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Financial Literacy: An Essential Tool for Empowerment of Women through Micro-finance

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ABSTRACT Micro-finance, through micro-credit has emerged as the biggest women's empowerment strategy for low-income groups across India. Besides the SHG-Bank linkage programme gaining success in the country, the MFIs are playing appreciable roles in providing micro-credit to SHGs, in collaboration with the government, NGOs and social organizations. But experiences at the micro-level of SHGs tell us that micro-finance is not always being effective in poverty alleviation and the questions being addressed here are related to financial practices within SHGs and knowledge of credit usage. The study looks at the money management practices of women SHG members, who were users of micro-credit through an MFI called Grameen Koota in Karnataka. On the basis of the findings that revealed limited knowledge of the women regarding value for savings, cash flow management, capital formation and account keeping, financial literacy modules were developed for empowerment of SHG members, one of which has been presented in this study in detail.