
Empowering Women Through Microfinance in India

Micro finance is a vital tool to cater to income and level of living of the people both in urban and rural area. In spite of the exceptional increase in the physical outreach of formal credit institutions in the past several decades, the rural poor continue to depend on informal sources of credit. This has happened largely because institutions have been facing difficulties in dealing effectively with a large number of small borrowers, whose credit needs are small and frequent and their ability to offer collaterals is limited. In India, microfinance services are disbursed through two different channels: (a) Microfinance Institutions; (b) Self Help Group – Bank linkage. An effort is made in the present research to study the role of microfinance and its impact on women empowerment in Koderma District of Jharkhand. The study focuses on the impact of microfinance on the social, economic and capability well being of people languishing in the Koderma District of Jharkhand.

Microfinance, in simple terms, means providing financial assistance in the form of a loan, insurance saving, fund transfer, training to the small entrepreneurs and small businesses lacking access to banking and related services. Economic and social marginalization of poor by formal credit agencies including co-operatives led to the emergence of microfinance. MFIS are an outcome of the neo-liberal paradigm of development, the poor take charge of their lives and fashion new improved future through self reliant and socially sustainable efforts.

Microfinance is rising as a powerful instrument for poverty alleviation in the new economy. In India, Microfinance scene is dominant by Microfinance-Bank Linkage Programme as a cost effective mechanism for providing financial services to the “Unreached Poor” which has been successful not only in meeting financial needs of the poor women but also strengthen collective self help capacities of the poor, leading to their empowerment. Rapid progress in MFI'S formation has now turned into an empowerment movement among women across the country.

Economic empowerment results in women's ability to influence or make decision, increase self confidence, better status and role in household, etc. Micro finance is necessary to overcome exploitation, create confidence for economic self reliance of the rural poor, particularly among women and mostly invisible in the social structure.

In recent years microfinance has spread throughout India, making an impact on the lives of the poor by providing them with microfinance to start their own small businesses, and earn livelihood for their families. Many of these loans are distributed to women in areas providing them with tools to become self – sufficient and independent Indian. Women are often considered as second class citizens in India and microfinance has the capability of empowering women by giving them the opportunity to be make decisions.