to rural poor women and marginalized section of the society to come out from poverty.

Keywords: Microfinance, Women empowerment, Rural women, Programme & Schemes.

INTRODUCTION:

Microfinance refers to financial services which is provided to poor people or unemployed or low-income individuals or groups especially for women to become self dependent. However microfinance is defined as the provision of financial services to low-income people for enabling them to raise their income levels and improve the standard of living. It is expected from microfinance to play a very vital role in removing the poverty and creating opportunity for employment. Initially, microfinance had a very few definition, the provision of financial services to poor entrepreneurs and small businesses lacking access to formal banking and related services. But today the definition of microfinance has changed. Today microfinance includes not only credit but also includes savings, insurance, payment services, fund transfer etc. the main aim of microfinance is to serve

the poor people to come out of poverty and also to strengthen the women financially. The term empowerment is used by different person in different sense. In simple word empowerment means to make one powerful. But in broad sense empowerment refers to a person acquiring the power to think and act freely. There are five types of empowerment which is required to empower the women; these are social empowerment, political empowerment, education empowerment, economic and financial empowerment and psychological empowerment. Women empowerment is not a recent origin. Women empowerment is a process by which women gain greater control over materials and intellectual resources which will assist them to increase their self-reliance and enhance them to assert their independent right, are challenge to ideology of patriarchy and the gender-based discrimination against women. Empowering women does not mean to give them power to dominant men. Women empowerment is a multidimensional process which travels from many phases. It is not an easy task to measure how much women are empowered. However different studies have been made to measure the women empowerment. But on the basis of experience, knowledge, custom, tradition and behavior of women; the measurement of women empowerment can be done. There are mainly two criteria i.e. qualitative and quantitative indicators of empowerment which measure the power of women empowerment. Qualitative indicators include- increase in self-esteem in Individual, time allotment for family and work, work load related to job, protest to social changes like child marriage, dowry, discrimination against widows etc. Quantitative indicators include- women participation in development related programmes of the society, accessibility of women related to mobilization of resources such as government schemes and all, accessibility to higher education, participation of women in the economic activities etc. Therefore, on the basis of above aspect it can be said that microfinance is an important tool for the empowerment of women especially rural women.

CONCEPTUAL FRAMEWORK:

Microfinance is a concept that is assisting the poor especially women for the purpose of creating opportunities for economic development. In India, microfinance has done a very wonderful job for rural development, women empowerment and income generation by offering small savings, credit, insurance and other financial services to low income individuals. Thus, microfinance used as a means to empower the poor people especially rural women and also provides an important tool to help in the economic development process.

Concept of Microfinance:

In India, concept of microfinance was launched in the nineties by National Bank of Agriculture and Rural Development (NABARD) to link the gap between demand and supply of funds in the lower steps of the Indian economy. NABARD has defined microfinance as “provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and to improve living standards” (Indira Mishra, 2003). National Credit Fund for Women or Rashtriya Mahila Kosh both are the national level microfinance apex organizations provide financial services to women in India, defines microfinance as a set of services consisting the following activities: (a) Micro Credit: small loan; mainly for income generation activities but also for livelihood purposes. (b) Micro Savings: small savings from borrowers’ own resources (Archana Sinha, 2004). Thus, microfinance refers to financial services of small quantity provided by financial institutions to the low-income person. These financial services include savings, credit, insurance, leasing, money-transfer etc. and financial services provided to customer to meet their normal financial needs with the only qualification criteria: transaction value is small and customers are poor.

Concept of Empowerment:

The dictionary meaning of the word empowerment means “authority or power given to someone to do something”. The term empowerment is used by different person in different sense. Empowerment is a way of life which can be attained by two means internal strength and external facilities. Internal strength consists of self-motivation, self-esteem, self-worth and awareness. External facilities comprise of education, health, protection from law, fundamental rights, job opportunity, safe environment etc. The term empowerment varies person to person, culture to culture, country to country. The concept of empowerment was first brought at the International women’s conference 1985, at Nairobi. The conference concluded that empowerment is a redistribution of power and control of resources in favour of women through positive intervention. Broadly, empowerment means individuals acquiring the power to think and act freely, exercise choice, and to fulfil their potential as full and equal members of society. Empower means to make one powerful or equip one with the power to face it challenges of life to overcome the disabilities handicaps and inequalities. Empowerment is an active, multi-dimensional process which should enable them to realize their full identify and powers in all spheres of life.

Concept of Women Empowerment:

The term women empowerment consists of two word women and empowerment which means to give power to women to do something in her life. Women empowerment is a process by which women gain greater control over materials and intellectual resources which will assist them to increase their self reliance, and enhance them to assert their independent right, are challenge to ideology of patriarchy and the gender-based discrimination against women. Empowering women does not mean to give them power to dominant men.

The concept of empowerment of women is of recent origin. The word empowerment has been given currently by UN agencies during recent years. United Nation Commission on status of women says "Women, who constitute half of the world's population, perform two thirds of World's work, receive one tenth of its income and own less than one hundredth of its property. According to the World Bank Report 60% of the work force is provided by women. They work 70-80 hours a week, they own only 1% of world's property,70% of women works in fields but don't own land, literacy rate among women at the national level is only 54%, and in some states is as low as 20-30%,In India, population of India is 121.02 crore,70% of the women are below the poverty line.

Types of Empowerment:

There are mainly five types of empowerment which is required to empower the women. These are followings:

- **Social Empowerment:** Social empowerment refers to those forces which strengthens the women in the society. Empowerment of women means enjoyments of equal rights, equal status and freedom of self-development with men. Social empowerment addresses the social discriminations existing in the society based on disability, ethnicity, religion or gender. From a sociological point of view, equal status, equal opportunity and equal freedom will be given to women to develop herself.
- **Educational Empowerment:** The intellectual and personal development of women is largely depends on her basic and primary education and it is considered as a key instrument of socio-economic development of human beings. The rural India is suffering from the problem of gender inequality which can be removed only by providing education to girl child. The basic mantra of women educational empowerment says that one educated woman can educate the entire family or society where as a man can educate him only in the society. So empowerment not possible without education in today's world.
- **Economic and Financial Empowerment:** Economic empowerment is the major ingredient for women empowerment. Economic empowerment mainly comes from the income of a person and the major source of income comes either from salary or from daily wages of the poor people of rural India. So creating employment opportunity is very essential for women empowerment in the rural areas. So that they become economically independent. Financial self-sufficiency brings more supremacy from inside and make women faster. Financial empowerment can be defined as a process where a woman has a full control over the utilization of its financial resources and exactly knows where to invest its financial resources and generate more revenue from it.
- **Political Empowerment:** In Indian industrial history the way worker's participation in management is considered as a major milestone in industrial democracy in the same way the participation of women in the political activities can be considered as a revolutionary step. The participation of women in the political activity will make them politically empowered because, they will have the decision making power in their hand which can be utilized for the betterment of needy class. Political empowerment will make the women to work more independently and do their job more eloquently. Political empowerment give rights and power to prepare generate and formulate policies for the betterment of society and for the betterment of the women as well, which is very essential for the survival of women in the society.
- **Psychological Empowerment:** Psychological empowerment is largely related to the job or work in which a person is deeply involved. It may the work done by a person in a house, office, work place or in any other area of the society. The overall satisfaction a person gets from work he likes most and it is considered as one of the major source of psychological supremacy. Psychological supremacy is related to the work done nicely and in an attentive mind set with proper dedication. Psychological empowerment gives women the clout to transform themselves in a better way in relation to society and work.

Measurement of Women Empowerment:

It is not an easy task to measure the women whether they are empowered or not. However, the different study has been made to measure the women empowerment but no one has specified the certain parameter to measure the same. But on the basis of experience, knowledge, custom, tradition and behavior of women, the

measurement of women empowerment can be done. There are mainly two criteria i.e. qualitative and quantitative indicators of empowerment which measures the power of women empowerment. Qualitative indicators include- increase in self-esteem in individual, time allotment for family and work, work load related to job, role and responsibility played by women in the society, behavior with women in family and society etc. Quantitative indicators include- women participation in development related programmes of the society, accessibility of women related to mobilization of resources such as government schemes and all, noticeable changes in health and nutritional level, accessibility to higher education, participation in political process and so on. It is easy to measure the quantitative aspect of women empowerment such as the amount of money they utilize, participation of women in the economic activities etc. On the other hand qualitative indicators like- self-belief, self-esteem, self-actualization, passion for work, participation in decision making, behavior, nature are some indicators which are very much difficult aspect to measure the women empowerment.

Measurement of Women Empowerment in North Bihar:

- Economic Empowerment: it includes the following factor like- access to employability, contribution to family income, involvement in family economic decision making.
- Social empowerment: it includes the factors like – freedom of movement, taking own decision in household and work place, voice against exploitation in the society, positive attitude towards education of the family members, helping others and family members.
- Political Empowerment: It includes the following indicators like – casting of vote, awareness about the different policies, involvement in village level activities, managerial quality in decision making, participation in selecting government and statutory body of individuals.
- Educational Empowerment: It includes the following factors like - accessibility to basic and primary education, creating opportunities for family and girl education, accessibility to information technology, bringing self-confidence and self-reliance.
- Psychological Empowerment: It includes the following indicators like - self confidence, self belief, self-esteem, self-actualization, self-motivation and overall empowerment.

REVIEW OF LITERATURE:

The survey of literature gives us extensive viewpoint of the different research studies made previously. The detail of such investigations throws light on the current work relating to a specific issue and clear approach to future investigations to be made in such manner. It helps to identify the research gap in the current studies and also build up the academic base to examine the study. However in this section, review of literature has been divided into three parts.

Review of literature based on Microfinance in Poverty Alleviation:

Nasir, Sibghatullah (2013), in his research paper concluded that there are so many lacunas in functioning of MFIs such as practices in credit delivery, customer duplications, high rate of interest, lack of product diversification etc. if the above lacunas will be removed from the MFIs, it would have positive result on the economy and also it can improve the standard of living of thousands of poor.

Mishra *et al.* (2013), made an attempt first to examine the poor are ready to repay their loans at high rate of interest than commercial bank provided. Secondly it is also found that poor saves money and therefore microfinance should provide both savings and loans facility to poor people. At last it is concluded that microfinance can solve the problem of rural people and also remove the poverty from the society.

Review of literature based on Role of Microfinance in Empowering of Women:

Mayoux (2000), Study discloses that empowerment directly related with power, as a multidimensional and interlinked process of change in power relations and points out- ‘Power within’, enabling women to communicate their own aspirations and plans for change; ‘Power to’, empower women to develop the necessary skills and access the requisite resources to achieve their aspirations; ‘Power with’, permit women to examine and communicate their collective interests, to organize, to achieve them and to connect with other women and men’s organizations for change; and ‘Power over’, changing the underlying inequalities in power and resources that constrain women’s aspirations and their ability to achieve them. The study concluded that all these power relations operate in different spheres of life i.e. economic, social and political at different levels such as individual, household, community, market and institutional level.

Cheston and Kuhn (2002), the study speak out women needs only credit facility to start a new venture. She

often value to the non-economic benefits of a group-lending program more than the credit. The study interpretate that some of the most valuable benefits that include expansion of business and social networks, improved self-esteem, increased household decision-making power, and more important increase in respect and prestige from both male and female relatives and community members.

Review of literature based on Models of Microfinance:

Greenwood and Joyanovic (1990), study disclosed that there are two vital issues in economic development theories in a solitary model: Association between economic development and disparity and connection between money related structures and economic growth. Then again economic advancement likewise furnishes intends to financial growth with ROSCAs.

Puhazhendi and Satyasai (2002), study observed noteworthy upgrades in the savings of SHG individuals amid post SHG circumstances. The programme additionally enhances the getting pattern of SHG member units regarding strengthening credit extending and acknowledges developing for SHG bank linkage model.

OBJECTIVE OF THE STUDY:

A good number of studies have been conducted on the topic of microfinance but very few had given their mind in the North Bihar. So, this adds to the uniqueness of the study. The followings are the objectives of the study:

1. To identify the role of microfinance in the empowerment of rural women of North Bihar.
2. To know the different policies, programmes and schemes for the empowerment of rural women.

RESEARCH METHODOLOGY:

Source of Data:

The study is carried out in rural areas of North Bihar. There are 19 districts which come under North Bihar out of which only two districts (Vaishali and Muzaffarpur) have been selected for the study purposes. There are 16 blocks each in both the districts, out of which only 6 blocks (3 each from both the districts) have been taken for research purposes. Both primary and secondary data have been used in this study. Primary data is collected from a field survey in the study area. Secondary data is collected from different reports like- NGOs, NABARD, Bharat Microfinance, World Bank etc. The followings area has been covered under the study:

Vaishali, Hajipur & Lalganj under Vaishali district and Paroo, Saraiya & Kanti under Muzaffarpur district have been covered under research purposes.

Sampling Method:

Multi-stage sampling has been followed. Since there are large number of members that's why data has been collected randomly.

Sample Size:

212 samples have been collected from 6 blocks of both the districts of North Bihar.

Statistical tools:

Simple statistical tools have been used to analyze and interpret.

LIMITATIONS OF THE STUDY:

- The study is limited with the rural areas of North Bihar and only data related to rural women have been taken. Hence, data related to urban women have been excluded from the study.
- The information was collected only from those rural women who are engaged in the income generating activities.

Role of Microfinance in the Empowerment of Rural Women of North Bihar:

Role of microfinance in the empowerment of rural women have been judged on the basis of economic empowerment. There are many indicators of economic empowerment to measure the role of microfinance for the empowerment of rural women. Some of them are as follow:

- **Level of Educational:** The level of education is one of the main indicators to measure the empowerment of women. Out of total respondents, 98 (46.22%) respondents have never gone to school and they are not able

to read or write anything but some of them can sign only. So, large number of illiteracy is one of the main causes for the empowerment of rural women.

- **Participation in Microfinance Programme:** Respondents were regularly participating in the meeting. Out of total respondents, only 8 (3.77%) respondents were not participating in the meeting on regular basis.
- **Involvement of Rural Women in Employment:** It is not found directly involvement of rural women in employment after joining microfinance programme in the study area. Rural women were benefited from MFPs but not in terms of employment.
- **Creation of Assets:** Before Joining microfinance programme 42 (19.81%) responder said that they have assets in their names and after joining microfinance programme 58 (27.35%) responder declared that they have assets in their names. The increase in creation of assets was 7.54%.
- **Participation of Rural Women in Household Decision Making:** Most of the rural women said that no significant change was examined in decision making after joining microfinance programme. Out of 212 respondents 85 (40.09%) responder said that they have felt moderate change in decision making and 118 (55.66%) have felt no change in decision making and rest i.e. 9 (4.25%) have felt significant change in decision making.
- **Contribution of Women into Household Income:** After joining microfinance programme, the contribution of women into household income has changed but in very small percentage. Before joining of microfinance programme, the contribution of women into household income was 35.84%, which has increased to 38.67% the increase was only 2.83%.

Policies, Programme and Schemes for the Empowerment of Women:

To eliminate the gender discrimination and poverty alleviation, the government has introduced many schemes and programme for the development of rural women. SHG is one of such programme which has confirmed successful in fulfilling its objectives. After independence, the government of India decided to bring social change in the society to strengthen the rural women. The main objective behind this is to create a new society where all residents are given equal chance for growth and development and there is no discrimination based on caste, religion, sex etc.

National Policy for Empowering Women:

The government has declared 2001 as Women's Empowerment year. The clear objectives have been set for the empowerment of women. The main objective of national policy includes upliftment, cultural aspects, development in socio-economic and also creates a social awareness among women on various issues related to their empowerment. There are various objectives of National Policy especially for rural women which are as follow:

- To create a positive atmosphere for the development of women and also enable them to realize their full potential.
- Equal chance to participate in decision making.
- Development and empowerment of women belongs to the deprived section of the society.
- Removal of discrimination and all types of violence against women.
- Strengthen checking, assessment, review and information systems to bridge gender gaps.

Schemes for Women and Child Development:

The Ministry of Women and Child Development is the apex body for formulation and administration of the rules and regulations and laws relating to women and child development in India. The Ministry has six autonomous organizations which are working under its guidance.

- National Institute of Public Co-operation and Child Development (NIPCCD)
- National Commission for Women (NCW)
- National Commission for Protection and Child Rights (NCPCR)
- Central Adoption Resource Agency (CARA)
- Central Social Welfare Board (CSWB)
- Rashtriya Mahila Kosh (RMK)

These are the organizations which works for the women and child development and it is controlled by the Ministry of Women and Child Development.

Schemes for Women Empowerment:

Women are the most important part of every society serving different roles such as mother, wife, sister friend, daughter etc. In the past few years, the government has launched many schemes for the development of women. Followings are the schemes for the empowerment of women:

- **Beti Bachao Beti Padhao Scheme (BBBP):** This scheme was launched on 22nd January, 2015. This scheme was firstly commenced to address the issue of declining child sex ratio. This scheme is jointly executed by Ministry of Women and Child Development, Ministry of Health and Family Welfare and Ministry of Human Resource Development through a national campaign. This scheme is focused in 100 selected districts which have low Child Sex Ratio and it covers all the States and Union Territories.
- **One Stop Centre Scheme (OSCs):** The main objective of launching this scheme is to provide support and assistance to women who are affected by violence in public and private spaces. Through this scheme, the women who are facing physical, sexual, emotional, psychological and economic, irrespective of age, caste, religion, culture, class will be supported. One Stop Centre Scheme provides specialized services to women who face any kind of violence due to sexual harassment, sexual assault, domestic violence, trafficking and acid attacks.
- **Support to Training and Employment Programme (STEP):** This programme was launched in 1987 by the central government. This scheme is totally central funded scheme. This programme provides skill and new knowledge to poor and women to get employment. The main aim of this programme to make a significant impact on women by upgrading skills. The target group includes the marginalized section of society i.e. urban poor people and rural women.
- **Swa-Shakti:** This programme was launched in October, 1999 and finished on 30th June, 2005. This project was jointly funded by World Bank, IFAD and Government of India. This was totally central funded project. The main aim of this programme was to take out socio-economic development and women empowerment through SHGs, income generating activities and micro credit. This project was implemented in 335 blocks of 57 districts in 9 states.
- **Swayamsiddha:** This scheme was launched in February, 2001 and ended in March, 2007. This was totally central funded scheme. This scheme was executed in 650 blocks of the country and 67971 SHGs were formed to give benefit of 989485 women beneficiaries. This was an integrated scheme for women empowerment through formation of SHGs.
- **National Mission for Empowerment of Women (NMEW):** This scheme was launched on August 15, 2011 by government of India. It is an initiative taken by government of India for empowering women holistically. The main objective of this program is to strengthen the conceptual and programmatic basis of women-centric schemes implemented. Training & Capacity Building to enhance and strengthen understanding of gender issues, build a Resource Pool at the National and State level of bridge gaps between knowledge and practice will be the other focus area of National Mission for Empowerment of Women.

CONCLUSION:

The study concluded that microfinance is playing a very important role in empowering women in terms of social and psychological employment but not much in terms of economic empowerment. After analyzing the different programmes and schemes introduced by government, it is found that there are so many programmes and schemes which is helping to rural poor women and marginalized section of the society to come out from poverty. Apart from this, the government or Different NGOs should focus on education of women as well as to organize various training programmes for the women. But still the support is needed to remove poverty and strengthen the hands of women.

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