

### Micro-credit for rural women in Iran

<sup>1</sup> Ali Badragheh, <sup>2</sup> Mohammad Abedi

<sup>1,2</sup> Department of Environment, Damavand Branch, Islamic Azad University, Damavand, Iran

\*Corresponding author: [abedi114@yahoo.com](mailto:abedi114@yahoo.com)

**Abstract:** Nowadays micro-credits and supplying micro financial resources, has changed human's life and cause to revive different societies at poorest and richest countries of world, so that we can see growth in human's power to access to common financial services. By accessing to wide range of financial tools, families according to their priorities, invest on cases such as costs of education, healthcare, healthy and good nutrition or housing. Applicants for Microfinance resources mostly involved family supervisor women, pensioners, homeless people, frugal workers, small farmers and micro entrepreneurs. These people are divided into four groups: Poor, very poor, relatively poor and vulnerable poor. Whenever repayment afford, bond terms and accessing to data, in this classification will change, in order to supply sustainable financial needs of various clients, procedures and operation structures will be developed. Generally, in most countries, micro finance sources are considered for poor women. By women's access possibility to finance services, they committed to loan and ensure its repayment and preserve their saving accounts and also enjoy insurance cover. Supplying programs for micro financial resources have strong message for families and societies. Most of qualitative and quantitative studies and researches have proven that accessing to financial services; will improve women's conditions in family and society. Women's confidence has increased and they are aware of their abilities.

[Ali Badragheh and Mohammad Abedi. **Micro-credit for rural women in Iran**. Life Science Journal. 2011;8(2):451-456] (ISSN:1097-8135). <http://www.lifesciencesite.com>.

**Keywords:** Micro-credit, rural women, IRAN

#### Introduction:

Having investment (capital) independency enforce people to think about economic from different angles. He should study the ways for using capital, he must consult with authority and experienced people and he will investigate about relevant markets. Such things will help him to be authoritative & independent. But how rural women can get such independency? Are the women created inherently for housekeeping, parenting and working or is there any opportunity for rural women to show their skills in economic & social development?

It seems that experiences which are obtained from performing financial programs in some villages in the developing countries could answer clearly to such questions.

A glimpse to previous planning about rural development in the world shows that from 1950 many developing countries understood that the main reason for making their economic growth (development) slowly in their countries is the weakness of investment in the agriculture part. Although many countries by patterning from developed societies have proceeded to improve & develop their industrial agriculture part and by this action not only had irreparable damages to many traditional farmers but also the main problem (the lack of capital sources) is also remained in the rural regions. (Rahimi, 2001).

Rural women are among those major groups at society who previously were considered less by planners, due to specific reasons in the past. And this problem is more observable at developing countries. While, 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).

From 1970, the waves of thought about micro-credits and run of small activity in villages was one of the suitable way get increased for invest improvement in rural occupations.

The said plan because of special grants such as giving loan with low wage and no interest and with long reimbursement could give farmers this opportunity to don't rely usurers and jobber intermediaries. Indeed giving micro-credits to rural women was more effective. Because along agriculture activities which need more investments, the women with using micro-credits couldn't only show their talent in rural production, but also could improve their economic & social empowerments and they could also participate in social activities. (Chabokru et al, 2005).

Women's self-reliance and independency were the outcome of giving credits to women and in some cases were the obstacle of receiving credits by women which is necessary to explain about them shortly.

#### **Cultural & social effects of rural women's financial self-reliance**

As it mentioned before the traditional culture in villages was the reason for weakening women rights and made them oppressed, it is possible that women's self-reliance & financial independency in villages make some crudities (malformation) in the family and village for a short a short time, but we can't disregard it's positive outcome in the social & cultural occasions in the long time, here we will discuss about some of these outcomes (Goetz and Sengupta, 2003)

##### **1- Preferment of women role and their social place:**

Women's financial self-reliance can increase the women's social role & place in the villages. In the new condition some of their assignment roles could change to acquisitive roles. The women should use of all their power & energy for doing their acquisitive roles. Thus they can find active view to different functions. The people & groups could increase their social place in the village with improving their social role. If their role and social place preferment be accompanied with the increasing of social intelligence & knowledge, it can have more effect culturally. (Amiri, 2000)

##### **2- Increasing self-confidence:**

Self-reliance in different life aspects can increase people's self-confidence. Rural women who are financially independent can live peacefully. With decreasing their problems in life, their self-confidence will increase. And self-confidence is one of personality & mentally condition for being success in life.

##### **3- Family consistency:**

At the first, it seems that rural women's financial independency is not acceptable by their husband and this causes some gaps in their family's relations. But little by little these problems will be solved by increasing the rural people's knowledge. Usually poverty is one of the reasons which will destroy or decrease family's consistency. Women by working and having income can help their husband & family. (Fakhraee, 1381)

##### **4- Change in family's relation:**

The rural women with having a job and financial independency can change the viewpoint of people who live in villages and cities and they will not look at the rural women as a weak and dependent people. But also their title and place will increase among their families. So by changing people's view to the women, gently we can see some changes in their family's relation which will have respect to the women's right. By increasing women's knowledge and by introducing new rural institution which give financial & authority service to the women, their stimulus (motivation) for reaching their social rights will increase and they try more than before( Amiri, 2000).

##### **5- Making patriarchy weak in the family:**

Gently, with changing family's relation in the villages and by increasing rural people's knowledge, we can make the men and women's right equal and also we wont have patriarchy in the family, although patriarchy has historic and olden root in our villages but with improving women's position and increasing their cultural and social know ledge we can destroy patriarchy in the rural families. . (Chowdhury, 2005).

##### **6- Population and family adjustment:**

The practitioner women's view about the number of the children is different; studies show that practitioner women are interested to fewer children to the house keeper women.

By decreasing families in the village and women's financial independency we are more hopeful to adjust family's population in the future because villages have important role in the population increase in Iran. (Shaditalab 75).

#### **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 eradication:

The first application of micro-credit was about 20 years ago with the establishment of Grumman 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).

If rural women could provide a job for them by getting credits, loan and other financial convenience, through their income they can get self-reliance or financial independency and we will see social, cultural & economic change in village. The question here is that if these changes have positive or negative aspects in the village? It's natural that every change in social phenomenon has both positive and negative aspect, but which is Important here is that which aspect is more than the other and it depends to different condition in various societies. In our rural society there is an especial social & cultural kind that it's outcome maybe different and in some case inconsistent. With these actions rural women could be in idealistic economic condition and they could live with out dependency to their husband's income. In most of the villages in Iran there is patriarchy in the families which is not acceptable for the most of the rural people and groups. When rural women became financially independent, it's acceptable to see its cultural & social outcomes.

Giving the right that women make decision, independency to their family, increasing the cultural knowledge among them& making relation with new institutions, having independency in making decision about marriage, occupation, migration & something like this are the right that women have got it.

## Micro-credits:

One of the raised strategy , in order to accelerate investment process and reinforcing financial foundations , and saving , at deprived and rural areas , has been empowering and eradicating poverty of rural societies through efficiency with emphasize on applying micro-credits (Shahnaj and Sajedur, 2009).

Micro-loans as useful tool to fight against poverty and starvation, has proven its capabilities and values to develop these areas. These tools have ability to change and improve human's life, especially poor peoples. Micro loans , saving accounts , and giving various bank services , cause this belief in low income and poor family that , by accessing to these services , their income will increase ,so they can protect themselves against barriers of unexpected problems and their current level of life and also invest on nutrition , housing and their children's education.( Varzgar and azizi, 2001)

Accessing to these conditions is among main goals of third millennium program (i.e. eradicating absolute poverty of human societies).

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richest countries of world, so that we can see growth in human's power to access to common financial services. By accessing to wide range of financial tools, families according to their priorities, invest on cases such as costs of education, healthcare, healthy and good nutrition or housing.

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Thus, it has proven that supplying financial services for poor peoples is powerful tool to decrease poverty so that make them able to establish finance, increase income and decrease vulnerability against economic pressures.

In micro-credits programs other than offering and distributing micro loans, there are also small savings and deposits so that they are designed as form of saving-credit programs. The existing term in phrase "micro-credits" points to two basic concepts that is due to dominant perspective on this approach. First term (i.e. credits) points to rural areas and lack of access for many villagers to formal resources that are one of their major problems. And at system of micro-credits, are tried to decrease poor families' access barriers to credit sources and also to increase effectiveness of these markets. Second term (i.e. micro) emphasize on deficiency of development, according to classic economist's method. Emphasizing on concept of "micro" means revising recommendations of market economy at rural society's development.

Generally, goals of micro-credits programs are: (Moazami 2005)

- a- increasing access coefficient of low income rural women to credit facilities

- b- considering and focus on low income rural women groups
- c- empowering rural women to enjoy needed job skills
- d- empowering rural women to deal with group works and cooperative activity
- e- equipping non-productive villager's saving (women) to effective and productive investment
- f- planning in order to perform projects that are based on capacities and facilities of that area
- g- breaking poverty cycle and saving rural family
- h- Developing employment and stabilizing jobs which faced financial crisis

#### Discussion and results:

Overall in many countries financial plans mostly focus on women. Women, provided with financial facilities, will receive a loan, guarantee to pay it back, keep their saving account and also they'll have insurance coverage. Micro-financial plans have an important message for families and communities. Many studies have proven that women's access to mentioned facilities may improve their conditions in family and society; it also helps them feel more self-confident and makes them aware of their own abilities. Thus providing micro-credit services for the poor in society is a powerful tool to reduce poverty and so that they are able to create assets, earn more money and become less vulnerable against the economic pressure. Of about 1.3 billion poor in the world there are 900 million poor women, this obviously shows that poverty has a feminine face. According to UN's development fund, 10% of world's income and less than 10% of world's assets belongs to women. While a majority of them never possess the capital needed for their activities, women still play an important role in the economic development of country. Therefore women draw the micro-credit policy maker's attention more than others. Choosing women as the main target of micro-credit plans is an effective strategy to eradicate poverty; because their income will upgrade the family welfare; furthermore earning money improves their social status. In some countries this choice is influenced by society's attitude and culture (Araghzadeh, 2002).

For instance founder of Grumman Bank of Bangladesh, Mohammad Yunes, has stated that: "women have plans for themselves, their children, and their family life; they always have an overlook while men just look for fun" to explain why 94% of their clients are women.

Women's access to micro-credits have shown that their income benefit to improve their family and provide livelihood. In addition to all these another reason of women being the target of micro-credit plans is that women have higher loan recovery rates. Totally,

expanding women's access to micro-credits may lead to many useful results which in economy is mentioned as "virtuous spiral"; because their access to micro-credits results in family welfare and in a broader point it'll improve community's welfare and shall be increased welfare this process is repeated.

In researches that conducted by Nanda (2004) became clear that women participation in credits programs had positive effects on their demand about health care. Fiona Steele and et al (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 .

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 .

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.

A study conducted by Chabokru et al (1384) shows the crucial importance of micro-credits for farmers who do not possess physical financial assets (land, building, livestock, well...) and work in agricultural sector because of environmental conditions (such as living in a village) or because it's their ancestral occupation.

So today, women's participation in sustainable economic, social, and cultural development in rural areas is not optional but an essential matter. Those communities that have not seriously considered the necessity of participation faced failures and delayed community's development, welfare and security process. In any community, village, or social group, broad participation of every women in decision-making and any other matter related to national or local development programs, is a key variable in social sciences and in the last few decades, it has interested many scholars of socio-economic and especially cultural issues, and is considered as one of the most fundamental democratic rights of women in a society. As we know in a popular participation, all people are given the opportunity to participate in planning and decision making for their society and for their own future. When in practice women feel that they can be involved in planning, policy making and deciding or solving problems in the society certainly they'll feel more

solidarity and become more interested in social, economic, and cultural development programs.

#### **\*Corresponding Author:**

Mohammad Abedi

Department of Environment, Damavand Branch, Islamic Azad University, Damavand, Iran

E-mail: abedi114@yahoo.com

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3/25/2011