

Microfinance: Empowering Poor to their Rights

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Introduction:

The constitution of India offers various fundamental rights for the protection of people and to lead a life of standard and dignity. It has also provides ‘Right to Equality’, in Article 14 to 18, which includes the following rights:

- Equality before law (Article 14);
- Prohibition of discrimination (Article 15);
- Equality of opportunity (Article 16);
- Right against untouchability (Article 17);
- Abolition of title (Article 18);

Again, article 14 of the constitution reads “the state shall not deny to any person equality before the law or the equal protection of the laws within the territory of India”. Thus, it carries two limbs- (a) ‘equality before law’, and (b) ‘equal protection of law’, (Universal, 2007) are given complete frame of law to protect the rights of all. As such, when we talk of rights, justice, it is presumed that all are same irrespective of his/her position in society; but practicality claims otherwise and her impact is well known to us as the poor, basically, the rural poor and women of our society are ill-treated and for these clusters ‘justice’ or ‘human rights’ become a ‘brand name’, for dreaming to have equal justice and protection of their rights. Hardly do we find a day that is free from violation and exploitation against these clusters, when we go through news etc. and those facts repeatedly



depict negligence of Rights of poor in the society. However, altogether different is the fact in case of those who have power, position or are economically well to do in the society. Thus, a gross violation of article 15 can easily envisaged. In other words, article 15 fails to come into terms with its promise of ‘equality’ as well as to safeguard the poor from being discriminated.

The ‘Lacuna’ is with economic position which actually discriminates in Rights and Justice in between the class of rich and poor of our society and that will not fine until the reason of such discrimination being removed from the society and microfinance could play an active role in this respect, as she become a global phenomena for the poor (especially women) and deprived, (Morduch & Haley, 2001). It become an acceptable alternative to financial inclusion, especially for the poor and rural people in the developing countries like ours, considering her rapid growth, in terms of clients reach, income generation, savings, *reducing vulnerability of poor, health, education, empowerment and social status* etc.(Naithani, 2001). Microfinance has been accepted as an important component of development, *poverty reduction and economic regeneration, women empowerment strategy around the world*. By the early twenty first century, tens of millions of people in more than 100 countries were accessing services from formal and semi-formal microfinance institutions (MFIs), (Humble, 2009). The most important a factor here with microfinance is, it able to provide the economic power (i.e. helps in income generation) to the poor and the vulnerable people of society. Again, the economic empowerment can be considered as the root of other empowerments and developments as a positive impact on ‘income’ of poor, influences on many others factors like education, health, family, living standard, social status etc.,(Humle, 2009). When the poor people equip with the above factors, they become empower towards their rights and can also standby to sustain such rights in case of her negligence. Hence, if we consider the matters in deep, that how could the poor feels



from no right to human-rights, it is the economic sustainability and power or the impact of so.

Objective:

An attempt has been made in this paper to highlight how economic soundness i.e. income generation approach of microfinance helps in developing the other relevant factors and in sustaining the rights of poor in our society.

Methodology:

The study has been made on the basis of secondary data. considering all relevant materials, that includes books, journals, e-journals, magazines, various newspapers particularly The Economic Times, The Business Standard, and The Hindu; the bulletins, periodicals, e-books, etc.

Discussion:

According to Nobel laureate, Muhammad Yunus, there is a human right to credit. In particular, Yunus thinks there is a right to the kind of credit that can enable the very poor to start small-scale commercial enterprises. Or, in other words, he believes in a human right to microfinance, (Sorrell, 2011).

Human rights would be fully realized, if all human beings had secure access to the objects of these rights. Our world is today very far from this ideal. Piecing together the current global record, we find that most of the current massive under fulfilment of human rights is more or less directly connected to poverty, (pogge). The connection is direct in the case of basic social and economic human rights, such as the right to a standard of living adequate for the health and well-being of oneself and one's family, including food, clothing, housing, and medical care. The claims of human rights will sustain only when the poor will aware of that and they are basically lacking of knowledge of such rights and justice. Until they are educated enough such motives will not succeed. Again, for quality education, it is 'cost to



education', the hurdle for the poor to act on. Thus, it ultimately falls on the economic (i. e. income factor) factor, to enjoy such rights by poor.

So, for poor the need of the hour is to have economic empowerments and good avenues for the same and others things will automatically follow. Otherwise there will always a gap among the so called poor and rich people to reap the benefits of 'human rights', which is deemed equal for all.

Role of Microfinance:

Microfinance influence:

Microfinance happens to be the economic resource generated programme which able to cover poor and rural people specially the women. Microfinance movements have revealed positive impact in income generation and assets creation of beneficiaries in the country. Also, there is a diversification in the sources of livelihood for the poor and women who have increased their household income (Hulme and Mosley, 1996).

It is economic empowerments which actually influence the other factors, like education, health, living standard etc., the prime factors for social upliftment. Women Empowerment strategy by SHG model, recorded sea change in the mindset of women of eighties and nintees and women of today, as economic power in concern the rural development programmes like SGSY, has motivated the women members as regards decision making, social strengths etc., (Sharma Borah, 2008). While reflecting the performance of women in microfinance, basically in SHGs, 'Jeevika', a model SHG of rural Bihar, which reveal the potentiality of rural women's called the *Didi* (Sister) in driving the social and economic shifts. The change entails first the empowerment of the poorest women both economic and social development (Tiwari, 2010), as a result, the neglecting society start respecting them.

Why microfinance:



Microfinance refers to the entire range of financial services to overcome poverty. Again, step towards 'financial inclusion' is yet to be a success story for India, though many efforts were made, like the nationalisation of Commercial Banks concept, under the chairmanship of Indra Gandhi (Basu, 2009), and many other initiatives as priority sector lending (40 percent, RBI), (Karmakar, 2009), BCs (i. e. Business correspondents), post-office savings, new financial instruments i.e. NFAs (no-frill accounts), General Credit Cards, Swarojgar Credit Card etc. from time to time to cope with financial inclusion, (i. e. Rural people). But, reports bring out that, only 40 percent of adult population has access to savings account, 10 percent to life insurance, 5.2 percent villages have a bank branch, 97.7 million small farmers are covered by farm credit. Despite this the exclusion levels among people is estimated to be 40 percent, (Srinivasion, 2009). So, achieving 'financial inclusion' through formal banking system is a cumbersome task. Unavailability of adequate financial services like credit, insurances, and remittances to majority population at an affordable cost are major roadblock for the growth of financial sectors. In this context, Micro-finance approach become an alternative solution to provide financial services to common section of the society as 'microfinance' is the provision of thrift, credit and other financial services and products of very small amounts to the poor for enabling them to raise their income levels and improve their living standards, (RBI, 2005). It has profound implications not just from a finance perspective, but also from the perspective of economic development, it consists of micro credit, micro savings and micro insurance, and regarded as an important tool to reduce risk, poverty and vulnerability of common people.

How microfinance sustain the rights of poor:

The impact of microfinance, recognised worldwide mainly on 'income generation', that bring economic empowerment and then her influence come to 'education' to the vulnerable section of the society, where rural poor and women's



are foremost, (Morduch & Haley, 2001). These two factors again help in reducing the discrimination among the people of our society. Some other factors can also make responsible for contribution of well act of microfinance towards sustaining the rights of poor:

Leads to Economic Empowerment: the poor and women cluster of our society are not poor in their quality, but it is lack adequate facilities, which actually responsible for all such problems and that has been established by many success stories of microfinance in India and in other part of the world. It enables the ignorant of our formal financial system to provide an opportunities for income generation, saving, wealth creation and so, leading towards a nourishing stage, where the poor, women and others vulnerable groups can hope for batter future of dignity or standard life, which wouldn't be possible otherwise. A study conducted on microfinance impact studies has highlighted a range of indicators used to assess impact on the clients. The indicators includes enterprise fixed assets, output, productivity, labour, household income, asset accumulation, poverty, income and employment, local economy, family planning and fertility of women status and empowerment of health and nutrition and found positive impact on so, (Sebstad, et al., 1996). In an impact study, which has been undertaken by Puhazhendi and Satyasai (2000) under the guidance of NABARD in 11 states in the country, have revealed that 59 percent of the households reporting increase in assets, with the average value of assets per household increasing by 72 percent. Almost all members developed saving habit after joining this programme and the annual number of savings registration have increased three times. Moreover, annual borrowings of SHG members increased by 95 percent. The net income per household increased by an average of 33 percent, with about 43 percent of the incremental income generated coming from non farm sector activities followed by farm (28 percent) and



off-farm (29 percent) activities. So, evidencing about the success of microfinance towards economic empowerment of engaged clients.

Develop the needs of Education: the need of education is supreme of all in present day context, but at the same time, ‘cost of education’ can’t be ignored. As quality education can avail with good cost to it and poor’s are unable to meet so, hence deprived from *education and deprived from rights, as lack of education make them unaware about the rights* they could enjoy. As microfinance become the source of income generation for these clusters and that make them capable to bear the cost of education, so it helps to develop the needs of education.

Reducing Discrimination: it is the wealth and education which mainly discriminate among the people of our society and makes classes like poor, rich etc. and same is with the treatment of human rights. As microfinance approach use to remove those discriminating factors from the society, as income generation (i. e. wealth creation) and education needs can be groomed out of it. It also helps reducing the ill customs from our society, by educating the poor’s and deprived and that leads towards the ‘prohibition of discrimination’, article 15.

Sinking Social Malpractices: by social malpractices we use to mean all wrong deeds, negligence, exploitation and discrimination, that exists in our society, which create awful environment and brings difficulties to standard life. The root cause of those problems are basically lacking of job work and income generating avenues for the poor and deprived clusters. Microfinance as an alternative means to formal financial system reached to all those, which were beyond their reach and able to bring blocked to those burning problems of our society and that ultimately helps in restoring the rights of all.

Women Empowerment Mechanism: women constitute half of the total population and extensively pursue microfinance programmes worldwide, thus microfinance become a ‘women empowerment mechanism’. Empowerment is



defined as the processes by which women take control and ownership of their lives through expansion of their choices (United Nations, 2001). According to the State of the Microcredit Summit Campaign 2001 Report, 14.2 million of the world's poorest women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other non-bank financial institutions. These women account for nearly 74 percent of the 19.3 million of the world's poorest people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that they own and operate by themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women. So, given these impressive statistics, can we put ourselves on the back for our service to poor women and assume that women's empowerment and other gender issues will take care of themselves? Some other factors supporting the women empowerment:

Impact on marriage practices: the involvement in microfinance programmes confident then in terms of money, so that they can wait for the standard age of marriage for their daughters and this factors also approach them for education of the girl Childs. Many NGOs in Bangladesh make sweeping claims regarding the impact of microfinance provision on the incidence of early marriage, polygamy, divorce and dowry. Their monitoring indicates that divorce and polygamy are both reducing among credit group members, (Rahaman, 2010).

Impact on women's mobility: NGOs claim that women are increasingly 'coming out' as a result of credit programmes. The women's groups suggest that contextual factors, such as extreme poverty and landlessness, may be more strongly associated with increased mobility beyond the village than factors to do with credit programmes. Although NGOs appear to have had some success in supporting



women to travel to NGO and local government offices, much more could be done to empower and support women to enter the marketplace.

Violence against women: Most MFI/NGO staff believes that providing credit to women helps to reduce violence. All the NGOs visited include some reference to violence and women's rights in their social development programmes, and some support women's groups to take up cases of violence with local authorities, (Punithavathy, et al, 2001).

Microcredit programmes in reducing vulnerability: Self-help groups intermediated by microcredit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge.

Changing gender relations within the household to greater empowerment: another set of indicators, which are more intrinsic, revolves around changing gender relations within the household. Studies undertaken for women who generated increased income through self-help schemes reported that, they had gained greater respect within the household, often with perceptible attitudinal change. Men have been reported to offer little resistance towards the enhanced economic activity of women because such activities were seen as contributing to household well-being. Men and older children have also been reported to be helping with household duties and with the income-generating activity. More impressive was the emergence of women's groups as a dynamic, articulate constituency, (Saraswathy, et al. 2003,).

Women's decision making power has been enhanced by their greater economic status: One important indicator of empowerment is the ability to make decisions within the household. On this issue, studies reveal that, they could decide on



spending their own income, although men were often consulted. In some cases, where mobility outside the home is often restricted, women have reported increased mobility, simply having to inform male heads of households instead of soliciting their permission (Sharma Bora, 2008).

In the realm of self-confidence and self-esteem, the studies also reveals that, women are more able to articulate their views and were able to command attention and respect within the household, and often within the community. Increased self-confidence was especially pronounced when women had been exposed to training on women's rights and social and political issues.

So, a mass movement have been noticed among the poor especially the rural poor and women with microfinance in our country and at the same time, it initiating an all round development for those clusters and also leading towards empowerment. Again, those factors help in improving the mobility of poor people, as they are interested and involving in politics and others social development programme and fearlessly present their views to sustain their rights.

Conclusion:

Human Rights are the rights that someone should has simply because he or she is a human being and born into this world. The core Principles of human rights are: Human Dignity, Equality, Non-discrimination, Universality, Interdependency, Indivisibility, Inalienability, Responsibilities.

A common myth about Human Rights is Human Rights are equal to civil rights. But Economic, Social, and Cultural Rights (i.e., healthcare, housing) are also privileged parts of human rights.

Human Rights should not only concern with violations, it is concerned with maintenance also. Five Primary Categories of Human Rights are Civil Rights, Political Rights, Economic Rights, Social Rights and Cultural Rights.



In fact, economic rights are most important in developing countries, where people suffer from poverty, hunger, illiteracy and malnutrition. It is, therefore, necessary to examine how for Indian's have these economic and social rights.

To attain proper maintenance of economic rights, microfinance is playing very active role in strengthening the economic condition of the poor, those who deprived of formal financial system, at the same time, microfinance become an alternative means of financial inclusion and considered as a factors of inclusive growth.

Microfinance tries to reduce the discrimination among the people of society, i.e., it address to fulfil the rights of equality. As through proper utilisation of microfinance schemes poor people gradually strengthen their economic condition and enjoy all rights equally, so we can say that microfinance may be used as a tool for maintaining the human rights among all the people.

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