



Microfinance After 2010 (A Sociological Study)

Shashwat Chandel

Assistant Professor (Sociology), Shri Bhagwan Mahaveer Post Graduate College,
Pawanagar, Fazilnagar, Kushinagar

Corresponding Author- Shashwat Chandel

Email- shashwatchandel@gmail.com

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Abstract: For the empowerment of women in a developing country like India, it is necessary to make them financially empowered. Thus the role of microfinance institutions becomes important in this regard. These institutions are working with a special philosophical thinking. Women are the backbone of the family and understand the use of credit very well. These institutions provide financial assistance to these women in the form of microfinance, so that women start self-employment and use it in the promotion of pre-run business. Of course, an entrepreneurial attitude is developed in the form of reward and this quality gives rise to entrepreneurial tendencies like self-reliance, leadership ability, decision-making tendency, risk management. In this way, women of Indian traditional patriarchal thinking step on the first step of empowerment by breaking free from the shackles of inferior status in the society. Continuously this process leads to their political, social psychological empowerment and thus keeping in view the above fact, the researcher has thought of presenting a sociological approach in this subject. Women empowerment means that women should be given independent environment as well as they can live with humanity, self-respect and self-reliance. According to eminent sociologist and Kabir, women empowerment provides the ability to get those opportunities of life, women were deprived from the day till today. According to UNICEM, women's empowerment refers to the ability to create various opportunities, to increase the ability to achieve them, to create a sense of self-esteem, to change in certain directions, to create confidence in one's own ability and to control one's own life. Women can be empowered only when she has complete control over her own life.

At present, the concept of microfinance can be traced to the rural bank model of Bangladesh. This model was started by Mohammad Yunus in 1970. The beginning of micro finance in India can be traced back to an organization called Shree Mahila Seva Sahakari Bank of Gujarat in 1974. Turned into a formal self-help group by 1980. About 27% of the people in India live below the poverty line. Among these over 60% people have no access to the mainstream Banking for loan purpose. They get loans from informal sources. Only 20% people have access to formal sources of loaning. Thus in India annually 60000 crores rupee needed for loan purpose whereas only 12000 crores rupees have been disbursed through Formal sources like Banking. Here comes a big difference between demand and supply. Microfinance institutions which are registered as nbfc-mfi can play a big role in this sector. Defining microfinance, it has been said that this example is a process of withdrawal as well as other financial services in which small amounts of credit are provided to the poor people of rural, semi-urban and urban areas so that they may uplift their income level and improve the standard of living.

Thus microfinance is an economic development approach which provides various dimensions of financial services to the people of low income group. This leads to economic development and the development of entrepreneurial tendencies, which further strengthens the empowerment.

In most of the microfinance institutions, women are targeted as only the fair trades are proving to be responsible

consumers as compared to men. Anyway, when a woman is empowered, the whole family is empowered. If we know how the economic empowerment of women is being emphasized by microfinance institutions and how it is affecting the multidimensional process of empowerment, we must explore various reports regarding this. Whether women are getting involved in employment generation, they are becoming participants in

domestic decision making, are having access to and control of resources, increasing their self-confidence, self-esteem, whether their equitable movement outside the home is possible or not, the level of education has increased or not, all these indicators must be explored.

There are some concerns which may be acknowledged while studying the arena of microfinance-

1. MFIs are working in urban areas or approaching towards rural population.
2. MFIs target groups and their mode of selection.
3. Personal loan is being given to selected women through these MFIs or loan is being provided in joint liability group.
4. Are women getting involved in the process of financial self-reliance by taking micro loans?
5. The use of loan.
6. Whether women of all classes are being added through these institutions, women belonging to Scheduled Castes, Tribes, Other Backward Classes are also getting benefited or not.
7. Are women coming out as the head of the family or the Loan is still being used by men?
8. Whether low income group and daily labour women have also been added or not.
9. Are women getting educated? Whether their aim towards their children's education has changed or not.
10. Women's psychological empowerment is also being addressed.
11. The JLG and SHG concept mode of working.

There are some researches related to this topic-

1. Asim, S.A. In his book "Evaluating the Impact of Micro Credit on Women's Empowerment in Pakistan", studied Microfinance programs of Lahore city and pointed out that mere providing loans would not only lead to empowerment but also providing allied services to the extent with loans will make it productive.

2. Ranjula Bali Swaina and Fan Yang Wallentin have found in his study "Does Microfinance Empower women: Evidence from self Help Groups in India" that Working together in a group develops the learning process and entrepreneurship among women due to peer pressure. Microcredit due to low risk compel them to come forward. The main

objective of microfinance is women empowerment.

3. Khan M. A. and M. K. Rehman said in his study "Impact of microfinance on living standard, empowerment and poverty alleviation of poor people that Microfinance is a special type of credit that is provided to the rural poor with gradual return at a given time. Through this, emphasis is also given on poverty alleviation, health promotion, education, extension, legal rights, cleanliness and other standard of living improvement programs. The main focus is on women, who, despite being a part of the society, enjoy the lowest position in the family structure. Microcredit obtained by these institutions can increase self-identity, security, self-esteem and self-confidence by starting self-employment activities.

4. Hunt, J and Kasyanathan, N made this statement in his study "Reflection of microfinance and women empowerment" that Micro finance programs have a positive impact on the economic development of women, it develops women's ability to work outside the home, those women who benefit from these programs, their attitude towards self-esteem, self-employed, women's education and health are progressive. Though it has to reach yet towards poorest people of the society, yet it has to reach the maximum strength among the poor.

Microfinance After 2010

In the fall of 2010, in the south eastern Indian region of Andhra Pradesh 57 MFI debtors committed suicide. This dramatic incident has been the symptom of a crisis in the microfinance sector in the area which can be seen by the drop of stock value of one of the biggest microfinance institutions, publicly traded SKS Microfinance Ltd. about the victims help us understand the reasons why coming to such drastic decisions: shame, desperation and external stress. Families blamed the strong pressures of collecting agents, who suggested that life insurance would have covered the debt. These dramatic episodes draw attention to the lending practices of Microfinance Institutions (MFIs) and the Indian government. But who is to blame? There is certainly plenty of blame to go around! Blame falls on the MFIs that failed to restrain aggressive growth as the market became saturated; on the investors, who pushed ever-faster growth to make their investments to pay off; but mostly the blame falls on

the government itself, which created a banking sector unable to respond to the needs of poorer consumers, and did not care to regulate such fast-paced growing sector to secure a successful relationship between the government and financial sectors.

Ever since the AP crisis in 2010 and the creation of a new category of NBFC-MFIs in December 2011 on the basis of MALEGAM Committee recommendations, the regulations have carefully nurtured the growth of microfinance in India. Microfinance institutions in India became very important because they succeeded where the public sector had failed; they were an answer to poor people's lack of financial opportunities. MFIs acted like a surrogate of development policy, since the government was not acting. And to make matters worse, instead of using the tool to promote development and financial inclusion, the government decided to create a new government development program, Self Help Groups, to compete with the new sector.

Some highlights of this quarter/ financial year are as under: (2022)

As on 30 September 2022, 3.6 Cr clients* have loan outstanding from NBFC-MFIs, which is 15.5% higher than clients as on 30 September 2021.

The aggregate GLP of MFIs is Rs 1,05,848 Cr as on 30 September 2022, including owned portfolio Rs 88,730 Cr and managed portfolio (off BS) of Rs 17,119 Cr. The owned portfolio of MFIN members is about 80.4% of the NBFC-MFI universe portfolio of Rs 1,10,418 Cr

On a YoY basis GLP has increased by 31.0% as compared to 30 September 2021 and by 7.5% in comparison to 30 June 2022.

Loan amount of Rs 30,586 Cr was disbursed in Q2 FY 22-23 through 75.4 Lakhs accounts, including disbursement of Owned as well as Managed portfolio. This is 50.5% higher than the amount disbursed in Q2 FY 21-22.

Average loan amount disbursed per account during Q2 FY 22-23 was Rs 40,571 which is an increase of around 12.0% in comparison to last financial year.

As on 30 September 2022, the borrowings O/s were Rs 80,260 Cr. Banks contributed 61.6% of borrowings O/s followed by 22.0% from Non-Bank entity, 9.0% from AIFIs, 4.5% from other sources and 2.8% from External Commercial Borrowings (ECB).

During Q2 FY 22-23, NBFC-MFIs received a total of Rs 17,598 Cr in debt funding, which

is 24.3% higher than Q2 FY 21-22. Banks contributed 69.5% of the total Borrowing received followed by Non-Bank entities 24.6%, AIFIs 4.3%, ECB 1.2% and Others 0.3%.

Total equity increased by 20.6% as compared to end of Q2 FY 21-22 and is at Rs 23,017 Cr as on 30 September 2022.

Portfolio at Risk (PAR)>30 days as on 30 September 2022 has reduced to 7.7% as compared to 12.1% as on 30 September 2021. MFIs have presence in 27 states and 5 union territories.

In terms of regional distribution of portfolio (GLP), East and North-East accounts for 32% of the total NBFC-MFI portfolio, South 27%, West 16%, North 15% and Central contributes 10%.

Conclusion

Microfinance and micro-credit practices have become a popular means of local development. In India, their expansion has been largest in Andhra Pradesh. These practices target primarily women, who are encouraged to construct self-help-groups in order to have a social basis for raising collateral and for receiving financial services. Microfinance has been perceived by the public as inducing strong positive effects on women's empowerment and as strengthening the democratic fibre. From these standpoints, expansion and effects, it has been evaluated and analysed whether microfinance can empower women and if empowered women can make a difference in women's and societal issues. Interviews were carried out in Andhra Pradesh with women active in self-help-groups, group members with political offices, whole self-help-groups, husbands of group members and microfinance consultants. The interviews were evaluated on the basis of theoretical notions of empowerment and wider impacts. There are tendencies of self-help-groups being capable of empowering women, within the DW CRA-development model. Achievements such as geographical mobility and active decision making have been found.

However there are also tendencies towards women's disempowerment, in which women have become even more subjugated after receiving loans. From a societal point of view, the groups have in many ways improved the local communities that they are active in, but less so from formal political positions. The conclusion reached was that there is a connection between empowerment and the

deepening of democracy, but this is not as linear, strong or automatic as proponents uniformly emphasize.

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