

Utilization of micro-credit for rural women and improving livelihood¹ Fakhteh Ghahramani and ² Zahra Kaveie^{1,2} Damavand Branch, Islamic Azad University, Damavand, Iran

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Abstract: In the countries that credits are provided in a proper financial manner, not only it has increased production and income but also it has encouraged poor to save a part of their income. These savings can be an important support for the institutes providing micro-credits and can be a financial base for more loans and all these result in institutes' financial dependence. With the new way of micro-credit payments, in addition to covering poor's financial needs, a combination of other services and facilities are available for them; such as saving accounts, educational services, and cooperation possibilities. If rural women can work through receiving credits, loan and others finance facilities at favorite jobs and live through earned income (as it called "self-reliance and independence"), so undoubtedly we would see changes in social, economic and cultural relations of village. However these actions caused that women stand in good economic condition and also gain self reliance and rely themselves with no help from husbands, but dominant cultural space on villages may create some disorders. At most of villages in Iran, patriarchal with all features dominate and women's financial self reliance may not being pleasant for some human and rural groups.

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Introduction:

By looking at women's history of economic and social life, we can find that this great group, continuously have played basic role in forming economic condition of country. This great group consistent with men have had active role at areas of social-economic activities and always have had major part on economic production of society. Nowadays, supporting family supervisor women is adopted by universal society, as politic, economic a social concern and nearly all countries applied related approaches, and however these efforts have resulted in failure, in so many cases (Banihashem, 1999). paying part of cost of life by government or charities, establishing forums to analyze family supervisor women's problems, supplying necessary facilities to grow and improve child's life quality and paying facilities to provide sustainable employment, are among most important approaches to support family supervisor women. Paying credit facilities to access sustainable employment with easy terms at limited time, is one of the most important approaches to support family supervisor women. Because alongside supplying their continues needs, their esteem wouldn't be marred. Currently, this approach is used at many countries and positive results have emerged. (Ghaffari, 2000).

Aforementioned plan, due to containing special advantage such as giving accessible loan with low commission fee and no interest rate and also long-term repayment, could provide chances for many farmers to release from dealers and broker jobbers. In this approach, giving micro-credits to rural women seems more effective. because alongside agricultures

activities that needed more investments, women by enjoying of very micro-credits not only could create remarkable creativities in rural productions but also gained worthy economic and social abilities, and even improved their field of social presence. (Lahsaeizadeh, 2000).

Increasing Suffrage, lack of relying on vast patriarchal families, increasing cultural acknowledgment, relation with newer institutions, having intellectual independence, making decision for marrying, occupation, emigration and etc are those rights that they gain. gaining aforementioned rights by women in context of cultural and social framework followed some changes that maybe lead to disfunctions and even create disorders and abnormalities at traditional, familial and kinship relations that dominated on villages (Fakhraee 2002). What that performing credits programs, has made in recent years, was on broad outlook with purpose to access to same results as above findings.

Thus, in one inclusive outlook, it is possible to use micro-credits programs to solve those issues which involved with rural women's economic limitations, so that lead them toward social empowerment, in the context of economic growth (Rahmani and alibi, 2001).

The major beneficiaries of micro-credit programs are rural women and low-income groups who use the micro-credits to improve their social and economic status. Bowman (1997) gives a short but clear definition of micro-credit in his book, which is as follows:

"Small, short, collateral-free"; In other words micro-credit means providing small loans without

any thing as security for low income people and they'll pay back the loan in a short period of time. (Arab Mazar and Motamed, 2005)

For the past two decades, micro-credit has been one of the solutions considered in order to expedite investment process and strengthen the financial bases in rural and deprived areas. Empowerment and poverty eradication in deprived communities through improving productivity are all results of micro-credit. Micro-credit has proven its value in development as an effective tool in struggling poverty and hunger. It has the ability to change and improve people's lives, especially people in need.

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In micro-credit programs there are some other parts like small saving accounts and deposits; that's why they are presented as a credit-saving program (Moazami and et al, 2005).

The two terms in "micro-credit" refer to two fundamental concepts that it is dealing with. The first term "micro" refers to inefficiency of classical economists' development methods. Focus on the term "micro" implies revising the market's economical recommendation in rural development. Small and micro-scale activities are the ones done within the local markets with goal of providing livelihood for households and with least link to the national and international economy. The second term "credit" refers to rural circumstances and lack of official sources which is a critical problem for them. By designing a micro-credit plan, the system is trying to provide credit sources for poor families and increase efficiency of rural market. In micro-credit system, production is mostly local and industrial, therefore economic surplus in these programs is relatively low. Micro-credit system is widely applied in countries that their national economic program is not capable of creating job and income generating opportunities for the majority of society. (Najafi, 2006)

Micro-credit characteristics:

1- Empowerment

Empowerment is one of the major goals of micro-credit and it's considered as a proper index to evaluate it. Creating self-reliance and self-confidence in people, empowerment is one of the important factors to deal with poverty. It also creates social capacity.

Empowerment plans include:

1. Forming financial groups and creating social capacity
2. Education as a supplementary factor of credit-saving
3. Assigning management of credit plans to members

2- Stability

Stability is a fundamental characteristic for a comprehensive development program and leads to continuance of the program and makes credit-saving plans different from others.

Stability indicators:

- reduce dependence on external financial resources
- reduce trading expenses
- cut the loan subsidies (Banihashem, 1999)

3- creating and expanding income generating activities

A study conducted by World Bank about micro financial institutions highlights three most frequent goals:

1. Creating employment opportunities for members
2. Increasing vulnerable groups' income and productivities
3. Reduce family's dependence on agriculture in droughts' prone areas

The role of micro-credits in Poverty Reduction:

The first application of micro-credit was about 20 years ago with the establishment of Grameen Bank in Bangladesh. This bank, providing credit for the poor (particularly women as 94% of its clients are them), has managed to increase income and economic welfare. Now the program is running in most parts of world especially Asia, Africa and Latin America. One interesting point is that unlike prior perceptions, the poor covered by micro-credit programs has been very successful in paying back their loans.

In the countries that credits are provided in a proper financial manner, not only it has increased production and income but also it has encouraged poor to save a part of their income. These savings can be an important support for the institutes providing micro-credits and can be a financial base for more loans and all these result in institutes' financial dependence.

With the new way of micro-credit payments, in addition to covering poor's financial needs, a combination of other services and facilities are available for them; such as saving accounts, educational services, and cooperation possibilities (Goetz and Sengupta, 2003).

Conclusion:

Woroniuk, Schalkwyk (1998) at their conducted research believe that now, micro credits, micro finance sources and small business unites are most effective mechanism to decrease poverty.

Plitt and others, conducted research as they called it "do credits programs, can empower women"? Results showed that corporation at credits programs helps empowering women.

Goetz, Sengupta (2003), presented negative image of credits effects on empowering women. They concluded that most women have minimum control on their loans. And when repayment period is short, this shortage of control has devastating effects on women welfare.

Hashemi and others (2004) found that joining to Gramin Bank, has meaningful positive affects on controlling women, and helps to family income.

In researches that conducted by Nanda (2004) became clear that women participation in credits programs had positive affects on their demand about health care.

Fiona Steele and etal (2008) in researches that conducted as called "influences of credits programs on empowering women at Bangladesh", found that women who joined to credits programs, have participated in more educational programs and have married with more educated men and also they have saved more and they had more cash.

Ellen and her colleagues (2009) used approach called it "credits and education at Bolivia, Ghana, Honduras, Mali and Thailand". This approach looks for empowering women through financial services with education. In this approach, women get familiar with importance of credits through education and extension and also familiar with ways to access it through establishing different groups.

Shahnaj and chaudhury(2009) in research as "credits and its role on empowering women" concluded that there is meaningful relation between attending in credits programs and empowering women, at economical dimensions.

Ruhal amin and others (2010) found that those who joined credit funds had more ability rather than those who didn't.

Jameela (2010) presented that credit programs has shown lot of affects on empowering women so that

has increased their social, politic and economic ability.

Thus it is obvious that credits programs and its educational and empowering programs can be affective on social, humane and economic development or rural society, if it be associated with proper and gradual practices and base on reciprocal communications principles and apply opinion of local society.

Maybe the main challenges that threaten credits associations, is lack of necessary emphasizes on social dimensions and on reinforcing their basics, that practically cause that this social foundations lose its efficiency soon and practically changed to unsuccessful institution.

In order to overcoming dominant consideration, experts believe that we should consider following in protection process of these social institutions.

- establishing and reinforcing through supporting without ant direct government involvement
- evaluating and constant modifying of financial management mechanisms
- improving organization effectiveness
- establishing constant relation and interaction with similar and equal systems.
- establishing local, regional and national networks
 - establishing support and cover systems in order to decrease risk
 - establishing balance and interaction with financial systems greater decision making include: capital market (local, regional, national) and governmental.

also following suggestions have been offered:

- helping to marketing and establishing many exhibitions for member's productions, credit programs, guiding and training them in line with group and workshop activity, can assist them on economic empowerment.
- since women have pointed to education deficiency as major barrier for empowering them, thus educating rural women at the field of exploiting different credits and channels of receiving credits, and also various educations, is so that lead to enabling them, that contain considerable importance.
- providing extension educations for men in order to believe economic role of their women, and give them chance of corporation on all economic, credits fields

- Since that base of credit association, forms base on People Corporation, so it's good chance to use these communities to expand extension-education activities. so it is better to consider special programs on different extensional filed such as agriculture , ranching , family health , housekeeping economy and other fields accordance to condition of region and rural women's needs .
- it is suggested that vast and exact programming happens at following fields:
 - a- extending insurance, facilities for amenities
 - b- educating women about awareness of their own individual and social rights
 - c- persuading rural women about importance of participating at cooperatives and other educational institutes
 - d- educating women about job management and income management

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