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EMERGING DIMENSIONS IN MICRO-FINANCE ON WOMEN EMPOWERMENT – A REVIEW

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Abstract
Micro-finance refers to small scale financial services primarily credit and saving to low income client, including the self-income client, including the self-employed. The impacts of participation in self-help groups on the empowerment of women in new dimensions of the great importance of being given to the group approach while provide any programmes for rural women. Micro finance sector has grown rapidly over the past few decades. Nobel Laureate Muhammad Yunus is credited with laying the foundation of the modern MFIs with establishment of Grameen Bank, Bangladesh in 1976. Today it has evolved into a vibrant industry exhibiting a variety of business models. Microfinance Institutions (MFI) in India exist as NGOs REGISTERED AS SOCIETIES OR TRSTS), Section 25 companies ans non-Banking Financial Companies (NBFCs). Commercial Banks, Regional Rural Banks (RRB), cooperative societies and other large lenders have played an important role in providing assistance to MFIs.

The main objective of this is to help to poor women with respect of SHGs for capital formation in the all sectors specially agriculture sector and Grameen bank especially in the rural areas. Micro-finance not only offer micro credit but they also provide other financial services like savings, insurance, remittance and non-financial services individual counseling training and support.

***T**hrough women face handicaps to their involvement in politics, then participation in Micro-finance and SHGs has altered them and these women can be prospective leaders in the local political field. So through this paper I just want to give suggestions and recommendations for many SHGs group those who are working for women related programs, changing social norms and perceptions and enhancing in wider movement of social changes.*

Key Words: Micro-Finance, Women Empowerment, Self-Help Group.

Introduction to Micro Finance

"Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services."

Microfinance is not just about giving micro credit to the poor rather it is an economic development tool whose objective is to assist poor to work their way out of poverty. It covers a wide range of services like credit, savings, insurance, remittance and also non-financial services like training, counseling etc.

Micro-finance programmes for women are promoted not only as a strategy for poverty alleviation but for women's empowerment. Financial services generally include saving and credit; however, some microfinance organizations also provide insurance and payment services. In addition to financial intermediation, many Micro-finance institutions provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group. Thus the definition of Micro-finance often includes both financial intermediation and social intermediation**.**

Micro-finance programmes for women are promoted not only as a strategy for poverty alleviation but for women's empowerment. Women' participation is now recognized universally as a crucial element in augmenting the cost effectiveness of any plan for socio economic progress. In addition to financial intermediation, many Micro-finance institutions provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group. Thus the definition of Micro-finance often includes both financial intermediation and social intermediation**.**

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Salient Features of Microfinance

- Borrowers are from the low income groups
- Loans are of small amount – micro loas
- Short furation loans
- Loans are offered without collateral
- High frequency of repayment
- Loans are generally taken for income generation purpose

Literature Review

In our country Micro-finance started more than 30 years back. Micro-finance programs targeting women become a major plank of donor poverty alleviation strategies in the 1990s. In many of these programmes, self-help groups of 15-20 persons, usually women are organized at the neighborhood level. These group meet regularly to save small amounts of money and circulate their savings as low interest loans within the group whenever a member need a loans are usually taken for small enterprises. Repayment rates and terms are decided by members and are highly context-specific.

Since in the 1950s and proliferating in the 1960s and 1970s, these programs were usually accompanied by high loan defaults high losses and a general inability to reach poor households. Many of these programs required frequent recapitalization to continue operating.

In the 1970s government agencies were the predominant method of providing credit to those with no previous access to credit facilities. Government and international donors assumed that the poor required cheap credit and saw this as a way of promoting agriculture production by small landholders.

By the 1980s, empowerment has become a key objective of development. However, many institutions in developing countries were providing microfinance and recovering their loans. A new approach evolved that considered that Micro-finance as an internal part of the overall financial system. Emphasis shifted from rapid disbursement of local sustainable institutions to serve the poor.

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The Grameen bank's group lending methodology becomes widely adopted by institutions in many part of the world. Many institutes began mobilizing voluntary saving from low income savers. In the 1980s Bank Rakyat Indonesia developed the first large-scale sustainable micro banking system operation without subsidy.

The rationale behind Micro-finance is that the availability of finance will help women to get access to the much needed seed capital to generate income. An independent source of income for women will eradicate poverty and give women more bargaining power within the family. Basic attitudinal changes, within the institution like a family, will eventually lead to a pattern of social development.

Increasing women's access to Micro-finance is assumed to initiate a series of virtuous spirals of economic empowerment, increase wellbeing for women and their families and wider social and political empowerment.

Firstly, savings and credit provision in itself is assumed to contribute to a process of individual economic empowerment through enabling women to decide about saving and credit use. It is assumed that women will invest in their own activity, either agriculture production or micro-enterprise, thus increasing incomes which they themselves will be able to control.

Secondly, women's economic empowerment is then assumed to lead to increased wellbeing for themselves and their families.

Thirdly, this economic empowerment is further seen as enabling women to renegotiate changes in generate relations leading to social and political empowerment.

Current Debate about Microfinance and Empowerment from Three Different Paradigms:
Financial Self-Sustainability Paradigm

- Underlying development paradigm: Neo-liberal market growth.
- Strategy: Setting up financially self-sustainable micro-finance programmes which increase access to Micro-finance services for large numbers of poor people, including women.
- Instruments: Setting of interest rate to cover costs, separation of Micro-finance from other interventions to enable separate accounting, programme expansion to increase outreach and economies of scale, ways using groups to decrease of delivery.
- Reason for targeting women: Efficiency considerations because of high female repayments rates and contribution of women's economic activity to economic growth.
- Definition of empowerment: Economic empowerment, expansion of individual choice and self-reliance.
- Main focus of gender policy: Providing for framework for equal access for women.
- Definition of sustainability: Programme financial self-sufficiency.
- Definition of participation: Participation is a means to increase efficiency through conclusion for market relevance, group formation for self-help to decrease cost of services delivery and some participation in decision-making to increase commitment and innovation.
- Underlying assumption: Increase women's access to micro-finance will automatically lead to economic empowerment without other complementary charges in the macro economic growth agenda.

Poverty Alleviation Paradigm

- Underlying development paradigm: Interventionist poverty alleviation and community development.
- Strategy: Micro –finance as part of an integrated programme for alleviation of poverty and increasing wellbeing for the poorest households.
- Instruments: The importance of small saving and loan provision, group formation for community development, methodologies for poverty targeting and operating in remote areas.
- Reason for targeting women: Because of higher levels of female poverty and women's responsibility for household well-being.

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- Underlying assumption: Women's empowerment, household level poverty alleviation and community development are inherently synergistic; increase wellbeing and group formation will automatically enable women to empower themselves.
- Definition of empowerment: Increase well-being, community development and self-sufficiency organizations.

Feminist Empowerment Paradigm

- Underlying development paradigm: Structuralism socialist feminist critique of capitalism.
- Strategy: Micro-finance as an entry point women's economic, social and political empowerment.
- Instruments: Gender awareness and feminist organization.
- Reason for targeting women: Gender equalities and human rights.
- Definition of empowerment: Transformation of power relations throughout society.
- Main focus of gander policy: Gender awareness and feminist organization.
- Definition of sustainability: Development of self-sustaining participatory women's organizations linked to a wider women's movement for transformation for gender relations.
- Definition of participation: Participation as an end in itself to enable women to articulate their collective interests and organize for change in gender relations.
- Underlying assumption: Women's empowerment requires fundamental change in the macro-level development agenda as well as explicit support for women to challenge gender subordination at the micro-level.

Thus it can say that making financial resources accessible to women will lead to some benefits. It also leads to empowerment in terms of improved decision-making, rise in self-confidence and sometimes a rise in status within the family. However, none of these impacts can be assumed to flow automatically from access to financial resources.

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. Microfinance institutions serve as a supplement to banks and in some sense a better one too. These institutions not only offer micro credit but they also provide other financial services like savings, insurance, remittance and non-financial services like individual counseling, training and support to start own business and the most importantly in a convenient way. 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. Some claim that the interest rates charged by some of these institutions are very high while others feel that considering the cost of capital and the cost incurred in giving the service, the high interest rates are justified

Channels of Micro finance

In India microfinance operates through two channels:

1. SHG – Bank Linkage Programme (SBLP)
2. Micro Finance Institutions (MFIs)

SHG – Bank Linkage Programme

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

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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. This model has been very much successful in the past and with time it is becoming more popular. The SHGs are self-sustaining and once the group becomes stable it starts working on its own with some support from NGOs and institutions like NABARD and SIDBI.

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 installments and higher rate of Default

Non-Banking Financial Companies (NBFCs), Co-operative societies, Section-25 companies, Societies and Trusts, all such institutions operating in microfinance sector constitute MFIs and together they account for about 42 percent of the microfinance sector in terms of loan portfolio. The MFI channel is dominated by NBFCs which cover more than 80 percent of the total loan portfolio through the MFI channel.

Although the microfinance sector is having a healthy growth rate, there have been a number of concerns related to the sector, like grey areas in regulation, transparent pricing, low financial literacy etc. In addition to these concerns there are a few emerging concerns like cluster formation, insufficient funds, multiple lending and over-indebtedness which are arising because of the increasing competition among the MFIs. On a national level there has been a spate of actions taken to strengthen the regulation of MF sector including, enactment of microfinance regulation bill by the Government of Andhra Pradesh, implementation of sector-specific regulation by Reserve Bank of India and most recently, release of Draft Microfinance Institutions (development and regulation) Bill, 2011 for comments. Based on the research work, a few major recommendations made in the report include field supervision of MFIs to check ground realities and the operational efficiency of such institutions. Offer incentives to MFIs for opening branches in unbanked villages, so as to increase rural penetration. Also MFIs be encouraged to offer complete range of products to their clients. Transparent pricing and technology implementation to maintain uniformity and efficiency are among the others which these institutions should adopt. Inability of MFIs in getting sufficient funds is a major hindrance in the microfinance growth and so these institutions should look for alternative sources of funds. Some of the alternative fund sources include outside equity investment, portfolio buyouts and securitization of loans which only a few large MFIs are currently availing.

Legal Structure and Regulation

Although the SHG-Bank linkage model is well managed in India by NABARD, currently there is no proper regulatory body for the supervision of MFIs. The presence of institutions with a variety of legal forms makes it difficult for the regulation of all such institutions by a single regulatory body in the current Indian legal structure. Though NBFCs, which cover the major part of the outstanding loan portfolio by the microfinance channel, are regulated by Reserve Bank of India, other MFIs like societies, trusts, Section-25 companies and cooperative societies fall outside the purview of RBI's regulation. The acceptance of the Malegam committee recommendations by the RBI is a big step forward in addressing the above concern but again it will cover only a section of the MFIs i.e. NBFCs. The microfinance bill which was introduced in the year 2007 is still pending. The most recent and the strongest step taken by the government, The Micro Finance Institutions (Development and

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regulation) Bill, 2011 is a major step in the microfinance sector. The proposed bill clarifies all doubts pertaining to regulation of the MFIs by appointing RBI as the sole regulator for all MFIs.

Financial illiteracy

One of the major hindrances in the growth of the microfinance sector is the financial illiteracy of the people. This makes it difficult in creating awareness of microfinance and even more difficult to serve them as microfinance clients. Though most of the microfinance institutions claim to have educational trainings and programmes for the benefit of the people, according to some of the experts the first thing these SHG and JLG members are taught is to do their own signature. The worst part is that many MFIs think that this is what financial literacy means. We all know how dangerous it can be when one doesn't know how to read but he/she knows how to accept or approve it (by signing it).

Inability to Generate Sufficient Funds

Inability of MFIs to raise sufficient fund remains one of the important concern in the microfinance sector. Though NBFCs are able to raise funds through private equity investments because of the for-profit motive, such MFIs are restricted from taking public deposits. Not-for-profit companies which constitute a major chunk of the MFI sector have to primarily rely on donations and grants from Government and apex institutions like NABARD and SIDBI. In absence of adequate funding from the equity market, the major source of funds for MFIs are the bank loans, which is the reason for high Debt to Equity ratio of most MFIs.

MFIs receive debt from banks against their equity and in order to increase their portfolio size they need to increase their debts for which they further need to increase their equity. After the Andhra crisis, it is reported that banks have stopped issuing fresh loans and even though currently few banks have resumed, they want MFIs to increase their equity to get fresh loans. So the only mode for the MFIs to increase their portfolio size is to increase their equity. The problem of inadequate funds is even bigger for small and nascent MFIs as they find it very difficult to get bank loans because of their small portfolio size and so they have to look for other costlier sources of fund.

Dropouts and Migration of Group Members

Majority of the microfinance loans are disbursed on group lending concept and a past record of the group plays an important role in getting new loans either through SHG-Bank linkage or through MFIs. The two major problems with the group concept are dropouts (when one or more members leave the group) and migration (when one or more members move to another group). Most MFIs lend on the basis of the past record of the group i.e. SHG or JLG and also on the individuals repayment performance. In absence of a decent past record, members are deprived of getting bigger loan amounts and additional services.

Transparent Pricing

Though the concern about the transparent pricing in the microfinance sector has been an older one, it is gaining significance with the growing size and the increasing competition in the sector. Non-transparent pricing by MFIs confines the bargaining power of the borrowers and their ability to compare different loan products, because they don't know the actual price. In absence of the proper understanding of the pricing, clients end up borrowing more than their ability to payback which results in over-indebtedness of the borrower.

MFIs, in order to make their products look less expensive and more attractive, are disguising their actual/effective interest rates (better known as the Annualized Percentage Rates – APR) by including other charges like service charge, processing fee etc. Some MFIs even take interest free deposits for lending microloans. There have been cases where the interest rates are linked with the loan amount, which means a higher interest rate for smaller loans (because of higher transaction cost). This is resulting in highest interest rate being charged to the poorest clients, which contradicts with the social aspect of microfinance.

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Ambiguity in the pricing by MFIs is inviting regulatory bodies to implement strict measures like interest rate caps. But simply putting an interest rate cap may encourage MFIs to look for clients with larger loan requirements. This may deprive the clients with smaller loan requirements who are supposed to be the actual beneficiary of microfinance.

Cluster Formation – Fight to Grab Established Market

MFIs' drive to grab an established market and reduce their costs is resulting in formation of clusters in some areas leaving the others out of the microfinance outreach. By getting an established microfinance market, MFIs reduce their initial cost in group formation of clients, educating them and creating awareness about microfinance. This is one of the reasons for the dominance of the microfinance sector in the southern states. Now the problem is that a similar trend is being followed in the northern states as well. We have already seen what happened in A.P and it seems that most of the MFIs have not taken a lesson from the Andhra crisis.

This cluster formation is restricting MFIs from reaching to rural areas where there is the actual need for microfinance. People in urban and semi-urban areas are already having access to microfinance through SHG-bank linkage or individual lending, but in rural areas people don't have access to banks and so SBLP is not much active in such areas. Because of the initial cost involved in serving a new location, MFIs are not willing to go to such remote locations. This is the reason most of the MFIs have their branches in urban and semi-urban areas only resulting in a very low rural penetration of microfinance.

It is high time for the MFIs to understand that though microfinance is a resalable product, increasing the outreach of the microfinance sector by including new clients and serving new locations is what which is needed the most at the moment.

Multiple Lending and Over-Indebtedness

Both of these are outcome of the competition among the MFIs. Microfinance is one such sector where the Neo-liberal theory of free market operation fails, at least to some extent. Though competition is good for many sectors but in this case it is going against both the parties. In order to eat away each other's' market share, MFIs are ending up giving multiple loans to same borrowers which in some cases is leading to over-indebtedness (a situation where the borrower has taken loans more than her/his repaying capacity) of the borrower. MFIs are getting affected because borrowers are failing to make payments and hence their recovery rates are falling, while over-indebtedness is making the borrower go to depression and in some cases forcing them to commit suicide.
Some experts advocate that multiple lending is not but over-indebtedness is dangerous. This may be true but multiple lending is eating away the opportunity of new borrowers, and in a country where it is believed that the microfinance sector is able to cater to only 10-15 percent of its potential clients, even multiple lending proves out to be a big concern.

Recommendations

1. **Proper Regulation:** The regulation was not a major concern when the microfinance was in its nascent stage and individual institutions were free to bring in innovative operational models. However, as the sector completes almost two decades of age with a high growth trajectory, an enabling regulatory environment that protects interest of stakeholders as well as promotes growth, is needed.

2. **Field Supervision:** In addition to proper regulation of the microfinance sector, field visits can be adopted as a medium for monitoring the conditions on ground and initiating corrective action if needed. This will keep a check on the performance of ground staff of various MFIs and their recovery practices. This will also encourage MFIs to abide by proper code of conduct and work more efficiently. However, the problem of feasibility and cost involved in physical monitoring of this vast sector remains an issue in this regard.

3. **Encourage rural penetration:** It has been seen that in lieu of reducing the initial cost, MFIs are opening their branches in places which already have a few MFIs operating. Encouraging MFIs for opening new

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branches in areas of low microfinance penetration by providing financial assistance will increase the outreach of the microfinance in the state and check multiple lending. This will also increase rural penetration of microfinance in the state.

4. **Complete range of Products:** MFIs should provide complete range of products including credit, savings, remittance, financial advice and also non-financial services like training and support. As MFIs are acting as a substitute to banks in areas where people don't have access to banks, providing a complete range of products will enable the poor to avail all services.

5. **Transparency of Interest rates:** As it has been observed that, MFIs are employing different patterns of charging interest rates and a few are also charging additional charges and interest free deposits (a part of the loan amount is kept as deposit on which no interest is paid). All this make the pricing very confusing and hence the borrower feels incompetent in terms of bargaining power. So a common practice for charging interest should be followed by all MFIs so that it makes the sector more competitive and the beneficiary gets the freedom to compare different financial products before buying.

6. **Technology to reduce Operating Cost:** MFIs should use new technologies and IT tools & applications to reduce their operating costs. Though most NBFCs are adopting such cost cutting measures, which is clearly evident from the low cost per unit money lent (9%-10%) of such institutions. NGOs and Section 25 companies are having a very high value of cost per unit money lent i.e. 15-35 percent and hence such institutions should be encouraged to adopt cost-cutting measures to reduce their operating costs. Also initiatives like development of common MIS and other software for all MFIs can be taken to make the operation more transparent and efficient.

7. **Alternative sources of Fund:** In absence of adequate funds the growth and the reach of MFIs become restricted and to overcome this problem MFIs should look for other sources for funding their loan portfolio.

Some of the ways through which MFIs can raise their fund are

By getting converted to for-profit company i.e. NBFC: Without investment by outside investors, MFIs are limited to what they can borrow to a multiple of total profits and equity investment. To increase their borrowings further, MFIs need to raise their Equity through outside investors. The first and the most crucial step to receive equity investment are getting converted to for-profit NBFC. Along with the change in status the MFI should also develop strong board, a quality management information system (MIS) and obtain a credit rating to attract potential investors.

Portfolio Buyout: It is when banks or other institutions purchase the rights to future payment stream from a set of outstanding loans granted by MFIs. In such transactions MFIs are responsible for making up any loss in repayment up to a certain percentage of the portfolio and this clause is known as "first loss default guarantee". The above clause ensures that the MFI retains the correct incentive to collect these loans. To ensure security to the buying institution, MFIs are allowed to sell off as much of the outstanding portfolio as is financed by accumulated earnings or equity.

Securitization of Loans: This refers to a transaction in which the repayments from a set of microloans from one or more MFIs are packaged into a special purpose vehicle, from which tradable securities are issued. As the loans from multiple MFIs can be pooled together the risk gets diversified. Though securitization of loans and portfolio buyout are similar in many ways like first loss default guarantee clause, limit to the amount of loans that can be sold off etc. The major difference between the two is that securitizations require a rating from a credit rating agency and that it can be re-sold, which makes securitized loans attract more potential buyers. Also unlike portfolio buyout, there can be multiple buyers and sellers for each transaction in case of securitization of loans as compared to single buyer and single seller in portfolio buyout. Through securitization, MFIs can tap new sources

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of investments because fund of certain types like mutual funds, which are barred from directly investing in MFIs, can invest through securitized loans.

Micro-finance Institution is as two types
Financial Institutions; provides

- Training.
- Saving
- Insurance.
- Remittance.

Non-financial Institutions, provides

- Individual counseling
- Training and support.

Empowerment has been considered both an end as a means of development. There has taken place a steady accretion of literature on the subject ever since the concept gained wide acceptance among academics and policy makers. Depending on the context concerned, empowerment is defined variously. In our present context empowerment may be defined as a continuous process where the powerless people become conscious of their situation and organize themselves to improve it and access opportunities, as an outcome of which women take control over their lives, set their own agenda, gain skill, solve problems and develop self-reliance.

Major Issues

- Specialized branches for women.
- Motivational strategies to bank staff.
- Redefining of bank‘s long term plan.
- Monitoring system.
- Involve NGO / SHG / Women Cooperatives.
- Mahila rural cooperative bank.
- Entrepreneurship development programme or training.
- Publicity campaigns for creating awareness about credit facilities.

Conclusions and Suggestions
Numerous traditional and informal system of credit that was already in existence before micro finance came into vogue. Viability of micro finance needs to be understood from a dimension that is far broader- in looking at its long-term aspects too .very little attention has been given to empowerment questions or ways in which both empowerment and sustainability aims may be accommodated. Failure to take into account impact on income also has potentially adverse implications for both repayment and outreach, and hence also for financial sustainability. An effort is made here to present some of these aspects to complete the picture.

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 determine the mix of multi-purpose loans is essential in making the concept work.

The organizations involved in micro credit initiatives should take account of the fact that

- Credit is important for development but cannot by itself enable very poor women to overcome their poverty.

- Making credit available to women does not automatically mean they have control over its use and over any income they might generate from micro enterprises.
- In situations of chronic poverty it is more important to provide saving services than to offer credit.
- A useful indicator of the tangible impact of micro credit schemes is the number of additional proposals and demands presented by local villagers to public authorities.

Nevertheless ensuring that the micro-finance sector continues to move forward in relation to gender equality and women’s empowerment will require a long-term strategic process of the same order as the one in relation to poverty if gender is not to continue to ‘evaporate’ in a combination of complacency and resistance within donor agencies and the micro-finance sector. This will involve:

- Ongoing exchange of experience and innovation between practitioners
- Constant awareness and questioning of ‘bad practice’
- Lobbying donors for sufficient funding for empowerment strategies
- Bringing together the different players in the sector to develop coherent policies and for gender advocacy.

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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