

Chapter - 3

Micro-finance and Women Empowerment- A Comparative Study of India and Abroad

Micro-finance: Global Scenario

The status of women is considered to be an indicator of development in all the countries of the world since women constitute the half of the population and one third of labour force. But, the condition of women varies in developed and developing countries. In developed countries women enjoy equal status in many aspects in the society, such as education, health, and to certain extent in labour market. On the other hand, the condition of women in developing countries is relatively worse. Prevalence of extreme poverty in those countries has worsened the condition of women further. More than one billion people in the world today live in extremely poor condition, majority of whom are women. According to International Fund for Agricultural Development (IFAD,2002), one of the fifth world inhabitants, nearly 1.3 billion people remain below the extreme poverty line with an income of US \$ 1.25 or less per a day. Thus, eradication of poverty is also imperative to ensure sustainable development and women empowerment in the long run. Here comes the importance of microfinance.

The concept of providing financial services to the rural people is not very new. It has gradually developed to be a world movement and it is widely accepted. There are different approaches regarding the performance of micro-finance throughout the

world. Linda Mayoux has provided three different approaches to micro finance around the world. These approaches are: (i) Financially Sustainable Approach, (ii) Poverty Alleviation Approach and (iii) Feminist Empowerment Approach. Since 1990s Financially Sustainable Approach has been promoted by several donor agencies like the United States Agency for International Development (USAID), World Bank, United Nations Development Programme (UNDP) and Consultative Group to Assist the poor (CGAP). Major focus of this approach is to reach the millions of poor, especially women and provide micro-finance services. Hence, it leads to easy access to financial services to poor women and ultimately pave the way for women empowerment. Poverty Alleviation Approach is based on the principle of self-help to build sustainable livelihood for the poor people. Increasing access to micro-finance will ultimately enable women to contribute in family's expenditure which may reduce gender inequalities. Lastly, Feminist Empowerment Approach considers micro-finance as a tool to achieve socio-economic and political empowerment. Infact, its underlying goals are gender equality and women's human rights¹. Cheston and Darke identified two different approaches in the evolution of micro-finance throughout the world namely, Latin American Model and South Asian Model. The first model emphasized on the significance of allying with the formal financial system, neglecting the socio-economic development of the poor. Because of this reason it is known as commercial model. The second model follows the Grameen model which emphasizes on the upliftment of the status of women and eradication of poverty².

¹Linda Mayoux (2003), *"Sustainable Learning for Women's Empowerment"*, Samskriti Publications, New Delhi.

²Cheston and Darke (2002), *"The Transforming World Micro-finance"*, Economic and Political Weekly, Vol.XI, No.17.

Table: 3.01 Numbers of MFIs in Different Countries of Asia

Name of the Countries	Number of Micro-Finance Institutions
AFGHANISTAN	14
BANGLADESH	28
COMBODIA	15
CHINA	06
EAST TIMOR	02
INDIA	88
INDONESIA	33
LAOS	01
NEPAL	34
PAKISTAN	15
PHILLIPINES	55
SRI LANKA	14
THAILAND	02
VIETNAM	12
TOTAL	319

Source: Report of Micro-finance in Asia³

Table: 3.01 shows the picture of micro-finance in Asia. The micro-finance sector has grown over time with more and different types of actors becoming involved, with increasing numbers of geographic regions around the world being serviced, with new types of products and services being developed and with ideas and technologies to support it. Moreover, the outreach of micro-finance is quite impressive. From a mere 7.6 million poorest families in 1997, the Micro-credit Summit Campaign reported an outreach of more than 92 million clients by December 31, 2004. This number includes 66.6 million families who were among the poorest when they started with a programme. Of these 66.6 million poorest clients, 55.7 million or 83.6 per cent were served by 52 largest individual institutions with 1, 00,000 or more clients. Among

³Jamie Bedson (2009), “*Micro-finance in Asia: Trends, Challenges and Opportunities*”, Foundation for Development Co-operation, Queensland, Australia.

these largest MFIs, 79 per cent are in Asia, 17 per cent are in Africa and only 4 per cent are in Latin America⁴. As per the Report of Micro-credit Summit Campaign December, 2004, there are 1628 MFIs in Asia, 994 in Africa, 388 in Latin America and Caribbean, 48 in North America, 34 in Middle East and 72 in Europe. The increase in the number of MFIs from 618 in 1997 to 3164 in 2004 is definitely an indication of impressive growth in the field of microfinance. United Nations has declared the year 2005 as the “International Year of Micro-credit” which aimed to reach 100 million poorest families by the year 2005⁵.

Origin of Micro-finance

The origin of micro-finance dated back to the fifteenth century. It is believed that initially, the formal financial institutions emerged in Nigeria. It was followed by Europe in the eighteenth century when in 1720 the first loan fund targeting the poor was funded in Ireland. After that in 1847 some credit co-operatives were created in Germany which served 1.4 million people by 1910. In 1880, the British controlled Government of Madras tried to use the German experiment to address poverty in India. Ultimately it resulted into nine million memberships of credit co-operatives. At that time, the Dutch colonial administrators constructed a co-operative rural banking system in Indonesia which eventually became Bank Rakyat Indonesia (BRI), at present considered to be the largest MFIs of the World. Another bank named as Bank Dagan Bali was established in Indonesia in the year 1970, which was the earliest bank to introduce commercial micro-finance. A USA based NGO named ACCION disbursed its first loan in Brazil in 1973 to start a micro enterprise. One year later, in 1974, Self-Employed Women’s Association of India (SEWA) formed an urban Co-operative Bank in Gujarat. This Bank was known as the Mahila SEWA Sahakari Bank and it provided banking services to poor women employed in unorganized sector in Ahmedabad city. Likewise, several other MFIs came into existence in India namely, Annapurna Mahila Mandal (Mumbai), Working Women’s Forum (Chennai) and many others. In 1983 Bangladesh Grameen Bank was

⁴ H. Ramananda Singh and N. Dhaneswar Singh (2011), “*Micro-finance-An Introductory Text*”, Akansha Punlishing House, New Delhi.

⁵ Ibid.

established and it is engaged in providing micro-finance to its poor clients, particularly women.

Micro-finance and Women empowerment- Experience of Different Countries

Over the past few decades, micro-finance has been experienced in many developing countries. Bank Rakyat Indonesia (BRI) in Indonesia, Bancosol in Bolivia, Bank for Agricultural and Agricultural Co-operatives (BAAC) in Thailand, Grameen Bank and Bangladesh Rural Advancement Committee (BRAC) of Bangladesh, NABARD in India, Amannah Ikhtiar Malaysia (AIM) of Malaysia, Agriculture Development Bank of Nepal (ADBN), K-Rep in Kenya and Milbano in Peru have gained encouraging results in alleviation of poverty and women empowerment through micro-finance. Here, it is important to mention major funding agencies of micro-finance throughout the world. These are Kreditanstalt for Wiederaufbau (KfW), Swedish International Development Agency (SIDA), Canadian International Development Agency (CIDA), World Bank, Asian Development Bank, International Fund for Agricultural Development (IFAD), Consultative Group to Assist the Poorest (CGAP), USAID, GTZ etc. Following are the micro-finance scenario of some of the countries of the world and its impact on women empowerment.

a. Bangladesh:

Microfinance has evolved as a development approach to benefit poor people in a newly independent state like Bangladesh which became independent in the year 1971. In Bangladesh four major Micro-finance Institutions (MFIs) are operating namely, Grameen Bank, BRAC (Bangladesh Rural Advancement Committee), ASA (Association for Social Advancement) and Proshika. While the Grameen Bank has a special status in the banking set up of the country, the other three are Non Government Organizations (NGOs)⁶. Table: 3.02 illustrates that more than thirteen million people are directly linked with the micro-finance programme in Bangladesh where majority of the members are women. There is a difference between the

⁶ Rafiqur Rahaman and Nei Qiang (2011), "*The Synthesis of Grameen Bank Micro-finance Approaches in Bangladesh*", International Journal of Economics and Finance, Vol.3, No.6.

number of members and the number of borrowers in the micro-finance programme due to variations in the services provided by these MFIs. Grameen Bank is the

Table: 3.02 Number of members and borrowers of different MFIs in Bangladesh

Organization	Number of Members	Number of Borrowers
	In Million	
Grameen Bank	3.6	3.5
BRAC	4.5	3.8
Proshika	2.7	2.5
ASA	2.8	1.5
Total	13.7	11.4

Source: World Bank Policy Working Paper 3398, September 2004⁷

largest provider of micro finance in Bangladesh. It had its origin in an action research project in 1976 and was formally recognized as a bank in 1983 through an ordinance issued by the Government. The Grameen Bank provides loans to the landless poor, particularly women, to promote self-employment and make them income earners. At the end of December 2001, it had a membership of 23.78 lakh people and total loan disbursed to the people was Tk. 14,653 crore⁸. These loans are small but sufficient to finance the micro-enterprises undertaken borrowers such as rice husking, machine repairing, purchase of rickshaws, buying of milk cows, goats, cloth, pottery etc. The rate of loan recovery is currently 95 per cent due to group pressure and self-interest, as well as motivation of the borrowers. Therefore, Grameen Bank is always appreciated for the highest recovery of loan. To obtain loan from the Grameen Bank, potential borrowers must form a group of five, gather once in a week for loan repayment meeting etc. Loans are initially made to two individuals in the group, who

⁷ Project Report of State of Micro-finance in Bangladesh, prepared for Institutes of Micro-finance (InM), 2009.

⁸ H. Ramananda Singh and Dhaneswar Singh (2011), "*Micro-finance- An Introductory Text*", Akansha Publishing House, New Delhi.

are then under pressure from the rest of the members to repay in time. If the borrowers default, the other members of the group may lose their chance of getting the loan. The Grameen Bank has provided an inbuilt incentive for prompt and timely repayment by the borrower, i.e, gradual increase in the borrowing eligibility of subsequent loans. After Grameen Bank, BRAC is considered to be the largest micro finance provider NGO of Bangladesh with total membership of 41.38 lakh. Initially, it was set up in 1972 as a relief organization and empowerment of the poor, especially women in the rural areas of the country. Besides, providing microfinance to its clients it also works in the field of literacy, legal education and human rights. Another organization named as ASA (Association for Social Advancement) was established in 1978. Initially, it was involved in the area of legal and human rights but it changed its focus in to the economic empowerment of the poor through micro credit delivery system. Its micro credit programme started in 1991 and had membership of 15.79 lakh in December 2001. At present, it is considered as the most cost-effective MFI in the world. Along with this, another big MFI operating in Bangladesh is PROSHIKA. It was established in 1976. It derives its name from the three Bengali words namely, Proshikshan (Training), Shiksha(Education) and Kaj (action). From the beginning it was working for the empowerment of the poor through credit and other inputs like development, training, education, health and social forestry. It had 24.48 lakh members. Thus, it may be said that Proshika and BRAC offer a range of services to their members namely, education, health, nutrition and environment, while Grameen Bank and ASA focus on the provision of micro-finance services.

Micro-finance programmes in Bangladesh target both economic and social poverty. To assess the success of the efforts of various micro finance institutions, it is imperative to measure the impact of these programmes on borrowers. From economic point of view, the primary objective of all MFIs is to reduce poverty. On the other hand, micro-finance interventions promote living condition of poor people, particularly women⁹. There are number of studies conducted on micro-finance in

⁹ Annual Report of Bangladesh Rural Advancement Committee (BRAC), 2005

Bangladesh which are both in quantitative and qualitative nature. Some of the findings of various empirical works are mentioned here. Devellere and Hagbrechts study on Grameen Bank and BRAC indicate that 72 per cent of the Grameen Bank members and 40 per cent of the BRAC members always have contributed to the family income with their male counterparts. Though in some cases it is very minimum, in spite of that the women are enthusiastic to take part in the family's expenditure. Only 26 per cent of the Grameen Bank members and 12 per cent of the BRAC members reported that they have contributed more than half of the whole family's budget. In addition to this, women in both the groups have acquired the decision making power within their family. Along with this, there is a remarkable decline in violence against women who are directly in touch with MFIs. Hence, all three positive impacts namely, contribution in family's income, decision-making power and reduction in violence against women had contributed towards the goal of achieving women empowerment in Bangladesh¹⁰. A study conducted by Chowdhury and Chowdhury indicates that members of different MFIs showed more interest in sending their children to schools in comparison with the non members of MFIs. This may also indicate an improvement of bargaining power of women with in the household. Another important aspect of MFI is that it brings psychological empowerment to its members¹¹. This factor is highlighted in the study of Amin, Hossain and Mathbor¹². Psychological empowerment deals with two important things namely, self esteem and self confidence. Due to the group based lending process, women have to go outside and interact with other group members. Therefore, MFIs have provided the scope for women to develop an identity outside of their family. Another study conducted by Khandker indicates that micro credit programmes in Bangladesh are able to reduce the level of poverty among the poor borrowers and it also highlighted the impact of micro finance programme on poor

¹⁰ Patrick Devellere and An Hugbrechts (2002), "*Evidence on the Social and Economic Impact of Grameen Bank and BRAC on the poor in Bangladesh*", Katholeike University, Belgium.

¹¹Salma Chowdhury Saharat and Adiya Chowdhury Sifat (2011), "*Micro-finance and Women Empowerment: A Panel Data Analysis using Evidence from Rural Bangladesh*", International Journal of Economics and Finance, Vol.3, No.6, November.

¹²Md Al Amin, Md Ismail and Golam M Mathbor (2013), "*Women Empowerment Through Micro-Credit: Rhetoric or Reality? An Evidence from Bangladesh*", Journal of Gender Studies, June 25.

women in Bangladesh. It was found that the best result of micro finance come out from the extremely poor women¹³. State of Micro-finance in Bangladesh conducted a research programme on MFIs in Bangladesh. It was found that 84 per cent clients of MFIs are women and most of them just had primary education. They preferred to take loan from MFIs and started their business. As a result, these women were able to increase their income. Though the income was modest, this reduced food insecurity and increased expenditure on clothing and human capital development¹⁴. This not only provides financial help to their families but also had positive impact on various factors of daily life. This also brought many positive changes in the sphere of social status of these poor women e.g., they started taking active part in the decision making process of the family and the society. It was also found that increase in income and awareness among women due to membership in MFI which ultimately led to better children's attendance in schools and immunization. Along with this, micro credit increased employment of both men and women in the form of self employment and women were found very active and enterprising when provided with opportunities for investment. Moreover, participation in MFI programme is found to have led to the decline in gender gap in terms of access to schooling and to modern health care system. Hence, micro-finance schemes are highly associated with social and economic empowerment of women. In addition to this, different MFIs have increased income generating activities of women in Bangladesh. Such activities help them to save money for further investments. The findings also indicate that small borrowings help them to start small scale businesses such as tea stall, stitching of clothes, vegetable shop, poultry, duckery and so on. Women borrowers are also able to buy household items and can save small amount of money for meeting the future needs. Along with all these positive impacts, skill training, education and awareness programme of various MFIs in Bangladesh have contributed to achieve empowerment of women.

¹³ Report of Asian Development Bank, 2007

¹⁴ Project Report of State of Micro-finance in Bangladesh, prepared for Institutes of Micro-finance (InM), 2009

b. Nepal:

Micro-finance sector in Nepal is expanding day by day providing diverse services to the poor, particularly women. If we look into the starting of micro-finance in Nepal, it was found that in the early 1960s, the co-operative movement became the first source of micro-finance. At that time there were 13 co-operatives in Nepal catering to the financial services to the flood victims. In parallel, several rural micro-finance institutions were established, such as, Agriculture Development Bank of Nepal. This provides credit and marketing facility to agriculture. At present, in Nepal, Micro-finance Development Banks are engaged in providing financial services to the rural poor. But the practice of micro-finance in Nepal shows diversity in respect of population. In the plain region (Terai) which is densely populated, with better transport infrastructure and easier access to clients; the Grameen Bank Model has been adopted by a large number of organizations. On the other hand, in the hilly areas, community based organizations, such as Self-Help Groups, Credit and Saving Associations and Co-operatives are more preferred by the women. In addition to this, it is important to mention that the Centre for Micro-finance (CMF) was established in Nepal in July, 2000. Its primary aim is to strengthen the capacity of micro-finance institutions and enable them to provide savings, credit and other financial services to the poor, with women as a focal point. It is also engaged in providing training, technical assistance and advisory services¹⁵. It has registered 2,345 savings and credit co-operatives in Nepal. Their outstanding loan portfolio in January 2005 was US\$ 3.2 million with 35,550 borrowers, where majority were women¹⁶.

There are several studies conducted regarding micro-finance and women empowerment in Nepal. Shrestha found that women particularly in MF programmes were able to make small purchases of necessary items independently such as groceries¹⁷. Another study conducted by Ashe and Parott on Pact's Women's

¹⁵ www.Cmfnepal.org, retrieved on 21.12.2014.

¹⁶ H. Ramananda Singh and Dhaneswar Singh (2011), "Micro-finance- An Introductory Text", Akansha Publishing House, New Delhi.

¹⁷ M. Shrestha (1998), "*Report on Self-Help Banking Program and women's empowerment*", Centre for Self-Help Development, Nepal.

Empowerment Program (WEP) in Nepal revealed that it had changed the lives of women. Here, stress was laid on three important factors such as empowerment and education, increased self-confidence and greater role in decision making. It was found that 68 per cent of women experienced an increase in their decision making power in areas that were traditionally dominated by men such as family planning, daughters' marriage, children's schooling and the buying and the selling of property¹⁸. Nirdhan Utthan Bank in Nepal reported that most of their women clients were making decisions about investments in business jointly with their husbands. In Nepal, the Working Women's Forum (WWF) found that 40.9 per cent of its members that had experienced domestic violence had reported that no such things they faced after joining the micro-finance programme. At the same time 28.7 percent respondents were able to stop it through group action. The Centre for Self-Help Development (CSD) in Nepal also noticed a greater resistance to wife beating and alcoholism among its clients. In addition to this, women have achieved respect within the household and also in the community¹⁹. Thus, involvement in MFI programmes has increased income and it is also associated with increase in savings, investments and asset accumulations of women. They have alternative sources of financing and need not to depend upon money lenders, comparatively the borrowing was possible at low rate of interest²⁰.

c. Indonesia:

Indonesia is considered to be one of the first countries to develop commercial microfinance in the world. There are several institutions in Indonesia which are directly engaged in providing micro-finance to the poor people. These are Bank Rakyat Indonesia (BRI), BPR or Peoples Credit Banks, Perum Pegadaian, Bina Swadaya (Self-Reliance Development Foundation) and PPSW. In this context, it is imperative to mention here that PPSW works exclusively with women on a wide

¹⁸ Jeffery Ash and Lisa Parrott (2001), *"Pact's Women's Empowerment Program in Nepal"*, <http://www.rural.org>, retrieved on 21.12.2014.

¹⁹Vani S. Kulkarni (2011), *"Women Empowerment in Micro-finance-An Asian Perspective Study"*, Department of Sociology, Yale University, Published by International Fund for Agricultural Development.

²⁰Pushpa Raj Sharma (2010), *"An Overview of Micro-finance Service Practices in Nepal"*, Journal of Nepalese Business Studies, Vol.7, No.1.

range of issues, such as economic and social development, migrant workers, reproductive health and education²¹. It also aims to raise women's income through the development of community based organizations and cooperatives. These cooperatives were formed by the aggregation of Self-Help Groups. In addition to this, there are some NGO-MFIs in Indonesia like Yayasan Dharma Bhakti Parasahabat (YDBP) which had total membership of 1, 00000 members (exclusively women). In addition to this, it had highest repayment rate with 95 per cent²².

There are several studies conducted on microfinance in Indonesia and its impact on women empowerment. According to Kirstin Leikem, women from the lower economic strata use loans for income generating activities such as small businesses. For borrowers below, above and well above the poverty line, loans are used for other uses such as paying for schools, fees, medical treatment, meeting daily consumption needs, meeting social and holiday expenses²³. Another study conducted by Bramono, Chung, Eom and Khan revealed that the origin of microfinance can be traced back to more than a century ago, where village credit organization (BKDs) offered small loans to villages. Today, BRI Unit Desa of Indonesia is considered to be one of the successful MFIs in the world. It had more than 3.1 million borrowers up to December, 2003. Here, majority of borrowers were women. It was also found that with proper incentives, good operative principles and several financial services can not only become MFIs more sustainable, but even profitable in Indonesia. Particularly, BRI Unit Desa has been successful in improving the economic status of the poor people²⁴. Hussain, Khan and Zaman referred the Annual Reports of Bank Rakyat Indonesia on their study. It was found that micro-finance services have positive impacts on socio-economic variables such as children's schooling,

²¹ H.Ramananda Singh and N.Dhaneshwar Singh (2011), *"Micro-finance: An Introductory Text"*, Akansha Publishing House, Guwahati.

²² Ibid.

²³ Kirstin Leikem, *"Micro-finance: A Tool for Poverty Reduction?"* (2004), Published by University of Rhode Island, <http://www.digitalcommons.uri>, retrieved on 28.12.2013.

²⁴ Dewi Bramono, Ming Chung, Yoonmi Eom and Kevin Lam Yenn Khan (2001), *"Micro-finance in Indonesia"*, <http://www.facultycourse.instead.edu/dutt/emdu>, retrieved on 28.12.2013.

household nutrition status and women empowerment²⁵. Suadnya, Chamala, Abdurahman and Sayuti revealed that though government of Indonesia had formulated micro-finance programme as a strategy of women empowerment, there is a wide gap between the theory and practice of the concept of empowerment²⁶.

d. Uganda and Ghana

Micro-finance had a long history in African countries of Uganda and Ghana. In Uganda, some of the MFIs which are directly engaged in eradication of poverty and women empowerment are Foundation for International Community Assistance (FINCA), Foundation for Credit and Community Assistance (FOCCAS), Promotion of Rural Initiatives and Development Enterprises (PRIDE), Uganda Women's Finance Trust (UWFT), Volunteer Efforts for Development Concerns (VEDO), The Poverty Alleviation Credit Trust and UGAFODE²⁷. FINCA is considered to be one of the best practices MFI in Uganda. It was found that the average loan given to the individual is \$82. In addition to this, it also promotes voluntary and mandatory savings. Another leading MFI in Uganda is FOCCAS. Its primary focus is to improving the status of rural poor women. UWFCT was established in 1984 to provide credit and savings facilities to individual women entrepreneurs. In Ghana, three different types of micro-finance institutions are operating. These are (i) Formal suppliers of micro-finance; (ii) Semi-formal suppliers of micro-finance and (iii) Informal suppliers of micro-finance. Some of the MFIs which are directly engaged in eradication of poverty and women empowerment are Micro-finance and Small Loans Center (MASLOC), The Ghana Micro-finance Institutions Network (GHAMFIN), Association of Rural Banks (ARB), Association of Financial NGOs (ASSFIN), Ghana Cooperative Credit Unions Association (CUA) and Ghana Cooperative Susu

²⁵ Md.Hussain, Faheem Ahmed Khan and Khalid Zaman (2004), *"The Role of Micro-finance in the Socio-Economic Development of Women in Skardu, Pakistan"*, Readers Insight Publishers, <http://www.readersinsight.net>, retrieved on 28.12.2013.

²⁶ Suadnya, Wayan, Chamala, Shankariah, Abdurahman, Muktasam and Sayuti, Rosiady (2005), *"Empowerment and Micro-finance: An Analysis of Theoretical Concepts and Practices-Reflections from a micro-finance Project in Indonesia"*, Published by French Institute of Pondicherry, <http://www.rume-rural>, retrieved on 28.12.2013.

²⁷ H.Ramananda Singh and N. Dhaneshwar Singh (2011), *"Microfinance: An Introductory Text"*, Akansha Publishing House, Guwahati.

Collectors Association (GCSCA)²⁸. According to the study conducted by Rooyen, Stewart and Wet, micro-finance services in Uganda and Ghana changed the lives of women in various respects. After participating in MF programme, women of both the countries gained management skills, owned bank accounts, achieved greater mobility and gained ownership of some household assets. The study also indicates some positive trends in decision-making power both inside and outside the household²⁹. Another study conducted by Awojobi revealed that micro-finance programmes in Uganda and Ghana increased self-confidence and improved morale of the members in the community³⁰.

From the above discussion, it has become clear that micro-finance has been used as a tool for alleviation of poverty and women empowerment throughout the world. Governments of all the countries around the globe generally promote micro-finance programme as a strategy for financial inclusion of poor people in the development process of the country. India's microfinance scenario is dominated by SHG-Bank Linkage model and it was initiated by National Bank for Agriculture and Rural Development (NABARD). SHGs were formed by NGOs, Government Agencies and Banks and these are informal groups linked to the formal financial sectors like Banks³¹. In Indonesia, there are several subsidized government programmes, both local and community based financial institutions and NGOs, but their role in providing micro-finance is very limited. Cooperative system was very much prevalent in Indonesia. But it was highly politicized under Suharto regime. It is also very contradictory to find that the best practice of micro-finance was operating side by side in the same period. In Bangladesh, NGO-MFIs dominate the provision of financial services to the poor i.e., micro-finance. In Nepal government sponsors programmes are the major suppliers of micro-finance services.

²⁸ H.Ramananda Singh and N. Dhaneshwar Singh (2011), *"Microfinance: An Introductory Text"*, Akansha Publishing House, Guwahati.

²⁹ C.Van Rooyan, R. Stewart and T.De Wet (2012), *"The Impact of Micro-finance in Sub-Saharan Africa: A Systematic Review of the Evidence"*, World Development, Vol.40, No-11.

³⁰ Oladayo Nathaneil Awojobi (2014), *"Empowering Women Through Micro-finance: Evidence from Nigeria"*, Australian Journal of Business and Management Research, Vol-4, No-1, April Issue.

³¹ Jamie Bedson (2009), *"Micro-finance in Asia: Trends, Challenges and Opportunities"*, Published by The Foundation for Development, Australia.

In terms of outreach, Nepal has the lowest outreach in Asia. Asia's relatively high outreach was found in Bangladesh. India is also suffering from the problem of limited outreach. About 75 million households in India are poor and about 22 per cent of these poor households (i.e., 16.5 million) are currently receiving micro-finance services. In this context, it is important to mention here that SHG-Bank Linkage programme has no clear social or economic benchmarks for group membership which ultimately lead to inadequate poverty targeting. In context of Indonesia, several studies have demonstrated that there is still an unmet demand for microfinance services, majority of the rural households still do not have access to funds from formal or semi-formal institutions. It was also found that BRIs Unit and BPRs always tends to cover the upper levels of microenterprise market in the district and sub-district towns, with loans of more than Rp.3 million (US4320), while NGOs, cooperatives and village based institutions (BKDs) reach only at the lower end of the market but still have limited outreach in rural areas³².

Savings is considered to be one of the important criteria for the sustainability of micro-finance programme. Except Bangladesh, all the countries have yet to bind the power of savings as a source of capital. It was found that 56 per cent of total loans given by Grameen Bank were from savings. In Uganda and Ghana as well MFIs are suffering from poor institutional arrangement, weak regulatory framework, lack of coordination and collaboration, poor institutional linkages, lack of linkages between formal and informal financial institutions and lack of capital. According to the study of Irene, micro-finance programme in Ghana is not successful in improving the condition of women. Here, major problem is that MFIs in Ghana have followed very rigid course of action which focuses mainly on its sustainability and not on uplifting the status of women. So, only those women who are actively engaged in income generating activities are preferred to give financial assistance by the MFIs. Moreover, several studies on women's socio-economic status and factors of

³²H.Ramananda Singh and N. Dhaneshwar Singh (2011), "*Microfinance: An Introductory Text*", Akansha Publishing House, Guwahati.

accessing credit from MFIs shows that woman of varied background have benefitted from the micro-finance system. Socio-religious factors are no longer the key barriers of borrowing from MFIs³³. Another study conducted by Ziem and Bebelleh, it was found that the greatest benefit of micro-finance programme is on the education of children of the beneficiaries. 39 per cent of total respondents reported that prior to the participation in to the programme, it was very difficult to bear the study expenditure of their children. But now, they can easily bear the study expenditure. Another area where micro-finance had showed a positive result is on health of rural poor women³⁴. Hence, it may be said that micro-finance programme had direct relationship with uplifting the condition of women in sub-Saharan Africa.

If we consider the role of micro-finance in women empowerment, it was found that the picture of micro-finance in India is quite impressive. According to the study conducted by Baruah, it was found that SHGs had played an important role against the breakdown of vicious cycle of poverty in Nalbari District of Assam. It not only brought financial independence to the rural poor women, there were many SHG members who showed visible changes in the sphere of socio-political activity³⁵. Another study conducted on the slums of Bangalore city by Karolkar and Rassendran, it was found that low income people had participated in SHG programmes. About 85 per cent of the respondents reported to have increased economic self-sufficiency. The study also highlighted on the positive role played by SHG members with regard to their children's education. Around 43 percent of the members themselves take decision regarding the children's education. Hence, participation in SHGs helped women to improve their socio-economic status, which

³³ Irene S Egyir (2010), *"Rural Women and Micro-finance in Ghana:Challenges and Prospects"*, Published by Agricultural Economists Association of South Africa (AEASA), Cape Town, South Africa, <http://www.ageconsearch.umm.edu>, retrieved on 28.12.2013

³⁴ Romanus Ziem and Frederick Der Bebelleh, (2014), *"Micro-finance and Rural Women Empowerment in the Kpandai District of Ghana: The Role of SEND GhanaMicro-finance Scheme"*, European Journal of Business and Management, Vol-6, No.24,2014

³⁵ Prasanjit Bujar Baruah, (2012), *"Impact of Micro-finance on Poverty: A study of twenty Self-Help Groups in Nalbari District, Assam"*, Journal of Rural Development, vol-31, No-2.

was considered as the indicator of women empowerment³⁶. Therefore, it may be said that Self-Help Groups came a long way to make visible impact on the lives of poor sections of the society in general and women in particular. At present, micro-finance programme is considered as one of the most effective tools of women empowerment in almost all the parts of the globe. In India also this programme has become very popular and successful in meeting various needs of the people.

To sum up, it may be said that though there are several lacunas in micro-finance programme around the globe, still the importance of it cannot be undermined. Governments, Donors, civil societies and researchers are taking constant interest in it. Micro-finance brings better food security and nutrition, better housing and health, better school enrolment for children and most importantly economic self-reliance to women. Economic independence in the long run leads to higher mobility and greater consciousness which help women to break the barriers of society and economic subjugation and move to the path of empowerment.

³⁶ Karolkar, Vilas Mohan and Rassendran Gerand, (2008), "*Women Empowerment through Micro-finance: A Study of Slums in Bangalore City*", Artha, Journal of Social Sciences, Vol-7, No-1, January-June.