

Microcredit in the context of women empowerment : A Brief Review

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In the new modern economy, micro credit approach for women is considered as the best strategy to empower women economically. Through micro credit the poor women can rotate their funds to build economic capacities and capacities. The co – relation between credit and empowerment is seen in a positive way in almost all research studies. Prof. Amartya Sen in his book ‘ Public Action to remedy Hunger’ in 1999 has also recognized the role of micro finance in women empowerment and poverty reduction.¹ Micro- finance for women has been a popular poverty- alleviation strategy among development agencies since the mid – 1980. It has also been considered an effective vehicle for women’s empowerment. Disproportionately representation among the poorest in society , discrimination in the formal labour market, more vulnerability of women headed households and the higher repayment rates on loans and contributions to family well – being are some of the rationales put forward for providing loan to women ² There are good reasons to target women. Gender equality turns out to be good for everybody. The World Bank, reports that societies that discriminate on the basis of gender have greater poverty , slower economic growth, weaker governance, and a lower standard of living (World Bank, 2001).³ Although in many cases women’s increased contribution to household well being has improved domestic relations , in other cases it intensifies tensions. Women throughout the world play critical roles in economic growth and development , and their contributions have an impact on households,communities and national economies.⁴ Studies conducted in Ghana to look at when, how and why women are empowered found strong evidence that microfinance institutions contribute to women empowerment. One consistent finding was increased self – confidence and increase self-esteem. Another was women’s increased participation in decision – making.⁵ The SHGs programme has been successful in not only in meeting peculiar needs of the rural poor , but also in strengthening collective self – help capacities of the poor at the local level , leading to their empowerment. Credit for empowerment is about organizing people , particularly around credit and building capacities to manage money . The focus is on getting the poor to mobilize their own funds , building their capacities and empowering them to leverage external credit . Perception women is that learning to manage money and rotate funds builds women’s capacities and confidence to intervene in local governance beyond the limited goals of ensuring access to credit . Further , it combines the goals of financial sustainability with that of creating community owned institutions .⁶

However not all people agree with this. As Srilata says, “People always think little about women, like, micro credit for women, why do they need micro credit. She further adds, “women need credit not micro credit”. Microfinance institutions and other profit making government programmes are not

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