

“Women Empowerment through Microfinance and Self Help Groups”

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Abstract-

An Empowerment is the practice of aping stronger and more self-assuring, particularly in controlling life and claiming rights. To be that self relaing and empowered it is very much necessary to make positive development in poor and low income client in all diamentions like economic, social, political empowerment. For this microfinance helps these clients in providing financial services such as helping them in opening savings accounts, insurance funds and credit provided so as to help them to increase their income, thereby improving their standard of living. Microfinance helps these poor women in income generating activities by making provision of microloans for small businesses lacking access to credit. The mechanism opted for this is first Relationship based banking for individual entrepreneurs and small businesses; and second is group-based models, where several entrepreneurs come together to apply for loans and other services as a group. Over time, microfinance has emerged as a larger movement whose object is a world in which as everyone, especially the poor and socially marginalized people and households have access to a wide range of affordable, high quality financial products and services, including not just credit but also savings, insurance, payment services, and fund transfers.

This paper puts forward how micro finance has received extensive recognition as a strategy for economic empowerment of women. This paper seeks to examine the impact of Micro finance with respect to poverty alleviation and socioeconomic empowerment of rural women. An effort is also made to suggest the ways to increase women empowerment.

Key Words- Empowerment, Microfinance, Self Help Group, Women, Poverty.

Empowerment -

Empowerment implies expansion of assets and capabilities of people to influence control and hold accountable institution that affects their lives (World Bank Resource Book).Empowerment is the process of enabling or authorizing an individual to think, behave, take action and control work in an autonomous way. It is the state of feelings of self-empowered to take control of one's own destiny. It includes both controls over resources (Physical, Human, Intellectual and Financial) and over ideology (Belief, values and attitudes) (Batliwala, 1994).

Women empowerment-

Women's empowerment is the process in which women elaborate and recreate what it is to be in a circumstance that they previously were denied. Empowerment can be defined in many ways, however, when talking about women's empowerment, empowerment means accepting and allowing people (women) who are on the outside of the decision-making process into it. “This puts a strong emphasis on participation in political structures and formal decision-making and, in the economic sphere, on the ability to obtain an income that enables participation in economic decision-making.” Empowerment is the process that creates power in individuals over their own lives, society, and in their communities. People are empowered when they are able to

access the opportunities available to them without limitations and restrictions such as in education, profession and lifestyle. Feeling entitled to make your own decisions creates a sense of empowerment. Empowerment includes the action of raising the status of women through education, raising awareness, literacy, and training. Women's empowerment is all about equipping and allowing women to make life-determining decisions through the different problems in society

Women's empowerment and achieving gender equality is essential for our society to ensure the sustainable development of the country. Many world leaders and scholars have argued that sustainable development is impossible without gender equality and women's empowerment. Sustainable development accepts environmental protection, social and economic development, and without women's empowerment, women wouldn't feel equally important to the process of development as men. It is widely believed that, the full participation of both men and women is critical for development. Only acknowledging men's participation will not be beneficial to sustainable development. In the context of women and development, empowerment must include more choices for women to make on their own. Without gender equality and empowerment, the country could not be just, and social change wouldn't occur. Therefore, scholars agree that women's empowerment plays a huge role in development and is one of the significant contributions of development. Without the equal inclusion of women in development, women would not be able to benefit or contribute to the development of the country.

Methods / Means for women empowerment-

Economic development, The empowerment approach focuses on mobilizing the self-help efforts of the poor, rather than providing them with social welfare. Economic empowerment is also the empowering of previously disadvantaged sections of the population, for example, in many previously colonized African countries.

Sociological empowerment often addresses members of groups that social discrimination processes have excluded from decision-making processes through – for example – discrimination based on disability, race, ethnicity, religion, or gender. Empowerment as a methodology is also associated with feminism.

Legal empowerment happens when marginalised people or groups use the legal mobilisation i.e., law, legal systems and justice mechanisms to improve or transform their social, political or economic situations. Legal empowerment approaches are interested in understanding how they can use the law to advance interests and priorities of the marginalised.

Political empowerment-

Political empowerment supports creating policies that would best support gender equality and agency for women in both the public and private spheres. Popular methods that have been suggested are to create affirmative action policies that have a quota for the number of women in policy making and parliament positions. As of 2017, the global average of women whom hold lower and single house parliament positions is 23.6 percent. Further recommendations have been to increase women's rights to vote, voice opinions, and the ability to run for office with a fair chance of being elected. Because women are typically associated with child care and domestic responsibilities in the home, they have less time dedicated to entering the labour market and running their business. Policies that increase their bargaining power in the household would include policies that account for cases of divorce, policies for better welfare for women, and policies that give women control over resources (such as property rights). However, participation is not limited to the realm of politics. It can include participation in the household, in schools, and the ability to make choices for oneself. Some theorists believe that bargaining power and agency in the household must be achieved before one can move onto broader political participation

Gender empowerment conventionally refers to the empowerment of women, which is a significant topic of discussion in regards to development and economics nowadays. It also points to approaches regarding other marginalized genders in a particular political or social context. This approach to empowerment is partly informed by feminism and employed legal empowerment by building on international human rights. Empowerment is one of the main procedural concerns when addressing human rights and development.

Barriers and challenges for Empowerment-

- Lack of knowledge of the market and potential profitability, thus Making the choice of business difficult.
- Inadequate book-keeping.
- Employment of too many relatives which increases social pressure to share benefits.
- Setting prices arbitrarily.
- Lack of capital.
- High interest rates.
- Inventory and inflation accounting is never undertaken.
- Credit policies that can gradually ruin their business (many customers cannot pay cash; on the other hand, suppliers are very harsh towards women).

CHALLENGING ECONOMIC EMPOWERMENT

However impact on incomes is widely variable. Studies which consider income levels find that for the majority of borrowers income increases are small, and in some cases negative. All the evidence suggests that most women invest in existing activities which are low profit and insecure and/or in their husband's activities. In many programmes and contexts it is only in a minority of cases that women can develop lucrative activities of their own through credit and savings alone.

It is clear that women's choices about activity and their ability to increase incomes are seriously constrained by gender inequalities in access to other resources for investment, responsibility for household subsistence expenditure, lack of time because of unpaid domestic work and low levels of mobility, constraints on sexuality and sexual violence which limit access to markets in many cultures.

These gender constraints are in addition to market constraints on expansion of the informal sector and resource and skill constraints on the ability of poor men as well as women to move up from survival activities to expanding businesses. There are signs, particularly in some urban markets like Harare and Lusaka, that the rapid expansion of micro-finance programmes may be contributing to market saturation in 'female' activities and hence declining profits.

CHALLENGING WELL BEING AND INTRA HOUSEHOLD RELATION

There have undoubtedly been women whose status in the household has improved, particularly where they have become successful entrepreneurs. Even where income impacts have been small, or men have used the loan, the fact that micro-finance programmes have thought women worth targeting and women bring an asset into the household may give some women more negotiating power.

However women's contribution to increased income going into households does not ensure that women necessarily benefit or that there is any challenge to gender inequalities within the household. Women's expenditure patterns may replicate rather than counter gender inequalities and continue to disadvantage girls. Without substitute care for small children, the elderly and disabled, and provision of services to reduce domestic work many programmes

reported adverse effects of women's outside work on children and the elderly. Daughters in particular may be withdrawn from school to assist their mothers.

CHALLENGING SOCIAL AND POLITICAL EMPOWERMENT

There have been positive changes in household and community perceptions of women's productive role, as well as changes at the individual level. In societies like Sudan and Bangladesh where women's role has been very circumscribed and women previously had little opportunity to meet women outside their immediate family there have sometimes been significant changes. It is likely that changes at the individual, household and community levels are interlinked and that individual women who gain respect in their households then act as role models for others leading to a wider process of change in community perceptions and male willingness to accept change (Lakshman, 1996).

There is no necessary link between women's individual economic empowerment and/or participation in micro-finance groups and social and political empowerment. These changes are not an automatic consequence of microfinance per se. As noted above, women's increased productive role has also often had its costs²¹.

In most programmes there is little attempt to link micro-finance with wider social and political activity. In the absence of specific measures to encourage this there is little evidence of any significant contribution of micro-finance. Micro-finance groups may put severe strains on women's existing networks if repayment becomes a problem (Nojonen 1990; Rahman 1999). There is evidence to the contrary that micro-finance and income-earning may take women away from other social and political activities.

Microfinance and Self Help Group – A Boon For Development

Gaps in Financial System and Need for Microfinance

According to the latest research done by the World Bank, India is home to almost one third of the world's poor (surviving on an equivalent of one dollar a day). Though many central government and state government poverty alleviation programs are currently active in India, microfinance plays a major contributor to financial inclusion. In the past few decades it has helped out remarkably in eradicating poverty. Reports show that people who have taken microfinance have been able to increase their income and hence the standard of living. About half of the Indian population still doesn't have a savings bank account and they are deprived of all banking services. Poor also need financial services to fulfill their needs like consumption, building of assets and protection against risk.

The borrower receives all these services at her/his door step and in most cases with a repayment schedule of borrower's convenience. But all this comes at a cost and the interest rates charged by these institutions are higher than commercial banks and vary widely from 10 to 30 percent.

Origin of Microfinance in India

Microfinance has been quite a popular and effective mode of financing in the Indian subcontinent. From an early period, people in India used to be involved in lending and credit operations through individual money lending, chit funds, and other indigenous financial institutions. All these modes practiced the system of microfinance very successfully.

The modern and systematic method of offering microfinance or microcredit to individuals started in the 1970s in India. It chiefly originated when the Grameen Bank was started by Professor Mohammed Yunus in the year 1976 in Bangladesh. It was a pilot project of having a unique lending system where micro loans are offered to the disadvantaged sections of the society, especially the rural poor. This programme was launched to introduce the concept of financial services to the rural poor who never had access to any form of credit.

This iconic event led to the conversion of the project into an autonomous bank. This was done through a government legislation and it came to be known as Grameen Bank. The bank

has assisted several poor people in both Bangladesh and India to be financially secure and to improve their financial conditions. This even resulted in the creation of a ‘Grameen model’ which is used by many financial institutions and banks to offer affordable loans to the poor.

There was also Self-Employed Women's Association (SEWA) that was started by Ela Bhatt. This organisation was unique in its own way. It was an all-women's bank. It is the first microfinance bank in the country. It was set up in Ahmedabad, Gujarat in the year 1972. It was set up to help women of low-income groups to earn the rights that they are entitled to. It works towards making women independent by offering them the right funds at the right time to help them be self-employed. The institution also offers first-class training to women to help them specialise in handicrafts and other forms of artistry.

India also saw the establishment of National Bank for Agriculture and Rural Development (NABARD) which is exclusively committed to offering inexpensive modes of credit and bank accounts to the people living in rural areas. These people are mainly engaged in agriculture and other artistry activities in the country. The bank observed many unique banking models in order to offer high-quality and affordable financial solutions to the unbanked people. The bank also focused on including women by encouraging them to open bank accounts in their names and taking small loans to meet their requirements. The bank also promoted rural people to be involved in alternative activities apart from agriculture in order to earn additional income.

The Regional Rural Banks (RRBs) were launched in 1975-76. These banks were established to have banking operations in the rural areas and semi-urban areas of the various states of the country. Some of the regional rural banks are also set up in urban areas where they offer banking services to the poor people of the society.

There is also the Micro Finance Institution (MFI) that was set up in India in the year 1974. The operations of the institution started to pick up only in the 1990s.

Microfinance is a category of financial services targeted at individuals and small businesses who lack access to conventional banking and related services. Microfinance includes microcredit, the provision of small loans to poor clients; savings and checking accounts; microinsurance; and payment systems.^{[1][2]} Microfinance services are designed to reach excluded customers, usually poorer population segments, possibly socially marginalized, or geographically more isolated, and to help them become self-sufficient

Micro Finance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, micro finance scene is dominated by Self Help Groups (SHGs) – Bank Linkage Programme, aimed at providing a cost effective mechanism for providing financial services to the “unreached poor”. Based on the philosophy of peer pressure and group savings as collateral substitute, the SHG 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.

Micro Finance for the poor and women has received extensive recognition as a strategy for poverty reduction and for economic empowerment. Increasingly in the last five years, there is questioning of whether micro credit is most effective approach to economic empowerment of poorest and, among them, women in particular. Development practitioners in India and developing countries often argue that the exaggerated focus on micro finance as a solution for the poor has led to neglect by the state and public institutions in addressing employment and livelihood needs of the poor.

Different Microfinance Models in India-

The main six categories of microfinance models that are followed in India include:

Self-help group model-A self-help group (SHG) is described as a group of 5 to 20 individuals who belong to the low-income class. Each group member typically contributes funds from their own savings and then this money is pooled in together. These funds are then utilised to support their common goal of improving their lifestyles and to make themselves financially secure. They can use this money to obtain training to create superior-quality products. They receive training not only to make products, they also get trained on how to market, promote, and sell their products. Many of the poor people are not aware of how to reach out to customers. Some of them may not know how to assess their creation and fix an appropriate price for their product. Hence, many of them may fail to make profits when they sell products without proper knowledge. Being a part of a self-help group will give them proper awareness about how to make a product, price it, package it, promote it, market it, and sell it to the end-customer efficiently.

In the self-help group model for microfinance, the members of the group are encouraged to meet on a regular basis to discuss their savings, new developments, and credit operations. The members can also plan future activities for achieving their big goals step by step.

2. Grameen model-The Grameen model to distribute microfinance originated in Bangladesh. After seeing the success of the model in Bangladesh, many institutions in India started to adopt it by making some adjustments. A few of the institutions that acquired the principles of the Grameen model are CASHPOR Financial and Technical Services Limited, SHARE Microfinance Limited, Activists for Social Alternatives (ASA).

This particular model believes in providing a mandatory training course to the group members for at least 7 days. The model will offer microfinance to an applicant without asking for any collateral at low costs. The loan application process has minimum or zero paperwork and is processed very quickly keeping in mind the urgency for funds.

3. Co-operative credit union model

These organisations apply the co-operative model to offer microfinance in rural areas. The Cooperative Development Forum (CDF), Hyderabad has applied the co-operative credit union model successfully by giving primary importance to savings. The main entities in the CDF are women's or men's thrift co-operatives (WTCs and MTCs). They have small groups of individuals wherein each group has a particular leader who heads group meetings, accumulates the savings of each group member, and looks into the repayment of loans. The group leader is responsible for making sure all small loans are repaid promptly by each member.

The Cooperative Development Forum (CDF), Hyderabad began functioning with units of small size. Soon, they started to create larger units in order to increase the impact. The CDF encourages members to focus more on their thrift cooperatives instead of the group goals. Each group's size can differ. This will depend on the group leader's ability and the leader will be appointed according to the votes of group members.

4. Federated self-help groups (SHGs) or SHG Federation model

A normal self-help group (SHG) is typically consistent of a few members with the aim of making each member self-sufficient with adequate funds and high-quality equipment to produce first-class output. It is usually small in size. Due to the success of these groups, there was a need for a large-scale self-help group. This led to the establishment of federated self-help groups. A federated self-help group refers to a large scale self-help group with a large number of members. It is a federation of multiple self-help groups. A federation of self-help groups will have around 1000 to 2000 members whereas a single self-help group will have only up to 20 members.

A federated self-help group model has a very interesting arrangement where there are 3 levels. The main and basic level is the self-help group. The middle level in this arrangement is a cluster. The highest unit in this arrangement is a top body that indicates the complete self-help group.

5. Rotating Savings and Credit Associations (ROSCAs) model

The whole model works according to a systematic way where every member receives funds within a particular time frame and he or she is required to repay it before the deadline. After this member, another member will start the whole micro loan process. It functions in the form of a cycle. Unless one member completes the repayment cycle on time, a new member cannot procure a loan. Hence, with the help of peer pressure and efficient monitoring skills from the association's leaders, each member will make sure that the loan is repaid promptly without any delay. Due to fear if the loan cycle will stop because of any one person, every member ensures that each loan is repaid on time.

6. Microfinance companies

Microfinance companies function as separate legal entities that offer microfinance to the needy. Nowadays, microfinance companies are not seen as organisations that are only involved in social service. They are seen as proper business entities that work towards offering concrete financial solutions to the impoverished people of the society. These companies hold that the poor people do not need charity but ways to be financially independent. They are committed to improving the socio-economic situation of the poor individuals of the society.

Microfinance companies can be non-profit organisations, profit organisations, or mutual benefit institutions. Non-profit organisations work solely for empowering the needy by concentrating on their economic and societal conditions. Profit organisations work by registering themselves as an investment trust, an association of persons, or a company that will be a bank or an NBFC. Mutual benefit institutions function for the purpose of helping only its members.

Channels of Micro finance

1)SHG – Bank Linkage Programme

The National Bank for Agriculture and Rural Development(NABARD) looked at several models for offering financial services to the unbanked, especially women, and decided to experiment with a very different model, now popularly known as Self-help Groups (SHGs).

This is the bank-led microfinance channel which was initiated by NABARD in 1992. Under the SHG model the members, usually women in villages are encouraged to form groups of around 10-15. The members contribute their savings in the group periodically and from these savings small loans are provided to the members. In the later period these SHGs are provided with bank loans generally for income generation purpose.

The group's members meet periodically when the new savings come in, recovery of past loans are made from the members and also new loans are disbursed.

Self-Help Group (SHG)

Is a financial intermediary committee usually composed of 10–20 local women or men. Most self-help groups are located in India, though SHGs can be found in other countries, especially in South Asia and Southeast Asia. SHG is nothing but a group of people who are on daily wages, they form a group and from that group one person collects the money and gives the money to the person who is in need.

Members also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit.

A SHG (self help group) is a community based group with 10-20 members. They are usually women from similar social and economic backgrounds, all voluntarily coming together to save small sums of money, on a regular basis. They pool their resources to become financially stable, taking loans from their collective savings in times of emergency or financial scarcity, important life events or to purchase assets. The group members use collective wisdom and peer

pressure to ensure proper end-use of credit and timely repayment. In India, RBI regulations mandate that banks offer financial services, including collateral free loans to these groups on very low interest rates. This allows poor women to circumvent the challenges of exclusion from institutional financial services.

Beyond their function as a savings and credit group, SHG's offer poor women a platform for building solidarity. They allow women to come together and act on issues related to their own lives including health, nutrition, governance and gender justice.

Micro Finance Institutions

Those institutions which have microfinance as their main operation are known as micro finance institutions. A number of organizations with varied size and legal forms offer microfinance service. These institutions lend through the concept of Joint Liability Group (JLG).

A JLG is an informal group comprising of 5 to 10 individual members who come together for the purpose of availing bank loans either individually or through the group mechanism against a mutual guarantee. The reason for existence of separate institutions i.e. MFIs for offering microfinance are as follows:

- High transaction cost – generally micro credits fall below the break-even point of providing loans by banks
- Absence of collaterals – the poor usually are not in a state to offer collaterals to secure the credit
- Loans are generally taken for very short duration periods
- Higher frequency of repayment of instalments and higher rate of Default

Different types of microfinance institutions in India

The microfinance models are developed in order to cope with the financial challenges in financially backward areas. There are various types of microfinance companies operating in India.

Joint Liability Group (JLG)

Joint Liability Group can be explained as the informal group consists of 4-10 individuals who try to avail loans against mutual guarantee from banks for the purpose of agricultural and allied activities. This category generally consists of tenants, farmers and other rural workers. They work primarily for lending purposes, although they also offer the savings facility. In this type of institution every individual of a borrowing group is equally liable for the credit (Singh, 2010). This kind of institution is simple in nature and requires little or no financial administration (UBI, no date).

Self Help Group (SHG)

Self Help Group is a type of formal or informal group consisting of small entrepreneurs with similar kind of socio-economic backgrounds. Such individuals temporarily come together and generate a common fund to meet the emergency needs of their business. These groups are generally non-profit organizations. The group assumes the responsibility of debt recovery. The advantage of this micro-lending system is that there is no need for collateral. Interest rates are also generally low and fixed especially for women (Chowdhury, 2013; Business Standard, 2017). In addition various tie-ups of banks with SHGs have been implemented for the hope of better financial inclusion in rural areas (Jayadev and Rao, 2012).

Regional Rural Banks (RRB)- Grameen Model was introduced by the Nobel laureate Prof. Muhammad Yunus in Bangladesh during 1970s. It has been widely adopted in India in the form of Regional Rural Banks (RRB). The goal of this system has been the overall development of the rural economy which generally consists of financially backward classes. But this model has not been fully successful in India as rural credit and system of recovery are a real problem. Huge amount of non-performing assets also led to failure of these regional banks (Shastri, 2009).

Compared to this model Self Help Groups have been more successful as they are more suited to the population density of India and far more sustainable (Dash, 2013).

Rural Cooperatives

Rural Cooperatives in India were set up during the time of independence by the government. They used the mechanism to pool the resources of people with relatively small means and provide financial services. Due to their complex monitoring structure, their success has been limited. In addition, this system only catered to the credit-worthy individuals of rural areas, not covering a large part of the country's financially backward section (Rajendran, 2012).

Government microfinance schemes for women:

The Indian Government has made a few strides to help women entrepreneurs come out of their comfort zones and find support in microfinance to set up and run their businesses.

Rashtriya Mahila Kosh (RMK):

An organisation set up in 1993 under the Ministry of Women and Child Development. Women need not provide collateral for amounts of less than 1 crore. Likewise, for amounts more than 1 crore, the borrower must provide 10% of the sanction amount in the form of fixed deposit as security. The maximum loan for an individual woman beneficiary (income generating) is Rs. 50,000.

Stand Up India scheme-

A popular Government scheme, Startup India targets women from the SC/ST communities who want to avail business loans. They market their business in order to promote entrepreneurship. With the help of this scheme, women can avail loans that can range from Rs. 10 lakhs to Rs. 1 crore.

Mudra Yojana Scheme for Women

A no collateral loan scheme provided for aspiring women entrepreneurs. The borrower will be provided with a Mudra card. This works like a credit card and helps them buy supplies for their business.

Bharatiya Mahila Bank Business Loan

A loan scheme for women who want to start a business in the retail sector, primarily.

Women entrepreneurs with manufacturing industries can avail loans up to Rs. 20 crores. A concession is available to the extent of 0.25% on the interest rate and it can go up to 10.15% or higher.

Under this scheme, there is no requirement of collateral for a loan of up to Rs. 1 crore.

Dena Shakti Scheme

Started by the Dena bank, this scheme provides small business loans to women in agriculture, manufacturing, micro-credit, retail stores, or small enterprises. The interest rate is lowered by 0.25%. Likewise, the maximum loan that can be availed for retail, education and housing is Rs. 20 lakhs.

Cent Kalyani Scheme

A loan scheme by the Central Bank of India. This scheme is targeted to self-employed women in agriculture and allied activities, retail trade, and government-sponsored programs.

Cent Kalyani from Central Bank of India

Central Bank of India offers this scheme for women entrepreneurs who are looking to open a new business or want to expand or alter the current one. Females who are into rural and cottage, MSMEs, and entrepreneurs, farming, retailing and government-backed firms can purchase this loan. The purpose of the loan is to meet capital expenditure such as Plant & Machinery/Equipment, etc. and day-to-day expenditure. There are no processing charges applicable on the loan amount. The upper limit of the loan amount that you can avail under this scheme is Rs. 100 Lakhs.

Stree Shakti Package from State Bank of India

Stree Shakti Package, State Bank of India's business loan for women-owned businesses features a no security required option for loans of up to Rs 5 lakhs. Additionally, the loan is offered at an interest rate lower than the bank's base rate and is only available to women who own a stake of 51% or above in the business.

Shringaar and Annapurna from Bhartiya Mahila Bank

Bhartiya Mahila Bank offers women entrepreneurs a wide range loans to help them set up new or expand their existing businesses. Two of the more popular options in this category include Shringaar and Annapurna. The Shringaar loan targets women interested in setting up beauty parlours and the Annapurna loan scheme provides financial support to women interested in establishing a food catering business for selling lunch packs.

Synd Mahila Shakthi from Syndicate Bank

Syndicate Bank's Synd Mahila Shakthi targets both new and current women entrepreneurs. The scheme is available as either a cash credit to meet the working capital requirements of new and existing business units or as a term loan scheme of up to 10 years. A business seeking such a loan needs to have one or more women owning at least 50% of the financial holding.

Shakti Scheme from Dena Bank

The Shakti Scheme from Dena Bank supports women entrepreneurs active in a wide range of sectors including agriculture & allied activities, retail trade, micro credit, education, housing as well as enterprises in the direct/indirect finance, manufacturing and services sectors. The maximum ceiling on the loans being offered differs on the basis of the sector in which the enterprise operates.

CONCLUSIONS AND SUGGESTIONS

A conclusion that emerges from this account is that micro finance can contribute to solving the problems of inadequate housing and urban services as an integral part of poverty alleviation programmes. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrower without imposing unbearably high cost of monitoring its end use upon the lenders. A promising solution is to provide multipurpose lone or composite credit for income generation, housing improvement and consumption support. Consumption loan is found to be especially important during the gestation period between commencing a new economic activity and deriving positive income. Careful research on demand for financing and savings behavior of the potential borrowers and their participation in determining the mix of multi-purpose loans are essential in making the concept work.

India is the country where a collaborative model between banks, NGOs, MFIs and Women's organizations is furthest advanced. It therefore serves as a good starting point to look at what we know so far about 'Best Practice' in relation to micro-finance for women's empowerment and how different institutions can work together.

It is clear that gender strategies in micro finance need to look beyond just increasing women's access to savings and credit and organizing self help groups to look strategically at how programmes can actively promote gender equality and women's empowerment. Moreover the focus should be on developing a diversified micro finance sector where different type of organizations, NGO, MFIs and formal sector banks all should have gender policies adapted to the needs of their particular target groups/institutional roles and capacities and collaborate and work together to make a significant contribution to gender equality and pro-poor development.

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