

Micro Finance, Self Help Groups and Women Empowerment – current issues and concerns

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Abstract

The first and perhaps the most critical Millennium Development Goals of all is to make a pivotal difference in reducing the extreme poverty and hunger by half within 2015. Around the globe, the United Nations Development Program (UNDP) seeks to promote various approaches to reduce human poverty by emphasizing the importance of social inclusion and equity, human rights and women's empowerment. A well understood but poorly articulated reality of development is the role of women. The UN commission on status of women observed 'women who contribute half of the world's population by virtue of an accident of birth, perform two-thirds of the world's work, receive one-tenth of its income and owns less than one-hundredth of its property'. In India, women produce 30 percent of all food commodities consumed but get only 10 percent of the property or wealth of the country. There is a growing realization that rural women have been underestimated and discriminated against all walks of life, despite their substantial contribution to the household economy and in turn, the national economy as such. As it is clear that the rights and protection of women from social inequalities in statute books are not good enough, some practical solutions are to be acknowledged and most importantly, implemented. Women have been deprived of economic independence. The empowerment of women and improvement of their status and economic role needs to be integrated into economic development programs, as the development of any country is inseparably linked with the status and development of women. Given the gender division of labour that prevails in India, Nutrition, Child health, and related matters typically depend mostly on women's actions and decisions. Experience has shown that promotion of enterprise creation and income generating activities among women would transform them from 'being alive' to 'living with dignity'.

One of the powerful approaches to women empowerment and rural entrepreneurship is the formation of Self Help Groups (SHGs) especially among women. This strategy had fetched noticeable results not only in India and Bangladesh but world over. Women being central to the entire development process and at the precursor of social transformation can be demonstrated with many examples that could include Grameen Bank's success, SHGs of ICICI Bank, Shakthi Ammas at HLL, Cemex, Amul, the success of Avon, Mary Kay, and Tupperware in US and other parts of the world.

Micro Finance as a tool of poverty alleviation and women empowerment has gained acceptance in development dialogue the world over. There is an acute need among the poor for credit, both for consumption and production, which often forms the declining line between survival and succumbing to poverty. It has been found that besides food, credit is also needed for health, housing education. These needs are also critical for survival (Zeller, 2000). The success of SHGs as a development tool depends on the availability of Micro Finance.

This paper tries to link all the pertinent points discussed above namely Micro Finance, SHGs, Women Empowerment and Women Entrepreneurship. The paper would take some of the interesting cases, news and occurrences that would try to demonstrate that women can pro-create themselves, given a conducive climate.

Micro Finance, Self Help Groups and Women Empowerment – current issues and concerns

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Introduction

"In most of the developing countries today, more and more emphasis is laid on the need for development of women and their active participation in the main stream of development process. It is also widely recognized that apart from managing household, bearing children, rural women bring income with productive activities ranging from traditional work in the fields to working' in factories or running small and petty businesses. They have also proven that they can be better entrepreneurs and development managers in any kind of human development activities. Therefore, it is important and utmost necessary to make rural women empowered in taking decisions to enable them to be in the central part of any human development process. The empowerment of women also considered as an active process enabling women to realize their full identity and power in all spheres of life.

Against the background of the patriarchal system of society, the women need special attention to ensure their development and participation in the decision making process at home, in the community and governance.

Hence what is needed is a conducive environment to maximize their potentials. This conducive environment should include basic amenities such as better health and nutrition, education and sensitization to their rights and protection under the law and employment opportunities, etc. over the decades, various strategies have been adopted to empower rural women with some mixed results. One of the viable strategies, quite often talked about, is the role of enterprise to

empower rural women. For example, promotion of rural enterprise makes full use of family labour, requires less capital in production and uses locally available raw material. In addition, family ties and kinship linkages may help in promoting rural enterprise. Thus, enterprise development has been considered, among other factors, a powerful tool to eradicate poverty especially among rural women as they are at the lowest rung of poverty ladder in almost all afro-asian countries.

For women to become a successful entrepreneur, she needs access to capital, technical and managerial know-how and market. The essence to empower rural women lies in catalyzing appropriate economic activities at the grass root level and creating new opportunities for them to earn higher income in order to improve their standard of living. This objective could be accomplished by establishing enterprises that are based on the locally available resources and preferably indigenous knowledge.

Development experience shows that gender inequalities are a major factor impeding progress towards the Millennium Development Goals of poverty reduction. This is particularly true in rural areas, where women are generally very involved in productive work but lack access to assets they need to play that role effectively. As a result of this imbalance, rural women are often more vulnerable to poverty than men, and their limited ability to secure assets independently makes them more likely to be negatively affected by ongoing changes in rural markets and institutions

Women are critical for Development

In his book "The Fortune at the bottom of the Pyramid", Prof. C.K.Prahlad comments, "A well-understood but poorly articulated reality of development is the role of women. Women are central to the entire development process. There are also at the vanguard of social transformation. For example, Grameen bank's success is based on lending only to women. The entrepreneurs who were able to

use the micro finance made available were women. The grameen phone 'ladies' are the entrepreneurs. There are adequate evidence from various studies undertaken so far that the role of women in building a new society is inevitable. The SHGs at ICICI bank are all women, as are the shakti ammas at HLL. The women are entrepreneurs responsible for saving and accessing credit. In the case of CEMEX, the company works only with women. Amul, a milk cooperative, depends on women for their milk origination in villages. Women also collect the cash for the milk and therefore have achieved a new social status. Access to economic independence can change the long tradition of suppression of women and denial of opportunities. The success of Avon, Mary Kay and Tupperware in US and other parts of the world are also based on the role of women entrepreneurship. Although the evidence is overwhelming, very little explicit attention has been paid to actively co-opting women in the efforts to build markets and lead the development process".

When asked with Muhammad Yunus, managing director of Grameen Bank in Bangladesh, a pioneer in the practice of microcredit lending as to why loaned primarily to women, he replied, that "It has to do with the decision to have a separate bank for the poor people. From the beginning, I had complained about the banking system on two grounds. One complaint was that the banking system was denying financial services to the poor people through certain rules it had set up. The second allegation was that the banking system also was not treating women fairly. If you look at the gender composition of all the borrowers of all the banks in Bangladesh, not even 1 % of the borrowers happen to be women. I said this is a very gender-biased organization. So when I began, I wanted to make sure half the borrowers in my program are women so that they are even. I did that. It was not easy because women themselves didn't think that they should borrow money. I had to do a lot of convincing. I encouraged them to believe that they can borrow money and make money. Part of that effort was to overcome fears -- cultural fears -- and the fact that they had never had any experience with business and so on. Soon we saw that money going to women brought much

more benefit to the family than money going to the men. So we changed our policy and gave a high priority to women. As a result, now 96% of our four million borrowers in Grameen Bank are women".

In one of the speeches of Shabana Azmi on gender and population in South Asia, she revealed the disadvantaged position held by women in India embedded in the Indian psyche: endless cases of female infanticide, dowry deaths and abysmal access to literacy and health care. She noted that it is this differential treatment that lays the foundation for not only rapidly increasing population, but also in making millions of women endure lives of weakness and subjugation. In addition, she emphasizes education that reinforces gender equality as the most important element leading to women empowerment. However, there is not enough attention being given to the quality of education. Although she acknowledges the importance of legislation, she said that laws alone cannot bring about change. What are needed, according to Azmi, are a change of mindset, a change of attitudes, and a commitment to gender equality.

Women self-help groups

One of the powerful approaches to women empowerment and rural entrepreneurship is the formation of Self Help Groups (SHGs) especially among women. This strategy had fetched noticeable results not only in India and Bangladesh but world over. "Women self-help groups are increasingly being used as tool for various developmental interventions. Credit and its delivery through self-help groups have also been taken as a means for empowerment of rural women. This integrated approach, whereby, credit is only an entry point, and an instrument to operationalise other aspects of group dynamics and management, also caters to the need for social intermediation of these groups. A self-help group is conceived as a sustainable people's institution that provides the poor rural women with space and support necessary for them to take effective steps towards achieving greater control of their lives. The SHG

approach has proved successful not only in improving the economic conditions through income generation but in creating awareness about health and hygiene, sanitation and cleanliness, environmental protection, importance of education and better response for development schemes.

Through organizing informal self-help groups (SHGs), rural women in India are provided credit and extension support for various production-oriented income-generating activities. These activities usually include garment making, embroidery, food processing, bee keeping, basketry, gem cutting, weaving, and knitting. SHGs are self-governed, with decisions about production and marketing taken collectively, although the group leader is responsible for identifying potential marketing centers and consumers. These groups represent a new culture in rural development, breaking with traditional bureaucracy and top-down management. Informal groups empower rural women to manage rural industries and make decisions collectively for their common economic interests. Studies on the development of informal women's groups in India, shows how it is possible to avoid the 'top-down management' and bureaucracy that often contribute to the failure of other schemes. Informal self-help groups in rural areas serve to empower women, and provide a basis for the provision of credit and other support for various production and income-generation activities.

According to a survey conducted by Centre for Bharatiya Marketing Development (CBMD), the highest number of SHGs are found in the southern states. On an average southern states constitutes 65% SHGs, eastern 13%, central 11%, northern 5% and western 6% at the national scene. Andhra Pradesh, followed by Tamilnadu, has the highest number of women SHGs working independently and setting up a micro enterprise, which helps in income generation.

The benefits that can be reaped by the grouping together of poor women in rural areas are many.

A case in the point is a program of **The Association of the Women of a village of Canglon (ASOMUCA) in Panama**. Investing in just a few women in the rural community has benefited the community as a whole, suggesting that similar projects can be replicated in other areas.

The project has yielded a number of benefits:

- There is greater grassroots participation in the region;
- The initiative has led to improving living conditions in the community;
- There is greater understanding on the part of the residents of Canglon and nearby communities about the importance and potential benefits of living in the vicinity of a protected area;
- The project has demonstrated that empowerment and the broader participation of women in community affairs benefits the community as a whole.

Another case in the same line in India is the effort of a group of rural women belonging to the untouchable "Paraiya" caste in South India to initiate and build an organization of their own to stand up for their rights and to challenge their oppression. The description covers the evolution from literacy to health action; the orientation workshop (which included building confidence through sharing experiences, participatory training techniques, reflecting on women's position in society, creating new attitudes of self value, identifying oppressive attitudes and structures in society, and the socioeconomic and political causes of disease); and the role of animators. **Rural Women's Social Education Center (RUWSEC) in Chingleput, South India**, was initiated in 1981 by 10 women who belonged to the villages of Chingleput. The women had come together because of involvement in a nationwide literacy campaign in which the 10 village women worked as literacy teachers in their respective villages. Through their work, the women realized their own worth and potential and felt committed to working with other women in their communities to change their exploited situation. RUWSEC

has focused on activities and issues related to women and health. 10 women "animators" began working in their villages carrying out health care, health education, and working towards building a women's organization in those villages. The animators' approach was to help women understand their own and/or communities' health problems and participate in their own healing. As a result of the efforts of RUWSEC, there were requests from several villages in the neighborhood for the creation of women's centers, and the animators decided to extend their work to 5 more villages. They visited the 5 villages and asked the community to nominate their own animators. The animators chosen were introduced to the work and philosophy of RUWSEC through a 6-day orientation program organized by the senior animators. The animators of RUWSEC, after 2 years of training in administration, accounting and management, and in conducting training programs, now are in charge of all their own activities. They have ventured also to further build and expand their organization.

Organisations for the Women and by the Women

There are many successful women forums and organizations that are trying to bring the rural women together for developmental works. The examples that we will take are Working Women's Forum (WWF), SEWA, Shri Mahila Griha Udyog Lijjat Papad, or Lijjat, and Mann Deshi Mahila Sah Bank Ltd., Mhaswad, Maharashtra.

The Working Women's Forum (WWF), established in Madras in 1978, has brought together over 13,000 poor urban women around the issue of credit. Most women who live in the slums of Madras work as small-scale traders and vendors, their earnings often providing over half the family income. Interviews with these women revealed that their primary concern was increasing their earning capacity. The WWF was set up to enable these women to obtain low interest loans to

expand their businesses. The key element in the WWF structure is the neighborhood loan group, comprised of 10-20 women from the same area who act as mutual guarantors for the loans of all group members. Over 7000 women have received loans and the repayment rate has been over 90%. About 2800 new jobs or businesses have been created, and earnings have increased an average of 50% in existing enterprises. Women report that they are eating better quality and more varied foods as a result of their increased income. The WWF is expanding its activities to address the political and social problems of working women as well. The Forum operates day care centers, skills training centers, and remedial classes for schoolchildren. In 1980 the WWF launched a family planning program in which field workers (who are drawn from the WWF membership and paid \$18 per month) disseminate information on health, nutrition, and family planning to families in their communities. According to a staff member, this program was an outcome of the realization that "income generation and large families do not go together." The WWF also promotes intercaste, no dowry marriages and lobbies for public services. Women have become more confident of the possibility of gaining control over their lives, including their fertility. The WWF experience demonstrates that an organization does not need a lot of money, educated staff, or technical expertise to reach poor women. The Forum's success is attributed to its selection of one critical issue, utilization of local leadership, organization of women around existing neighborhood ties, and decentralized management.

The Self-Employed Women's Association (SEWA) is an Ahmedabad-based union of women workers established in 1972. Backed by more than 220,000 association members and has set up 16 organisations, including the SEW A bank has organized to fight poverty through full employment and self-reliance, SEW A workers demand the right to work for food, income, and social security. Since its creation, SEW A has fought to gain the recognition of home-based and outside workers' legitimate rights. However, it was realized during the course of such struggle that struggle alone could not fulfill the demands, needs, and

priorities of workers. There was also a need to create alternative economic organizations of workers in terms of access to capital, markets, raw materials, and knowledge and skills; building organizational and managerial capacities; upgrading skills through training; social security; and enabling policies. The joint action of union and cooperatives has therefore been SEW A's organizing strategy for all these decades.

Shri Mahila Griha Udyog Lijjat Papad, or Lijjat, 'is an organization that has acted as a catalyst in empowering poor urban women across India during the last four decades. Starting as a small group of seven women in 1959, today Lijjat has more than 40,000 members in 62 branches across 17 Indian states. Only women can become members of Lijjat, and all of its members, addressed as "sisters," own the organization. Lijjat's main product is a thin, round, savory snack called *papad*, and papad rolling is the major activity of the "member sisters." Remuneration is the same for everyone, and profits and losses are shared equally among the member sisters, so there is no possibility of concentration of assets and wealth. Lijjat refuses to accept donations, but instead provides donations to the needy. Besides papad, Lijjat has also introduced other products, such as Sasa detergent and soap. However, papad has remained as its core identity product.

Key Factors for Success of Lijjat

- The merging of ownership with membership has encouraged uniform and sustained organizational growth.
- The consistent quality of the product has been a primary factor in establishing and maintaining Lijjat's brand image in the market for the last four decades.
- The Sarvodaya philosophy proved vital in forming Lijjat's foundation.

- Lijjat has emerged as an innovative organization in which women from any religion, caste, or class can become members. The pledge and all-religion prayer also encourage cooperative work among women, irrespective of caste or religion.
- Transparency in operations and a nonhierarchical structure has helped in establishing organizational accountability among member sisters.
- Lijjat encourages its members to give to others whatever they can, instead of expecting help from others. Lijjat does not accept donations, but gives donations, which enhances members' self-esteem and pride in their own organization.
- Calling the members "sisters" creates an informal work environment. Frequent meetings, open interaction, and consensual distribution of tasks reduce the possibility of disputes resulting from communication gaps and help work to go smoothly.
- Lijjat provides economic opportunities through a domestic activity. Once involved in this activity, the women acquire confidence and status as they make money in a respectable manner. The more enterprising, responsible, and experienced member sisters climb the administrative ladder. Lijjat exemplifies a remarkable way of making leaders out of ordinary women.

Mann Deshi Mahila Sah Bank Ltd., Mhaswad, Maharashtra, founded in 1997 is the first rural women financial institution which received a banking license from RBI where 100% of its clients were women having annual incomes averaging US\$400. It is also the first bank in the country to have more than 2000 members from backward castes. The bank is having more than 47000 clients (2005 figure) ranging from street vendors to shepherds to wage earners to small entrepreneur women. The bank estimated that by 2008, it will reach 270000 clients. It has its integrated approach which distinguishes it from other micro credit efforts. It Credit though very important is not adequate for sustained and substantial employment. It is becoming increasingly clear that access to financial services alone is not

enough for poor people to transfer their economic activities into profitable economic enterprises. Access to market, information, and technical know how and social support services are as important as money if the poor are to share in economic growth. If poor people are going to build incomes, assets and livelihood in substantial ways, they need access to:

- Market information and commercial linkages
- Health and social security services, such as insurance and pension
- Technology and method to improve productivity
- Representation at Gram-Panchayat level governing bodies
- Equipment & supply know-how, linkages and bargaining power

Women are not bankable because of the lack of assets in their name, and that perpetuates the cycle of poverty for them. And when a family acquires an asset, it is rarely put in the woman's name. Thus, asset ownership is a priority for MDMSB. An asset right is fundamental in women's financial and social security. Each MDMSB loan program is designed to help women transfer family assets into her name. This includes making transfers in the woman's name for agricultural land and houses, and the acquisition of tools, shops and livestock, bank accounts, shares and savings certificates.

Other Major initiatives for women empowerment

Women in the rural areas are the catalyst of change and that is why its whole programme keeps women in progress.

In the women's savings movement, rural women organized themselves into 'thrift and credit' groups with one rupee saving a day and this mass movement, in which 58 lakh members saved more than Rs.800 crore is rotated internally and lent amongst members twice in a year as per the interest rates fixed by the groups. While the savings was there among the SHGs, there was no channel of investment. Now HLL has provided a window of opportunity to invest and earn.

HLL's Project Shakti - Through a combination of micro-credit and training in enterprise management, these women from SHGs have turned direct-to-home distributors of a range of HLL products and helping the company plump hitherto unexplored rural hinterlands. Project Shakti was piloted in Nalgonda district in 2001. The ambitious vision of this project is to create by 2010 about 11000 shakti entrepreneurs covering one lakh villages and touching the lives of 100 million rural consumers. On an average the shakti entrepreneur is earning a return of 8%. To get started the shakti women borrows from her SHG and the company itself chooses only one person. With training and hand-holding by the company for the first three months, she begins her door-to-door journey selling her wares. One of the plans of HLL is to allow other companies which do not compete with HLL to get onto the shakti network to sell their products. Talks are on with companies like Nippo, TVS Motors, and Insurance companies. HLL also operates I-Shakti an IT-based rural information service that will provide solutions to key rural needs in the areas of agriculture, education, vocational training, health and hygiene.

'Gangai Vattara Kalanjia Mutuals' – a mutual trust, aims at providing social security services to the poor in rural areas. It draws inspiration from the Mutual Insurance Association of Netherlands (MIAN). A unique feature of the insurance cover is that all claims are settled within hours, sans much of the paper work.

As a new venture, SHG members are entering the arena of health, especially in identifying hearing impaired persons by joining hands with project shakti of HLL and affordable hearing aid project centre.

SHGs took an important step towards financial independence by attending 12-day training programme on setting up information kiosks. After training the women on basic computing skills besides operating photocopiers and fax

machines, Tamil Nadu Corporation for Development of Women Limitedes (TNCDW) will offer financial assistance to the women.

The special schemes from government and financial institutions to assist women in creating enterprises and the conducive platform provided by the X plan by virtue of its thrust on women's social and economic empowerment and gender justice.

Microfinance and Women Empowerment

Links between microfinance and women's empowerment are viewed as optimistic, limited by design, cost effective in eliminating poverty, and a misplaced diversion of resources. Microfinance programs range from small scale self-help groups to large poverty-targeted banks. One model may vary in delivery, group functions and structures, and complementary services. There could be 3 contrasting approaches to microfinance and women's empowerment: the financial sustainability approach, the integrated community development approach, and the feminist empowerment approach. However, program evaluations revealed the need to question the assumptions underlying all 3 approaches. In most programs, women benefited to a limited degree. Many women did not control the loan use. Most women were engaged in low paid, traditionally female activities, and increases in income were small. Resources and time invested in economic activity were limited by responsibility for household consumption and unpaid domestic work. Microfinance programs sometimes created domestic tension between spouses and loss of spousal income and support. Group repayment pressures sometimes created pressures between women. Many women focused on personal rather than social objectives.

Financial services for the rural poor

While the fortunes of the many of India's biggest corporations are likely to be shaped by 638365 villages in India, the commercial sector has traditionally avoided the rural areas, deeming it as non-profitable and risky. This has led many of the 800 million poor to turn to local money lenders charging 36-72% interest rates or suffer without capital. It is estimated that poor needs around Rs.2000 billion.

Globally over a billion people are still without access to formal financial services and some 200 million of them live in India. Microfinance, the provision of a wide range of financial services to the poor on a sustainable basis, has proved to be immensely valuable. Access to financial services has allowed many families throughout the developing world (and, indeed, in poorer parts of the developed world) to make significant progress in their own efforts to escape poverty.

It has become clear that poor need access to money to send their children to school, to buy medicines; they need financial services to reduce their vulnerability. As a result, worldwide, MFIs have started developing and delivering a range of financial products. This reflects Millennium Development Goals (MDGs) that offer broadly accepted, measurable indicators of poverty reduction that are focused on poverty, education, health and empowerment.

International year of Microcredit 2005's fact sheet, Microfinance and the Millennium Development Goals, notes that a review of microfinance literature points to several specific conclusions about its impact on poverty reduction and several other MDGs. Some of them are highlighted here:

- a) Shahidur R.Khandker's 1998 seminal study for the world bank notes that, 'In Bangladesh, 5 % of the grameen bank's clients graduated out of poverty every year by participating in microfinance programmes and, more importantly, households were able to sustain these gains over time.
- b) Save the Children's 1999 study in Honduras showed that microfinance clients increased earnings, which enabled them to send their children to school.

- c) Women empowerment programme in Nepal found that 68% of its members were making decisions on poverty, family planning and daughter's education, and also negotiating their children's marriages.
- d) Microfinance contributes to improved nutrition, housing and health, especially among women clients. Access to a wide range of financial services can have significant positive effects on a wide variety of manifestations of poverty. The new vision driving the microfinance industry is for a world in which all poor have permanent access to a wide range of financial services, delivered through a variety of convenient mechanisms by different types of institutions. Financial services for the poor includes besides microcredit, other services like savings, money transfers, remittances, and insurance. As in India, these service providers include savings and credit cooperatives, commercial banks, community finance institutions, NGO-MFIs, consumer credit companies, insurance companies, and other types of institutions including the private sector companies. E-Banking and other emerging technologies offers a huge opportunity in this sector which resulted in growing number of commercial financial institutions initiating efforts to serve the low income market.

There are more than 1000 private MFIs operating in the country today. However, not more than 1-2% of these have an outreach of 1, 00,000 microfinance clients. It is estimated that the MFIs share of the total institution-based microcredit portfolio is about 8%. NGO-MFIs are unable to offer a range of financial services and focus primarily on credit. However, many numbers of NGO-MFIs are transforming into NBFCs to offer wide array of services and others are trying to offer the same through the route of agency agreements with other players in the market like insurance companies. But these services are offered at very high interest rates (12 – 36% p.a) due to the nature of offering these services at the village level and lower business volumes which causes the transaction costs of these services to be exorbitant than that of formal banking channels. Most of the

MFIs in India have thus far not able to significantly scale up the operations and reach a large population group across different states.

SHG-Bank Linkage

India has the world's extensive banking infrastructure. There are about 60,000 retail credit outlets of the formal banking sector comprising 12,000 branches of district-level cooperative banks, over 14,000 branches of Regional Rural banks and over 30,000 rural and semi-urban branches of commercial banks; in addition to 1,12,000 cooperative credit societies at village level. There is at least one retail credit outlet on an average for about 5,000 rural people or every 1,000 households. This is an extensive and remarkable network that is present no where in the world and is capable of meeting the financial needs of the entire rural population. However, poor credit-deposit ratios (except in PACSs), unsustainable lending and high levels of NPAs, often cripple much of this infrastructure.

Under the SHG-Bank linkage programme, In 2004, 16.7 million poor households were accessing credit through 35,000 branches of 560 commercial and cooperative banks. The GoI made linking SHGs with banks a national priority from 1999 and Nabard continues to nurture the expansion of the outreach of the programme by providing umbrella support to various stakeholders. The programme is growing at a pace of about 2.5 million households annually. It is the largest and fastest growing microfinance programme in the world in terms of its outreach and sustainability.

The credit linked rural entrepreneurial development programme of NABARD is gaining in rural Karnataka and has helped promote entrepreneurship, particularly among women. During 2003, of 75000 SHGs that received financial assistance, 3628 have become micro-entrepreneurs (< 5%). Of 3628 micro-entrepreneurs, 2476 were women (68%). Almost all the people involved in various activities were earning over Rs.10,000 per month and had enhanced their business and marketing skills. To provide financial assistance to artisans and small entrepreneurs in investment and working capital requirement, NABARD had

formulated a special credit card scheme called Swarojgar Credit Card (SCC). Under the scheme, Rs.25000 could be borrowed.

There is a long way to go and a very conservative estimate suggests that, in India, at most, just 20% of all the eligible low-income people have access to financial services from formal financial institutions, MFIs and other such stakeholders.

Considering the increased competition in micro-credit and the pressure to reduce interest rates, it is time to move to considering moving beyond group lending.

The primary reason for group lending are the inability of the takers to offer collateral, and hence the group mechanism was looked as collateral. The commonly stated advantages of group lending are that the problems of adverse selection, moral hazard and enforcement are sufficiently addressed. In India, there are primarily two group lending models, one the Grameen Bank type and the other the SHG model.

In the case of sparsely populated areas and the areas where groups could not be formed, individual loans can be offered by taking non-traditional collaterals like the borrower's degree certificate, driving license and such others (Bank Rakyat Indonesia, BRI uses this technique effectively). Another way is to insist the borrowers to demonstrate habitual savings for a certain period before sanctioning the loan (the SHG-Bank linkage model, uses this technique). Other means is to give dynamic incentives and disincentives in the case of repayment. In the Grammen bank, the recent change being removal of joint liability of a group for the loan taken by one member of the group, though the group meeting regimen follows.

Women Entrepreneurs

Empowering Women has become the key element in the development of any economy. It is been found that there are various forums and NGOs that are working hard towards this direction. There are lot of research studies supporting this view.

The Indian Economy has been substantially liberalised in recent years with an increasing role for small-scale private enterprise. Alongside economic liberalisation has come a drive to enhance the role of women with moves to ensure that women have at least 30% of seats in local councils and many other elected bodies (though not as yet in the national parliament).

As a result women are playing a more important economic role. There has always been a tradition of education for middle class women in India and increasingly there is a strong and growing group of professional women holding positions in Indian Universities and Government service. However, there are no sex discrimination laws within the labour market.

Women have also traditionally been involved in the informal economy, working in family businesses without formal position or pay. Thus their economic contribution is often undervalued or just not mentioned at all. The Indian Government and the state governments have taken some steps to encourage women to set up small businesses. For example the Karnataka State Government was offering help to widows to set up knitting businesses in 1997. However, whilst some statistical information is available (e.g. Singh, 1991) this focuses on work participation, unemployment, work seekers, wage rates, differentials and trades union membership. There is some information available on women entrepreneurs in the UK. Johnson and Storey (1994) suggest that women entrepreneurs are less likely to be married or have a professional qualification or to start self-employment under 30. Whereas Vokins (1994) study of successful women entrepreneurs suggested they had a different approach: an ability to do several things at once; ability to admit mistakes; keen to develop the workforce; less concerned with outward trappings. Women also faced different problems. Simpson (1991) found that their partners do not help with domestic chores or the business, whilst the reverse is true for men. Simpson also suggested that women have to work harder to gain credibility. Truman

(1994) found that the advice services for entrepreneurs do not gear themselves for women. They also have problems with childcare and raising finance. However the Microcredit Programme run by the India Government does help provide finance for small businesses. Rajasekhar in his study of NGOs has produced some research on the effects of the Micro Credit Programmes On Poverty, Wellbeing and Gender Equality This study would therefore focus on the different motivation of women entrepreneurs in India and their contribution to the local economy for which there does not appear to be specific research.

Conclusion

There are many studies that provide insights into the impacts of Micro-credit and/or Microfinance on poverty alleviation and the empowerment of women. Some of the notable studies were 'Towards Women's Empowerment And Poverty Reduction: Lessons From Andhrapradesh South Asia Poverty Alleviation Programme; Micro-Credit And Women's Empowerment: A Case Study Of SHARE Microfinance Limited; Social Mobilization And Micro-Credit For Women's Empowerment: A Study Of The DHAN Foundation; Awareness, Access, Agency: Experiences Of Swayam Shikshan Prayog In Micro-Finance And Women's Empowerment; Micro-Credit And Women's Empowerment: The Lokadrusti Case; and Social Mobilization And Micro-Finance For Women's Empowerment-Lessons From The ASA Trust'. These studies concluded that there is no linear relationship between the three. Collective strategies beyond micro-credit to increase the endowments of the poor/women enhance their exchange outcomes vis-à-vis the family, markets, state and community, and socio-cultural and political spaces are required for both poverty reduction and women empowerment.

Even though there were many benefits due to micro-finance towards women empowerment and poverty alleviation, there are some concerns. First, these are dependent on the programmatic and institutional strategies adopted by the intermediaries, second, there are limits to how far micro-credit interventions can

alone reach the ultra poor, third the extent of positive results varies across household headship, caste and religion and fourth the regulation of both public and private infrastructure in the context of LPG to sustain the benefits of social service providers.

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