Preface

The person who has experienced poverty can best describe its conditions and consequences. I can’t forget those days when it was very difficult for my family to match ends and means for maintaining reasonable standard of living. It is this reason why I selected the topic of microfinance and decided to contribute in terms of research that can help academicians and practitioners to target poor people especially women effectively.

There are various alternatives to eradicate poverty and microfinance is one of them. When I selected this topic; microfinance industry was in growth stage. It was believed that it would help to create poverty free world. The business schools and universities were organizing conferences on microfinance and related themes. However, the industry experienced jolt in the year 2010 when number of farmers and poor entrepreneurs found to have committed suicides in Andhra Pradesh and State government intervened in this matter. This event was criticized and it raised a question mark on sustainability of microfinance industry because Andhra Pradesh, at that time, was considered as mother land of microfinance industry.

To explore the reasons behind this turnaround in industry, I started working in this direction and found that there are two different schools of thought: Welfarists and Institutionalists. According to welfare school, providing finance to poor people known as micro-credit is basically developmental activity and the objective of this activity is welfare of poor people at reasonable or no profit. However, Institutionalists assumes that to eradicate poverty the institutions that provide finance to not so poor class – known as Microfinance – need to assure its sustainability. For the same reason, microfinance institutions require commercial objective of serving their clients with borrowed funds and high rate of return on investments. The commercialization of microfinance institutions characterized by absence of lending discipline, multiple borrowings by clients and soft regulation in the country were found to be major reasons for downfall in the industry.

After two years of crisis, the industry started consolidating from 2013. It was during consolidation phase that I completed my data collection. Gujarat did not experience crisis like situation as it is having lower exposure to microfinance compared to southern states of India. During data collection, I found that women that have availed microfinance services were not aware about this turnaround. It was this interaction with women that gave me their lived experiences to capture and helped me to conclude that their economic conditions have
improved and empowerment would be possible if women are willing to take power by transforming themselves as power comes from within.

When I started my research work, I was inspired by the work of Prof. Muhammad Yunus and his contribution to Grameen Bank. When I completed my thesis after five to six years of exploring this industry, I found another Nobel laureate Prof. Amartya Sen’s work inspiring who has propounded ‘Capability Approach’ saying that it is different combinations of functionings (beings and doings) that the person can achieve. It depends on person’s freedom to lead one type of life or another. The journey of empowerment starts from inside; if a person (woman) is not willing to empower herself; empowerment could not be possible. In Srimad Bhagvad Gita (Chapter – 6), it has been rightly said:

उद्रेदात्मनात्मानं नात्मानमवसद्येत
आत्मैव हयात्मनो बल्धुरात्मैव रिपुरात्मन: ॥१॥

Let a man lift himself by himself; let him not degrade himself; for, he himself is his friend and he himself is his enemy.