

Micro-Credit Programs for Empowering Women to Alleviate Poverty

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Abstract: Microfinance refers to the practice of providing financial services to poor people to alleviate poverty, such as micro-credit, micro-savings or micro-insurance. Small loans are made to start their own business. Such loans are generating jobs and income. Starting with micro-credit, income from these businesses enables lenders to enjoy better accommodation, health care and education. They get hope for a better future when they earn additional income. International micro-loan repayment is higher than ninety five percent, allowing micro-finance institutions to turn over these funds to even more customers. Microfinance helps one to break the cycle of deprivation in a single generation itself by giving a hand up. It can be concluded from this study that the empowerment of women is greatly improved by microfinance. It is also noted that the Self-Help Groups can provide the expected benefits to rural women folk by providing training on soil conservation, social forestry, dairy production, fisheries, livestock, horticulture and other related activities.

Keywords: Micro finance, empowerment of women, Poverty alleviation, self help groups.

INTRODUCTION

Globalizations have faced new challenges in achieving women's equality targets, the gender effect of which has not been fully evaluated systematically. Nevertheless, it is evident from the micro-level studies conducted by the Department of Women and Child Development that policies for access to employment and job quality need to be re-framed (Ali & Cook, 2020). The gains of the growing global economy have been unevenly distributed, resulting in wider economic inequalities, poverty feminisation, increased gender inequality through increasingly worsening working conditions and unsafe working environments, especially in the informal economy and rural areas. Strategies should be designed to enhance women's capacity and motivate them to cope with the negative social and economic impacts that may arise from the cycle of globalization (Kalbaugh, 1992). Empowerment is a mechanism that gives women some circumstance to question. Empowerment is a mechanism in which women can gain sufficient strength to question their submissive social condition (Rowan, 2006). All development strategies and programs related to women's development now given women's empowerment stress. Lack of power or disempowerment reflects in their less education level, less income, less control over their own income, less bargaining power in selling their own produce and labor, less participation in decision making body less access to production inputs and resources and employment opportunity than man. This leads to dependency of women on their male kin. This dependency makes them as a burden of a family and lowers their life cycle. But the work participation rate of women is less than that of men. Despite efforts taken towards economic empowerment of women, majority of active women confine themselves to micro, small scale enterprises and the informal sector. Though women constitute half of world population, they are the largest group which is excluded from the benefits of social and economic development (Sharma, 2001). The level of income per month has been considered as the indicator of the economic empowerment. A successful economic development program should lead to higher level of income to its beneficiaries. Female empowerment can takes place through economic participation, economic opportunity, political empowerment, educational attainment and health and well being. "Money says the Proverb, Makes Money. When you have got a little, It is often easy to get more."

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The great difficulty is to get that little". Adam Smith. The Micro credit Summit 2007 defines Micro credit as the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans. It has proven as an effective and popular measure in the ongoing struggle against poverty, enabling those without access to lending institutions to borrow at affordable interest rates and start small business. Women empowerment means that women cross all barriers – social and economic and they are able to enjoy the fruits of development process. Women are able to participate in decision making process and they are the beneficiaries in the democratic, economic, social and cultural spheres of life. Women come forward to work with men as equal partners for equality, sustainable development and communal harmony. Due to various reasons, women are the target of micro services. It is estimated that more than seventy per cent of world's poor are women. Unemployment rate is higher among women. Informal sector activities are largely in the hands of women. Gender inequalities inhibit overall economic progress of countries. In those economies where gender inequalities are higher, there is high degree of poverty, slower economic growth, weaker governance and a lower living standard for the people. By helping the caretaker of the family with micro finance, they are enabled to earn additional income. These extra incomes help women to meet the requirements of children. Micro finance enables women to empower themselves (Indhu & Uma, 2002; Vijayanthi, 2000). Micro finance and the income generated through it help women to have greater say in decision making activities (Vijayanthi, 2000; Gurumoorthy, 2000). The term Self Help Groups is generally used in villages to refer to unregistered groups of 10 to 20 members involved primarily in savings and credit activities. A Self Help Group is a group of about 20 people from a homogeneous class, who come together for addressing their common problems. The main goals were set out according to -To sensitize target women for SHG's need and importance in their empowerment cycle; To create a sense of community among them; Improve women's faith and skills; Create collective female decision-making; Promoting women's savings habits and facilitating the accumulation of their own capital resources; Motivating women to accept social roles specifically related to women's advancement; Solving disputes through joint leadership and shared dialogue; Providing free collateral loans with group-decided terms at market-driven rates etc.

Research Methodology

This study was conducted in Tangail district of Bangladesh. So many bank branches are there in this study area. The scholar has focused her attention on the self help groups which get micro financial assistance from Grameen Bank. It is reported that during the accounting year many self help groups have taken revolving fund and financial assistance from Grameen bank of the study area. These groups have taken loan to extend of Taka 8 million. Self Help Groups have a membership ranging from 12 to 20. The study was contacted on around seventy five members of the self help groups who are active members of the group. The basic aim of this research is to examine whether additional income and jobs can be produced in our study area through microfinance and to evaluate how they are empowered. Both primary and secondary data's were used. Primary data was enumerated from a field survey in the study region. Secondary data was collected from NGOs' reports and other documents. One NGO is selected and six Self-Help Groups promoted by that NGO in rural areas. Areas (villages) covered under the study were-Kagmari, Santosh, Aloa, Boitta, Patuli and Ekrapur. Sampling of the cluster and sampling of the area were followed. Due to the large number of participants, they were separated into classes and randomly selected for data collection. Samples have been collected for the research from all the six rural areas. A formal interview schedule was prepared and used to collect data from rural SHG female members involved in micro-enterprises through micro-finance.

Analysis Data and Interpretation

This study's respondents were in the eighteen to thirty five age group. Our respondents ' self-help group experience ranges from a year to eight years. The respondents are from different professions. First of all, our respondents are listed on the basis of their occupation before starting to use microfinance and shown in Figure A. It is clear that as many as twenty six of our respondents had no job until they took micro-credit. Through self-employment, two of our respondents made a living. Two respondents reported that they were daily wage

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earners in the cotton mill whenever there was maximum work available. Most of our respondents, around sixty percent were farm workers before they began microfinancing. But there is a shift in our respondents' professional structure after they started using microfinance. The occupation held by the respondents is shown in Figure B after the use of microfinance. It is assumed that the respondents' occupation has changed after taking micro-financing. There were twenty six our respondents who were previously unemployed. But not a single respondent is unemployed now. This shows our respondents' economic improvement. There's a work shift. Thirty-six of our respondents are self-employed. This allows us to understand that microfinance empowers our women to have a better economic status and to be in a position to make decisions. Income is a factor that determines a person's status. Our respondents' income before using micro-finance is shown in Figure C. The economic position of the respondents was very poor before they have taken micro finance. In the case of two of our respondents, it is reported that their monthly income was even less than Tk. Five hundred before they were the members of the self help group. In the case of forty six of our respondents, their monthly income was between TK. Five hundred and Tk. One thousand during that period. Not even in single case, the income was greater that Tk. One thousand and five thousand per month. There is considerable change in the income of our respondents after they started using micro finance. It is presented in Figure D. Our respondents' earned incomes increased significantly after they started using microfinance. Not even a single respondent now receives less than Tk. One thousand - a monthly income. Twenty-five respondents reported earning more than Tk. two thousand per month. More than sixty six percent of our respondents are now in the Tk. One thousand to Tk. two thousand income range every month. The income earned by the respondents varies according to their form of occupation. Microfinance and its proper use are giving our respondents some advantages. Our respondents' view on the benefits they receive is shown in Figure E. Figure E indicates that more than forty seven of our respondents formed a saving habit, more than thirty five of whom had access to more money, more than thirty one had technological guidance and more than forty six gained from promotional assistance.

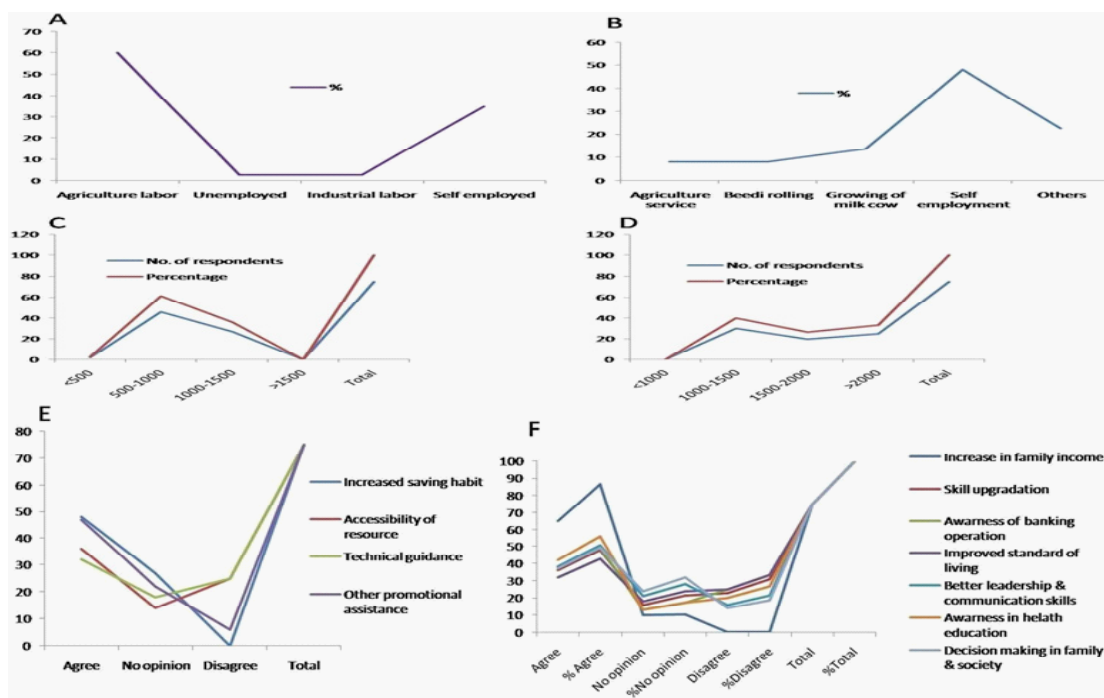


Figure 1. Occupational structure of respondents before the micro-financial source is available (A), Employment structures of respondents following the availability of a micro-finance source (B), Family income of respondents before microfinance is available (C), Income of respondents following the provision of microfinance (D), Benefits earned from Micro Finance by the respondents (E), Empowering of respondents (F).

The Empowerment of Women through Microfinance

Microfinance focuses primarily on empowering and making rural women financially, socially and politically. Figure F illustrates how our respondents are motivated. Respondents' opinion on microfinance empowerment shows that more than eighty eight percent of respondents are able to contribute to family income, more than forty seven percent of respondents agree that they have skill-up gradation and more than forty nine percent of respondents are now able to understand banking operations. More than forty two percent of respondents felt their living standards had improved. More than fifty percent of respondents state they have leadership skills and communication skills. 56% of respondents are now aware of health education and more than forty nine percent believe that they are now taking decisions in neighborhoods, villages and households. Thus they were motivated by microfinance. In reality, it is a loan that empowers our rural women economically, socially and at micro-level in their homes and at micro-level in society as a whole's decision-making process [Karmakar, 1999 ; Masloue, 1954 ; RBI, 2008 ; Alesina et al., 1994]. Microfinance thus helps women to become powerful and can take control of their circumstances and achieve their goals through these individuals, groups and communities (Masley, 2000; Basu & Jindal, 2000; RBI, 1989; Damayanthi, 1999). It allows them to work to help themselves in economic, psychological, social and political fields to empower themselves. SHGs can provide rural women with the expected benefits if they are trained in soil conservation, social forestry, dairy production, Fisheries, horticulture, poultry rearing and livestock etc.

CONCLUSION

The research assesses the effects of MFIs on the empowerment of women. Many women approaching the MFIs for loans are in the trading business from the study findings. A significant percentage of women accepted that MFIs offered increased income, living standards, and were encouraged as a result. Therefore, the analysis was based on a small number of respondents. As a consequence, in the empirical context, the study outcome cannot be generalized. In order to determine how MFIs empower women, further studies need to be done on a wider coverage.

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