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ROLE OF MICRO-FINANCE IN THE EMPOWERMENT OF THE WOMEN

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ABSTRACT

Empowerment of women is one of very important issue in developing countries. As women are integral part of society, her status and participation in decision making as well as economic activities is very low. Microfinance plays very important role in improving women decision making by contributing in economic activities. Over the years various efforts have been made by many Government and Non-Government organizations to promote women empowerment especially in rural areas. One such effort is the microfinance intervention. Microfinance institution aims to provide credit to the poor who have no access to commercial Banks. In general, this institution receives financial support from western donors, NGO's or commercial Bank, who lend to microfinance institutions often against below market interest rates. Many leading public and private sector banks are offering schemes exclusively designed for women to set up their own ventures. Even the unorganized sector has been heading into microfinance movement. The present paper is an attempt to study the role of microfinance intervention in promoting women empowerment in rural India. To check the various schemes under which the micro finance tool is apply and the progress of this program the help of various data provided by the government and other institutions is included in this study. With the help this it is suggested that education facilities and family protection must be provided in proper way. Microfinance institutions should strengthen and expand their support to resource poor women.

Keywords: Microfinance, empowerment, women empowerment, micro credit.

INTRODUCTION

It is often said that India lives in its villages. According to our latest census about 70 per cent of the total population used to live in villages, and do their agricultural activities. Several years of relentless industrialization almost concentrated around the bigger cities, have not naturally changed the overall picture. The rural India is still a reality. India's overall development is not possible without the rural areas. Working women contribute to national income of the country and maintain a sustainable livelihood of the families and communities, throughout the world. As they face many socio- cultural attitude, legal barriers, lack of education and personal difficulties. Traditionally, women have been marginalized. They are rarely financially independent and often they are more vulnerable members of society. About 70% of world's poor are women. Yet they have no access to credit and

other financial services. Therefore, microfinance often target women. Microfinance is a critical tool to empower women from poor household. So, particularly women can get benefit from microfinance institutions as many microfinance institutions target only women, to empower them. Here in this paper a small effort has been made on the empowerment of women through the tool Micro-finance.

About Microfinance: The term micro finance is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro entrepreneurs, gender development etc. There is, however, no statutory definition of micro finance. The taskforce on supportitative policy and Regulatory Framework for Microfinance has defined microfinance as "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". The term "Micro" literally means "small". But the task force has not defined any amount. However as per Micro

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Credit Special Cell of the Reserve Bank Of India , the borrowed amounts up to the limit of Rs.25000/- could be considered as micro credit products and this amount could be gradually increased up to Rs.40000/- over a period of time which roughly equals to \$500 – a standard for South Asia as per international perceptions. The term micro finance, sometimes is used interchangeably with the term micro credit. However while micro credit refers to purveyance of loans in small quantities, the term microfinance has a broader meaning covering in its ambit other financial services like saving, insurance etc. as well.

The mantra “Microfinance” is banking through groups. The essential features of the approach are to provide financial services through the groups of individuals, formed either in joint liability or co-obligation mode. The other dimensions of the microfinance approach are:

- Savings/Thrift precedes credit
- Credit is linked with savings/thrift
- Absence of subsidies
- Group plays an important role in credit appraisal, monitoring and recovery.

Basically groups can be of two types:

- i. Self Help Groups (SHGs): The group in this case does financial intermediation on behalf of the formal institution. This is the predominant model followed in India.
- ii. Grameen Groups: In this model, financial assistance is provided to the individual in a group by the formal institution on the strength of group’s assurance. In other words, individual loans are provided on the strength of joint liability/co obligation. This microfinance model was initiated by Bangladesh Grameen Bank and is being used by some of the Micro Finance Institutions (MFIs) in our country.

Microfinance has existed, although mostly in the shadows and unseen by casual observers, since the rise of formal financial systems, and indeed probably predates them. It has only been within the last four decades, however, that serious global efforts have been made to formalize financial service provision to the poor. This process began in earnest around the early to mid-1980s and has since gathered an impressive momentum. Today there are thousands of MFIs providing financial services to an estimated 100 - 200 million of the world’s poor (Christen et al., (1995)). What began as a grass-roots “movement” motivated largely by a development paradigm is evolving into a

global industry informed increasingly by a commercial/finance paradigm.

The rise of the microfinance industry represents a remarkable accomplishment taken within historical context. It has overturned established ideas of the poor as consumers of financial services, shattered stereotypes of the poor as not bankable, spawned a variety of lending methodologies demonstrating that it is possible to provide cost-effective financial services to the poor, and mobilized millions of dollars of “social investment” for the poor (Mutua, et al. (1996)). It must be emphasized too that the animating motivation behind the microfinance movement was poverty alleviation. Not only that, but microfinance offered the potential to alleviate poverty while paying for itself and perhaps even turning a profit—“doing well by doing good.” This potential, perhaps more than anything, accounts for the emergence of microfinance onto the global stage. Microfinance refers to a variety of financial services that target low-income clients, particularly women. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services. These services include loans, savings, insurance, and remittances. Microloans are given for a variety of purposes, frequently for microenterprise development. The diversity of products and services offered reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially for those who live in poverty. Because of these varied needs, and because of the industry’s focus on the poor, microfinance institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal financial sector.

WOMEN EMPOWERMENT

Of the 1.3 billion people who live in absolute poverty around the globe, 70 percent are women. For these Women, poverty doesn’t just mean scarcity and want. It means rights denied, opportunities curtailed and Voices silenced. Empowerment of women means to let women survive and let them live a life with dignity, humanity, respect, self-esteem and self-reliance. This will help them to make their own decisions.

Nobel Laureate Amartya Sen. (1993) explains that the freedom to lead different types of life is reflected in the person’s capability set. The capability of a person

depends on a variety of factors, including personal characteristics and social arrangements.

Malhotra (2002) constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological.

The World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes.

According to Krishna (2003) empowerment means increasing the capacity of individuals or groups to make effective development and life choices and to transform these choices into desired actions and outcomes. It is by nature a process and/or outcome.

Kabeer (1999) stresses that women's empowerment is the process to acquire the ability from which those who have been denied the ability to make the strategic life choices. Her emphasis that ability to exercise choice incorporates three interrelated dimensions: Resources, Agency and Achievements. According to UNIFEM, "to generate choices, gaining the ability and exercise bargaining power", "developing a sense of self-worth, to secure desired changes, belief in one's ability and the right to control one's life" are important elements of women empowerment. Women will be empowered when they will have full control over their own life.

Ranjula Bali Swaina and Fan Yang Wallentin (September 2009) in their article 'Does microfinance empower women? Evidence from self-help groups in India' concluded that their study strongly indicate that SHG members are empowered by participating in microfinance program in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices. Another view of women's empowerment argues that it needs to occur in multiple dimensions: economic, socio cultural, familial/interpersonal, legal, political and psychological (Malhotra, Schuler and Boender 2002). These dimensions cover a broad range of factors, and thus women may be empowered within one of these sub domains. For instance, the socio cultural dimension covers a range of empowerment sub domains, such as marriage systems, norms regarding women's physical

mobility, non-familial social support systems and networks available to women. Social capital, social networks, the capacity to make effective life and community development choices are all related to empowerment (Krishna 2003; Grootaert 2003). Microfinance plays a major role in gender and development strategies because of its direct relationships to both poverty alleviation and women. As women are the poorest of the poor so greater financial security allows the women to become more empower in household and community affairs. As women spend most of their income on their family needs particularly children's education, diet, health care and clothing. Proponents of targeting women argue that women repayment record is good and their behaviour is more cooperative than men. Access to financial resources does not alone empower women but also access to material (credit, property, and money), human and social resources (education, business).

Empowerment is culturally relative term; it is itself not a western concept. Microfinance affects women's ability or decision making and self-confidence which are closely linked with knowledge, women's status and gender relations at home. Microfinance program strengthen women's economic autonomy and gives them means to pursue non-traditional activities. These programs impact also on political empowerment and women's right.

Since women's empowerment is the key to socio economic development of the community; bringing women into the mainstream of national development has been a major concern of government. The ministry of rural development has special components for women in its programmes. Funds are earmarked as "Women's component" to ensure flow of adequate resources for the same. Besides Swarnagayanti Grameen Swarazgar Yojana (SGSY), Ministry of Rural Development is implementing other scheme having women's component. They are the Indira Awas Yojana (IAJ), National Social Assistance Programme (NSAP), Restructured Rural Sanitation Programme, Accelerated Rural Water Supply programme (ARWSP) the (erstwhile) Integrated Rural Development Programme (IRDP), the (erstwhile) Development of Women and Children in Rural Areas (DWCRA) and the Jawahar Rozgar Yojana (JRY). Women empowerment is a social process that seeks to neutralize oppression of women and achieve equity in the society. It is a State without oppression of women, an

environment of freedom, equity and respect for individual and a life with dignity. Realization of full identity of women folk is an important aspect of rural development. It is the expansion of assets and capabilities of women who constitute nearly half of our human resources, to participate and control the institutions that affect their life. The role of MGNREGA and micro finance in this context is important because it provides an environment of sustainable improvement in the quality of life of rural women folk for equal opportunity in decision making process and to participate in community life by forming SHGs and MFIs. In our society there is wide range of prejudices and social taboos and women have been neglected to the status of a second class citizen. The women as a class continue to be at the losing end. The role of MGNREGA and microfinance can reduce inequality and gender bias and it is a contributory factor for rural development. The Employment Guarantee Act has Contributed tremendously to women empowerment in Odisha by providing them independent income earning opportunities to foster and expedite rural development. The act provides that out of the total employment provided (i) 30% should be given to women workers. The priority for women in the ratio of one third of total workers. (Schedule – II (6) Of the Act).

(ii) The work is organized by women group.

(iii) Equal wage to be paid to men and women workers (Schedule - II (34) of the Act).

(iv) Crèches for the children of women workers (Schedule -II(28) of the Act).

Table 1. Women participation in MGNREGA.

Year	Total maydays	Women	Percentage
2006-07	9050.54	3679.01	40.65
2007-08	14367.95	6109.10	42.63
2008-09	21632.86	10357.32	47.87
2009-10	28358.57	13640	48.16
2010-11	25715.23	12274.21	47.72

Sources: www.nregs.nic.co.in

ROLE OF MICROFINANCE IN WOMEN EMPOWERMENT

Microfinance is a type of banking service which provides access to financial and non-financial services to low income or unemployed people. Microfinance is a powerful tool to self-empower the poor people especially women at world level and especially in developing countries. Microfinance activities can give them a means to climb out of poverty. From early 1970's

women movement in number of countries increasing to alleviate poverty through microfinance programs. The problem of women less access to credit was given a particular concentration at First International Women Conference in Mexico in 1975. The evolution of microfinance is from Bangladesh since late 1970s and a very successful project. But in Pakistan, the movement of microfinance sector started from Agha Khan Rural Support Program (AKRSP) and Orangi Pilot Project (OPP). With the passage of time microfinance becomes NGO activity and five microfinance banks have been started under State Bank of Pakistan (SBP) ordinance. Microfinance services lead to women empowerment by positively influencing women's decision making power at household level and their overall socioeconomic status. By the end of 2000, microfinance services had reached over 79 million of the poorest of the world. As such microfinance has the potential to make a significant contribution to gender equality and promote sustainable livelihood and better working condition for women. (ILO Geneva) It has been well documented that an increase in women resources or better approach for credit facilities results in increased well being of the family especially children.

Presently, in most of the developing countries like India higher emphasis is being laid upon the development of women as an entrepreneurs and their active participation in the development process of their country. Women can be successful and better entrepreneurs if given the much needed conducive environment and provided with enough resources most importantly the required amount of capital. The studies of rural women have proved their business excellence. They have been found to be better in credit utilisation than men but because of lack of access to assets they are often more vulnerable to poverty than males.

There are many successful women organisations working for the overall upliftment of the rural women like Shri Mahila Griha Udyog Ijjat Papad (1959), Self Employed Women association (SEWA) established in 1972, The Working Women's Forum (WWF) in 1978, Rashtriya Mahila Kosh (RMK), a govt. Organisation for women established in 1993, Mann Deshi Mahila Sahakari Bank Ltd. (MDMSB) in 1997 etc. Though there can be no magic bullet, which can bring about radical structural transformation that the empowerment of women needs, the success of micro financing organizations in building up the organizational capacity of the poor women

provides the basis for their social mobilization that many other class interventions have not been able to achieve (Kabeer 2005).

Various helping hands are available for women to provide finance as classified below:

- Formal Sector- It covers the entire banking industry including all public, private, regional rural banks, NABARD and RBI.
- Semi-formal sector- It covers all exclusive Micro financing institutions (MFIs), NGOs and various Self Help Groups (SHG).
- Informal sector- It covers family, friends, relatives, moneylenders, pawnbrokers, traders and landlords etc.

Generally, the micro finance products are classified into three categories -Micro Credit, Micro Savings and Micro Insurance. Various credit products are available ranging from consumption to production besides savings products. However, micro insurance is still in experimental stage.

'Woman' versus women'

"All efforts at improving an MFI's impact on women boil down to really understanding a woman's needs her predicament and what she dreams of. Even before all the questions can be answered, the basic question that must first be answered is who she is" (Noni S. Ayo, Managing Director of Agricultural and Rural Development for Catanduanes, Inc. (ARDCI), in the Philippines).

This quote sums up a major concern and challenge that emerges in the context of microfinance and women's empowerment. In exploring such empowerment, it is important to have a clear understanding not only of the concept of empowerment but also of the category of woman. In an effort to empower women through microfinance, caution needs to be exercised that an excessive focus on 'women' may come at the cost of empowerment of a 'woman'. Although women's personal empowerment may not be effective without collective empowerment, but treating women as a homogeneous category may be an equally naïve approach. Listening to clients and carefully evaluating their resource bases, strengths and vulnerabilities is important if microfinance programmes are to realize the goal of women's empowerment (Cheston and Kuhn 2002).

Finally, this gender analysis of microfinance includes an understanding of the empowerment impact of MFIs: (i) on women as an exclusive category; and (ii) on women in relation to men. In other words, it addresses the

question of how much is the effect of MFIs on women due to the fact that they are women.

Women Empowerment and Microfinance Interventions in Banking sector:

The focus on women's empowerment in the context of microfinance brings to light the significance of gender relations in policy development circles more prominently than ever before. Role of women in the development of today's growing world can never be forgotten. For this her empowerment is very important, so that she can participate in the today's competitive atmosphere. Asim (2008) evaluates the impact of micro credit program on indicators of women empowerment in urban slums of Lahore district, Pakistan. The author has chosen specialized institutions with women focusing models. So, the most appropriate institutions according to author are Kashaf foundation and Community Support Concern (CSC). Three potential sources of selection biases measured the Impact of program. Firstly, program participants different from their control comparators. Second is that the treatment group might differ from control group in the distribution of unobserved characteristics. Third bias can rise if participants have positive externalities on those who have later joined program. The author construct preference based indicators including child related and health related decisions and economic decisions, social mobility decisions, resource allocated decisions and autonomy based indicators including household purchase and child related decisions. To explore the link between women empowerment and micro credit participants, the author used three different estimates; simple parametric framework of conditional mean independence, randomization of treatment and bivariate probit model. The results show that micro credit intervention has no impact on child related health, economic and social mobility decisions. On average, women in treatment group were no more independent or autonomous than the control group in small household purchases. Participation in micro credit program is found to be insignificant in explaining all the outcome indicators of empowerment for sampled household. In another view Hunt and Kasynathan (2002) describes that microfinance programs for women have positive impact on economic growth by improving women income generating activities. The data used was collected from three NGO's in Bangladesh and one state from India. Most of women receiving credit have no control over

their loans due to low access to markets. The author finds that the impact of Micro credit on female male education, marriage practice, mobility, violence against women and self-respect. Moreover, microfinance which is designed for the poorest,

actually not reached to the poorest people. So donors and NGO's must concentrate on the access of credit to the poorest people. The Progress under MFI-Banks linkage programme during the last 4 years is shown in Table 2.

Table 2. Progress under MFI-Bank Linkage Programme.

	No. of MFIs	Amount	No. of MFIs	Amount	No. of MFIs	Amount	No. of MFIs	Amount
loan disbursed by banks to MFIs	581 (12.2%)	3732.33 (89.4%)	779 (34%)	10728.50 (187.4%)	471 (-39.5%)	8448.96 (-21.3%)	465 (-1.3%)	5205.29 (-38.39%)
Loans outstanding against MFIs Mar, 31	1915 (72.7%)	5009.09 (82.2%)	1659 (-13.4%)	13955.75 (178.6%)	2315 (39.5%)	13730.62 (-2.0%)	1960 (-15.3%)	11450.35 (-16.6%)
Fresh loan as% of loan outstanding		74.5		76.9		61.5		45.5

Source: www.nabard.org. (Status of Micro Finance in India).

(Note: Actual number of MFIs availing loans from Banks would be less than the figures shown as most of MFIs avail loans from more than one Bank).

Banking sector has been emerging in a big way to participate in the microfinance movement. At present many commercial banks are taking much interest in developing schemes exclusively for women. Various leading public and private sector banks have been providing finance under different schemes to the women entrepreneurs with a relief in interest rate on credit. Some of these schemes are listed in below.

Commercial Banks' Schemes for Women	Commercial banks	Name of the scheme
Bank of India		Priyadarshini Yojana
Canara Bank		CAN Mahila
Central Bank of India		Cent Kalyani
Dena Bank		Dena Shakti
Oriental Bank of Commerce		Orient mahila Vikas Yojana
Punjab National Bank		Mahila Udyam Nidhi Scheme Mahila Sashaktikaran Abhivan PNB Kalyani Card Scheme
Punjab & Sind Bank		Udyogini Scheme
State Bank of India		Stree Shakti Package
State Bank of Mysore		Stree Shakti
SIDBI		Mahila udyam Nidhi
Union Bank of India		Viklang Mahila Vikas yojana
ICICI Bank		Women's account
IDBI Bank		Mahila Udyog Nidhi Mahila Vikas Nidhi
Vijaya Bank		Assistance to Rural Women in Non-Farm Development (ARWIND) Assistance For Marketing Of Non-Farm Products Of Rural Women (MAHIMA)

Micro Finance intervention other than banking sector: Besides banks, there are many more agencies and institutions working in the field of micro finance. In late 2009, CRISIL which is India's leading ratings, research and risk advisory company released its list of

top 50 microfinance institutions in India. The report titled India's Top 50 Microfinance Institutions presents an overview of leading players in India's microfinance institution (MFI) space.

This is the first inaugural issue and includes additional

commentary analyzing the key strengths and challenges of different microfinance players in the sector. The publication is part of CRISIL's enabling role in the structured evolution of the MFI sector in India. CRISIL launched MFI grading as early as in 2002 and has since then become the world's first mainstream rating agency to develop a separate methodology and scale to assess MFIs. Currently CRISIL has assessed more than 140 MFIs, and is currently the most preferred rating agency in the Indian microfinance space. In light of SKS Microfinance's proposed IPO in the coming days the CRISIL report is presented below for the benefit of the readers of this blog. Market sources reveal that some of these microfinance institutions which figure in the top 50 are in talks with merchant bankers and investors to tap the primary markets and want to gauge the response to SKS Microfinance's IPO before they fast track their own listing plans.

CRISIL List of Top 50 Microfinance Institutions in India.

1. SKS Microfinance Ltd (SKSMPL)
- 2 Spandana Sphoorty Financial Ltd (SSFL)
- 5 Shri Kshetra Dharmasthala Rural Development Project(SKDRDP)

- 6 Bhartiya Samruddhi Finance Limited (BSFL)
 - 7 Bandhan Society
 - 10 Grameen Financial Services Pvt Ltd (GFSPL)
 - 14 Bandhan Financial Services Pvt Ltd (BFSPL)
 - 15 Sarvodaya Nano Finance Ltd (SNFL)
 - 20 S.M.I.L.E Microfinance Limited
 - 22 Sanghamithra Rural Financial Services (SRFS)
 - 25 Rashtriya Seva Samithi (RASS)
 - 26 Sahara Utsarga Welfare Society (SUWS)
 - 31 Annapurna Financial Services Pvt Ltd
 - 32 Hand in Hand (HiH)
 - 33 Payakaraopeta Women's Mutually Aided Co-operative Thrift and Credit Society (PVMACTS)
 - 44 Sewa Mutually Aided Cooperative Thrift Societies Federation Ltd (Sewa)
 - 45 Initiatives for Development Bangalore, Foundation (IDF)
 - 46 Gandhi Smaraka Grama Seva Kendram (GSGSK)
 - 47 Swayamshree Micro Credit Services (SMCS)
 - 50 Community Development Centre (CDC)
- (Due to space problem few micro finance institutions are shown out of the total fifty MFIs). Also the Forbs magazine named seven microfinance institutes in India in the list of the world's top 50 microfinance institutions.

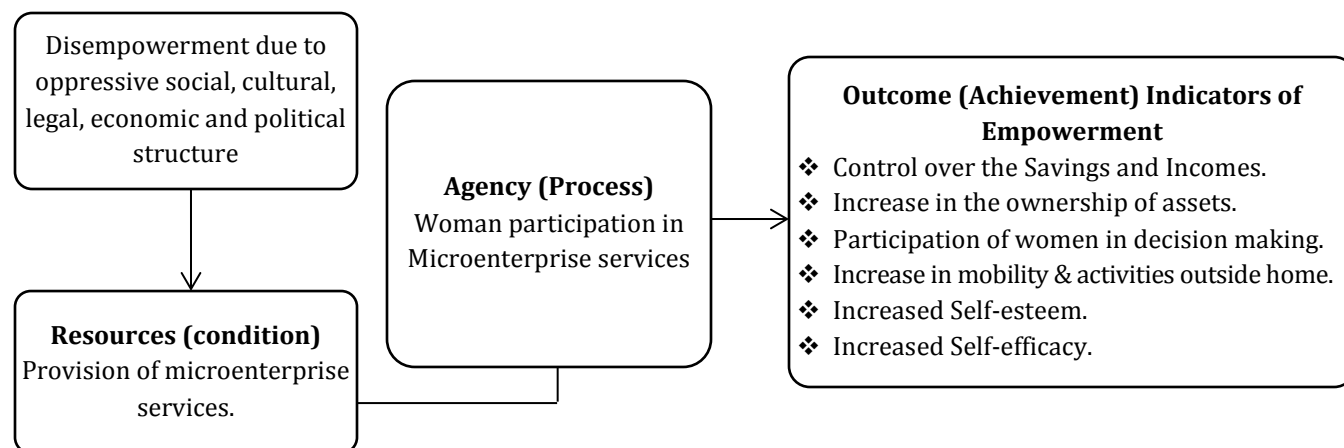


Figure 1. A framework for understanding women empowerment: Author's construct using the idea of Kabeer (2001b), Malhotra and Schuler (2005), and Chen (1997).

Bandhan, as well as two other Indian MFIs—Microcredit Foundation of India (ranked 13th) and Saadhana Microfin Society (15th) - have been placed above Bangladesh-based Grameen Bank (which along with its founder Mohammed Yunus, was awarded the Nobel Prize). Besides Bandhan, the Microcredit Foundation of India and Saadhana Microfin Society, other Indian entries include Grameen Koota (19th), Sharada's

Women's Association for Weaker Section (23rd), SKS Microfinance Private Ltd (44th) and Asmitha Microfin Ltd (29th).

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Challenges to Empowerment through Microfinance:

While the empowering potential of microfinance programmes remains strong, the evidence of challenges, ineffectiveness and limitations of the potential is equally compelling. Although microfinance has the ability to empower women, the connection is not straightforward or easy to make. Significant research and much anecdotal evidence suggests that this link is certainly not automatic (Hunt and Kasynathan 2001, 2002; Kabeer 1998; Mayoux 1998). Just handing money to women and giving them access to financial assets and resources creates a new set of challenges for women, thus balancing the experience of empowerment with the experience of extra burdens. Others argue more strongly that access to microcredit actually impacts women's empowerment experience negatively by leading to a certain kind of disempowerment. Yet another set of analyses indicates that the goals of microfinance and its empowering potential are intrinsically of conflicting natures. The argument is that focusing on women's empowerment leads to dilution of efficiency and sustainability of MFIs, and these results in reluctance to focus on women's empowerment when designing their systems and programmes. Impressive literature exists that records the challenges and gaps between the goals challenges emanate in the economic, politico-organizational, ideological and cultural domains within which microfinance institutions and microcredit lending programmes are embedded. This section discusses the multidimensionality of these challenges.

Economic and political-organizational challenges:

The central issue here is whether the economic goals of efficiency and sustainability of MFIs are rationally compatible with the goals of empowerment. There are arguments pro and con. Those who support a finding of compatibility have argued that targeting women is in fact more judicious, because: (i) women's repayment rates are higher than men's; (ii) women are more cooperative; and (iii) awareness of what clients have and what they need – and empowering them – can actually increase sustainability, because MFIs can offer loans that are appropriate and sustainable (Cheston and Kuhn

2002). In the views and experience of Damian von Stauffenberg, founder and chairman of Micro Rate, the first rating agency to specialize in microfinance, "MFIs which concentrate exclusively on women may place ideological goals ahead of technical competence. Whether this is true remains to be proven". A related argument is that: MFIs fear that building empowering elements into their programmes will threaten their financial sustainability ratios and limit their access to funds from major bilateral and multilateral donor agencies. Many donor agencies' funding criteria focus primarily on outreach and institutional sustainability criteria and do not 'reward' programmes that are able to demonstrate greater and more sustainable impact on their clients. The incentive structures lead many MFIs to consider including programme elements intentionally empowering for women as 'extras' or 'luxuries' rather than as an integral part of their programme design and goals. – Cheston and Kuhn 2002 While there are certain studies showing that better lives can be built by integrating microfinance programmes with programmes such as education and health (Dunford 2001, 2) – certain microcredit programmes such as WWF in India and Women's World Banking in the Dominican Republic do combine empowerment goals with goals of 3 Quoted in Cheston and Kuhn (2002).

Ideological challenges: A topic to be discussed here is whether the concept of empowerment and women's empowerment is an integral part of a given society or is an imported phenomenon that is borrowed and imposed from the West on the East? Since the primary interest of microfinance institution (MFI) is financial sustainability, introducing empowerment issues is not only incompatible with their goals; it is also an additional agenda in which MFIs would avoid investing. Although governments and organizations such as the Self Employed Women's Association (SEWA) and Working Women's Forum (India) (WWF) in India have mobilized women for a long time to fight for women's rights, it does make it easier for MFIs to avoid an empowerment agenda – as it sometimes mutually suits the MFIs and other stakeholders such as national governments. Indeed, there are reports that the MFI turmoil in Andhra Pradesh is more due to government politicians' and officials' vested interests and lack of concern for women's empowerment (Bellman 2010).

Cultural challenges: The biggest cultural constraint on women's empowerment through microfinance

programmes doing research is the culture of patriarchy pervasive throughout Asia. The patriarchal culture is dynamic and thus exercises constraints in different contexts, in varied forms and at various stages in the empowerment process. These include: bargaining power and the ability to make decisions on economic issues within the household, ability to make decisions outside the household, control over loans, building of social networks, responsibility for household chores, and power over one's time and physical and emotional health and energy.

As Kabeer (1999, 20) notes, "many feminists recognize that poor men are almost as powerless as poor women in access to material resources in the public domain, but remain privileged within the patriarchal structure of the family." Thus, although studies show that women's access to microcredit empowers them in various ways, the same studies and many others also reveal that in the context of women's empowerment, it is safe to say that "loan alone moans". Research conducted on perspectives of women loan borrowers in Bangladesh has emphasized the negative aspect. Findings show that although the benefits of loans accrued to men and other household members, the responsibility and accountability for repaying the loans lay with the woman client, which caused increased levels of stress and dependency (Kabeer 1998; Goetz and Gupta 1996; Rahman 1999; Todd 1996). Women's mobility increases in terms of income-generating activities, but the social stigma of women's mobility remains. Hence, there was a realization that "women's empowerment takes much more than access options. The programme needs to consider some strategic or structural changes and incorporate gender mainstreaming actions in order to inch towards the overall empowerment of women."

Some important Suggestions: Among the policies related to poverty reduction, microfinance and micro credit programmes occupy a central position. The concern that follows from this is: how microcredit can be an effective intervention/strategy of poverty alleviation. Based on a comprehensive review of the extant literature, we can identify key areas that can help enhance the effectiveness of microfinance as an anti-poverty intervention.

(1) It is important to distinguish between the functions of microfinance and the potential it carries to improve the livelihoods of poor and vulnerable people. The core function of a microfinance programme is to provide

financial services, to reach poor women and men and give them access to savings and credit. However, the potential of microcredit goes beyond the provision of financial services to poor and vulnerable people. This distinction helps design microcredit programmes more effectively, because while the smooth functioning of microfinance is dependent on the stability of economic institutions such as banks and moneylending organizations, the potential of microfinance is dependent on the health of social and socio-economic institutions such as social norms, patriarchy and education. As women are the key actors in the microfinance system, this distinction becomes not just important, but necessary.

(2) The evidence of the contributions and limitations of microfinance programmes to women's empowerment discussed above reveals that poverty-alleviation interventions do not exist in isolation. Rather they are rooted within the larger social matrix that influences them and that they, in turn, influence. This social matrix consists of economic, political, ideological and cultural categories.

(3) This issue is also related to the potential of microfinance in that it indicates that empowerment of women and poor and vulnerable people through microcredit is also dependent on the larger social matrix. Given that women are the key actors and targets of microfinance programmes, and given that they are the vulnerable and disadvantaged sector of the population, it becomes extremely important that MFIs take into account the social matrix within which women's everyday lives are embedded.

(4) The empowerment potential and significance of the larger social matrix indicate that microfinance needs to be designed not as an economic model, but as a holistic approach to development, in which the role of culture becomes especially important.

(5) It is also important to acknowledge that MFI influence on women's empowerment is exclusive to women and cannot be applied in a similar way to men who borrow. Specifically, while men and women may experience a similar positive impact of MFIs, the negative effects of MFIs on women's empowerment are exclusive to women. This is because, culturally, women's position makes them more vulnerable to social conditions such as patriarchal culture, resulting in a negative influence exclusively on their empowerment.

(6) A related issue requires attention to the categories of

women benefiting from loans. Thus women who have limited skills, do not have autonomous access to resources and are dependent on husbands are those that benefit the least. The policy lesson here is that to ensure that loans fulfil their potential in terms of empowering women, institutions ought to first provide skills and get information on the existing lives of these women.

(7) Identifying how culture interacts with microfinance promises an effective implementation of microcredit programmes. This requires a more-sophisticated and nuanced analysis of culture to understand the empowerment/access linkage.

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