

# Financial Sustenance for Women's Empowerment - A Measure Towards Inclusive Growth

*Bindu Madhab Panda*

## **Introduction**

Following sixty five years of independence, women's empowerment has still remained as one of the serious concerns for the society. The Constitution of India guarantees equal rights to both sexes and entitles women to enjoy economic, social, cultural and political rights on an equal footing with men (Article 325). Under Article 15 (3) of the Constitution, the State is empowered to make "special provisions", legislative or otherwise, to secure women's socio-political advancement. This ensures dignity and equal opportunities for the women and their active participation in all walks of life including education, politics, sports etc. Considering the women's role in the nation-building activities, the Government had declared the year 2001 as the year of Women's Empowerment by adopting a national policy to offer "Swashakti" to women. The goals of the National Policy is to bring about development and empowerment of women through creating an positive economic and social environment and to enable them to realize their full potential by having access to health care, quality education, employment, equal remuneration and social security, so that all sorts of discriminations and violence against women can be eliminated.

The Constitution of India preserved gender equality in its Preamble, Fundamental Rights, Fundamental Duties and Directive Principles of State Policy. Since the Fifth Five Year Plan (1974-78), the approach towards women's welfare for development has seen a paradigm shift in India with greater focus on women's empowerment as the central goal. The National Commission for Women was set up by an Act of the Parliament in 1990 to safeguard the rights and legal entitlements of women. The 73rd and 74th Amendments to the Constitution in 1993 have provided for reservation of seats in the Local Bodies of Panchayats and Municipalities for women, laying a strong foundation for their participation in decision-making at the local levels. Besides, several laws have been legislated and implemented in social, economic, legal and political sectors including active participation of women in State Assembly and Parliament.

## **Poverty Alleviation Programmes in Odisha for Women's Empowerment**

As per the 2011 population census of Registrar General of India, female population in Odisha constitutes 2.07 crore of the total State's population of 4.19 crore. According to the poverty estimates of the Planning Commission for 2004-05, more than 57 per cent of the total population were

living below the poverty line in Odisha. Since women comprise of about 49.40 per cent of the total State's population, the majority of women are living below the poverty line and are subjected to the harsh realities of intra-household and social discrimination.

To overcome the problems of poverty, the Government of Odisha has been implementing several welfare schemes viz., Supplementary Nutrition Programme for pregnant women, lactating mothers and children aged between six months-six years, Emergency Feeding Programme in KBK districts and Old Age Homes aiming at safety net for the old, infirm and destitute and SABALA to improve the nutritional and health status of adolescent girls and equip them with skills and provide them with knowledge on family welfare, health and hygiene, information and guidance on existing public services and mainstreaming them into formal schooling. The Support to Training and Employment Programme of Women (STEP) scheme also provides training for skill upgradation, development of entrepreneurial skills, asset creation, mobilisation into small viable groups to enable beneficiaries to take up employment-cum-income generation activities, to help poor and marginalised women and make them economically self-reliant

Besides the nutritional and skill development programmes, the Government of Odisha has been providing financial assistance of Rs.200 per month per woman who are poor, disabled and vulnerable through National and State Old Age Pension Programmes (NOAP & SOAP)/ Indira Gandhi National Old Age Pension, Indira Gandhi National Widow Pension Scheme, Indira Gandhi National Disabled Pension Scheme and Madhu Babu Pension Yojana. The Government also takes up the programme for assistance to disabled persons for purchase/fitting

of aids/appliances (ADIP Scheme) in coordination with Voluntary Organisations and Aid Agencies working in the field of social welfare in the State.

Swarnjayanti Gram Swarozgar Yojana (SGSY) is being implemented by the Government of Odisha to assist BPL families by providing them income generating assets through bank credit and Government subsidy. The scheme is designed to promote self-employment oriented income generating activities for the BPL households in the rural areas by organising the rural poor into Self Help Groups (SHGs). Special safeguards have been provided for vulnerable sections focusing on Scheduled Castes and Scheduled Tribes, women, etc. The Rashtriya Mahila Kosh (RMK) scheme also extends micro-credit support for income generation to poor women grouped into SHGs.

### **Micro Finance for Women's Empowerment**

The problem of women's access to credit was given utmost priority at the first International Women's Conference in Mexico in 1975 as a part of the emerging awareness of the importance of women's productive role both for national economies as well as for women's rights. This led to the setting up of the Women's World Banking network and production of manuals for women's credit provision. Many other women's organizations have been set up world-wide as credit and savings components with an aim of increasing women's income and bringing women together to address wider gender issues. Starting from the mid-1980s, there was an escalation of donors, government and NGO-sponsored credit programmes in the wake of the 1985 Nairobi Women's Conference.

Between 1980s and 1990s, there was development and rapid expansion of large

minimalist poverty-targeted Micro Finance Institutions (MFIs) and networks viz. Grameen Bank, ACCION, Finca etc. These organizations witnessed significantly higher female repayment rates that led to increasing emphasis on targeting women as an efficiency strategy to increase credit recovery. A number of donors also saw female-targeted financially-sustainable micro-finance as a means of marrying internal demands for increased efficiency because of declining budgets with demands of the increasingly vocal gender lobbies. The trend was further reinforced by the Micro Credit Summit Campaign starting in 1997 which had 'reaching and empowering women' as its second key goal after poverty reduction. Micro-finance for women has recently been seen as a key strategy in meeting not only Millennium Development Goal number three i.e gender equality, but also poverty reduction, health, HIV/AIDS and other goals. India has also been a signatory to various international conventions and human rights instruments committing to secure equal rights of women.

Micro finance sector has cycled from micro savings to micro credit and further to micro enterprises and now entered the micro insurance, micro remittance and micro pension. This evolutionary growth process has created optimum opportunity for the rural poor across India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households. Micro finance involves credit linkage with banks through two models (i) SHG - Bank Linkage Model: this model involves the SHGs financed directly by the banks viz., Commercial Banks, RRBs and Cooperative Banks (ii) MFI - Bank Linkage Model: this model covers financing of MFIs by banking agencies for on-lending to SHGs and other small borrowers. MFIs are playing an important role of financial intermediaries

operating under various legal forms, viz., NGO MFIs, Cooperative MFIs and NBFC MFIs.

Financial institutions in the country continued to play a leading role in the micro finance programme for nearly two decades. As on 31<sup>st</sup> March 2011, loans outstanding by banks to 39.84 lakh women SHGs was Rs.26123.75 crore in 2010-11 as against Rs. 23030.36 crore to 38.98 lakh women SHGs in 2009-10. As on 31<sup>st</sup> March 2011, women SHGs had 60.98 lakh saving accounts with bank balance of Rs.5298.65 crore. In order to enhance women's access to credit, existing micro-credit mechanisms and MFIs in Odisha have extended their support to the existing 5.21 lakh SHGs. Besides, many supportive measures have been taken by the Government of Odisha to ensure adequate flow of credit through extant financial institutions and banks, so that all women below poverty line can have easy access to credit. Micro finance has emerged as a powerful instrument in the State, generating employment and livelihood and is dominantly guided by SHGs with Bank Linkage Programme as a cost effective mechanism for providing financial support to the "Unreached Poor" which has been successful not only in meeting financial needs of the rural poor women but also strengthening their collective self help capacities. Rapid and significant progress in SHGs formation has now taken the shape of a women's empowerment movement in the State. In Odisha, as on 31<sup>st</sup> March 2011 almost 62.15 lakh rural households were covered under 5.21 lakh SHGs-Bank Linkage programme. More than 400 SHGs were found per one lakh population, during the same period. During 2010-11, total number of 71843 SHGs had disbursed loan amount of Rs.574.92 crore against the total outstanding loan of Rs.1579.84 crore, which indicates the progress and potentiality of the SHGs and Banks.

Micro finance addresses the issues linked to poverty alleviation, financial support to micro entrepreneurs, gender development etc. Micro finance is a “Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards”. Onward-lending to individuals and also to members of SHGs is categorised by the RBI as priority sector. As per the RBI, guidelines aggregate amount of loan, extended for income generating activity, is not less than 75 per cent of the total loans given by MFIs.

### **Problems and Challenges in Micro Finance**

Many studies have highlighted that perpetual poverty and underdevelopment among the women prevailed across India since independence. Despite, a number of steps taken by the Government, the situation is not very satisfactory due to existing problems in the financial sector and society. The major problems and challenges as highlighted by the different studies are as under:

- Lack of knowledge of the market for entering into business;
- Inadequate book-keeping knowledge;
- Employment of too many persons that increases social pressure for sharing profits, group lending;
- Capital shortage and high interest rates;
- Inventory and inflation accounting;
- Errors in credit policies;
- Financial inclusion in the tribal and most backward rural areas;
- Conflicts and untimely break up of the Groups; and

- Internal family problems, traditional responsibilities increase women’s work and time burden.

### **Way Forward**

Tackling graveness of poverty, undoubtedly Odisha has achieved remarkable progress in empowering women during last 12 years through good governance. However, it is realized that a lot is still to be delivered, especially for the women through the measures such as:

- Awareness campaign for the women about their rights, responsibilities, etc.;
- Attaining full women literacy to strengthen the awareness campaign;
- Extension of women oriented training/ skill for employment and earning;
- Special training for women for social adjustment, family construction, increasing confidence to tackle violence etc.;
- Framing policies for financial sustainability of poor women for creating community owned institutions;
- Financial inclusion in the tribal and most backward rural areas;
- Extension of economics/ finance based training for skill upgradation, development of entrepreneurial skills, asset creation and its mobilization;
- Credit is important for economic development but cannot by itself enable very poor women to overcome their poverty. The financial institutions involved in micro credit initiatives should instigate women not to consume all the credit available, rather that should be used for generating micro enterprises. To overcome chronic poverty it

is more important to provide saving services alongwith credit facilities;

- Development of a strong collaborative model among banks, NGOs, MFIs and Women's organizations to exercise best practices in relation to micro-finance for women's empowerment and how different institutions can work together; and
- Effectively implementation of the gender strategies in micro finance in a broad way for increasing women's access to savings and credit and organizing self help groups in a strategic thinking for vigorously promote gender equality and women's empowerment.

### Conclusion

Participation of women in the economic activities is utmost important to achieve inclusive growth. To expedite the process of inclusiveness, a number of financial inclusion activities have already been started in Odisha through increasing number of banks and MFIs and significant economic and social empowerment of women through SHGs have already been pictured. However, a lot needs to be recognized in a broader dimension to reduce the gap between rich and poor. In so far as attaining aims of both empowerment and sustainability of women is concerned, it is a long-term aspect and cohesive efforts need to be spontaneously drifted out from each corner of the society. Governments effort through designing and implementing policies for generating and providing financial supports may be well behind attaining the millennium development goals until and unless strong willingness, efforts and utilization power is developed by the women and their families. The dream of eradicating poverty and hunger from women/ society can only be achieved when the beneficiaries can dig out the multiplier effect of

the funds (cash or kind) and services supported by the Government/ financial institutions. So, the innovative steps taken through the SHGs must be welcomed and be extended to many poor women for their empowerment to build a new, healthy and violence free women empowered and developed Odisha. This can fulfil the aim of inclusive growth of Odisha.

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Bindu Madhab Panda, Economic Officer, Planning Commission, Yojana Bhawan, New Delhi.