

Microfinance and Women Empowerment An Empirical Study with special reference to West Bengal

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Abstract

The paper examines the two basic research questions. First, the paper tries to attempt to study how a woman's tendency to invest in safer investment projects can be linked to her desire to raise her bargaining position in the households. Second, in addition to the project choice, women empowerment is examined with respect to control of savings, control of income, control over loans, control over purchasing capacity and family planning in some sample household in Hooghly district of West Bengal. The analytical framework of underlined the study is based on Nash bargaining game theoretic model. The first part is based on two household members make a few non co-operative production decision regarding a credit contract and risky business projects. This is also an empirical study based on 100 SHG members in the Hooghly district, West Bengal in 2006. The empirical findings show that the empowerment of women is established in weak form using the above indicators. This paper has important policy implications. It is appropriate to emphasize the strategy of financial inclusion in the wider context of economic growth and financial deepening.

Keywords: Empowerment, Nash bargaining game, Group-lending, financial inclusion.

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Microfinance and Women empowerment

An Empirical Study with special reference to West Bengal, India

Introduction

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 1990s. Microfinance programs have significant potential for contributing to women's economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment. Microfinance development has emerged as major strategy to combat the twin issues of poverty and unemployment that continue to pose a major threat to the polity and economy of both the developed and developing countries. A number of agencies- Government as well as Non-government Organizations- are, today involved in micro-finance development initiatives.

From the early 1970s, women's movements in a number of countries identified credit as a major constraint on women's ability to earn an income and became increasingly interested in the degree to which poverty-focused credit programmes and credit cooperatives were actually being used by women. SEWA in India, for example, set up credit programmes as part of a multi-pronged strategy for an organization of informal sector women workers. Since the 1970s, many women's organizations world-wide have included credit and savings, both as a way of increasing women's incomes and to bring women together to address wider gender issues. The 1980s saw the emergence of poverty-targeted micro-finance institutions like Grameen Bank. Many of these programmes see themselves as empowerment-oriented. In the 1990s, a combination of evidence of high female repayment rates and the rising influence of gender lobbies within donor agencies and NGOs led to increasing emphasis on targeting women in micro-finance programmes.

Throughout the developing countries, innovative lending programs have emerged that specializes in supplying small capital loans to low-income entrepreneurs. In many of these programs it is common to find that a large percentage of borrowers are women. For example, based on a 1996

survey of microfinance institution around the world, the World Bank estimated that 61% of all clients were women (World Bank, 1997). In two rather well documented lending programs, the Grameen Bank in Bangladesh and Bancosol in Bolivia, the percentages are 95% and 72% respectively. These high female participation rates have raised a number of research questions and have in turn, inspired a growing number of empirical investigations.

One question that is commonly raised is how a woman's borrowing impacts household consumption. For example, using data from Bangladesh, Pitt and Khandke (1999) estimate how participation in a credit program impacts household consumption, depending on the participant's gender. They conclude that household consumption increases more if a woman takes out a loan than a man. On the other hand, Morduch (1999) finds that participation in a credit program in Bangladesh, everything else equal, tends to imply lower household consumption. It turns out that disagreement such as this is rather common in the literature.

Another area of debate surrounds the question of whether a woman's participation in a credit program raises her "bargaining power" or "empowerment" in the household. Hashemi et al. (1996) for example, attempt to measure a woman's empowerment using indicators such as level of mobility, ability to make large purchases, and political and legal awareness. However, in other studies, such as Goetz and Sen Gupta (1996) and Rahaman (1999), evidence is offered that a woman's participation in a credit program reinforces her dominated role in the household, and in some cases, the loan ends up under the control of her husband.

Given this backdrop the objective of the paper is to examine the two basic research questions. First, to attempt to study how a woman's tendency to invest in safer investment projects can be linked to her desire to raise her bargaining position in the households. Second, in addition to the project choice, women empowerment is examined with respect to control of savings, control of income, control over loans, control over purchasing capacity and family planning in some sample households in Hooghly district of West Bengal.

The paper is organized as follows. Section 1 discusses the household bargaining model.

Section 2 analyses the trends of the number of Self Help Groups (SHGs) in India and across the states and different concepts of empowerment of women. Section 3 deals with a study of women empowerment through SHGs across different states of India using different indicators. The conclusion and policy suggestion is discussed in section 4.

Section 1: Household bargaining model

We consider household bargaining model of Tassel (2004) and outline a game where the players make decisions about borrowing, investment, and loan repayment. We consider a household composed of two players, $i = M, F$. Each player derives utility from consuming a household consumption good z . The consumption good is produced using inputs of monetary expenditure x and domestic service y . The technology used to produce z is assumed to take the following form:

$$Z = \begin{cases} x+y & \text{when } x>0 \\ 0 & \text{otherwise} \end{cases} \quad \text{-----} \quad (1)$$

We focus on technology where the consumption good is a positive function of both monetary expenditure and domestic service, but where monetary expenditure cannot be entirely substituted with domestic service. This technology is based on the notion that it is essential for low-income individuals to secure a minimum level of monetary earnings in order to pay for critical items such as rent, medical supplies, processed food items, and utility services.

The inputs used to produce an aggregate household consumption good are supplied by the household members. We assume that M supplies a fixed monetary expenditure $X_M > 0$ and that $Y_M = 0$. F on the other hand, can choose to both specialize in domestic service and supply $X_F = 0$ and $Y_F = \bar{y}$ or diversify by undertaking both domestic service and investment in a risky production project. When F chooses to diversify, F produces domestic service \underline{y} with certainty. We assume domestic service is higher under specialization, (i.e. $\bar{y} > \underline{y} > 0$). Under diversification, F borrows US\$1 of investment capital from a lender using a loan contract. A loan contract is an interest factor (one plus a non-negative interest rate) I_j , where j indicates the project for which the loan is authorized. Upon securing a loan, F invests the US\$1 in one of two separate projects; $j = s$ ("safe") or $j = r$ ("risk"). Project j generates revenue R_j with probability p_j and revenue \underline{R} otherwise, where $\underline{R} \in (0, 1]$. We assume that $R_s < R_j$, $p_s > p_r$ and that $P_j \in (0, 1)$. Before F makes her decision whether to specialize or diversify, lender make the first move in the game by simultaneously offering loan contracts. There are two lenders in the game. Lenders themselves borrow capital at an interest factor of exactly US\$1. Under a loan contract l_j , F

borrower borrows US\$1 and is expected to repay l_j after project revenue is realized. However, the borrower enjoys limited liability to the extent that the lender has no claim to assets other than the cash flow from the borrower's investment project in the current period. Hence, F must make a loan payment equal to $\min\{l_j, R_j\}$ in the event that her investment project is "successful" (R_j), and must repay \underline{R} if the project is "unsuccessful" (\underline{R}). In the event that project revenue is \underline{R} , since $\underline{R} < l_j$, we say that the borrower herself is incapable of making a full loan repayment.

We can now summarize F's choice to diversify rather than specialize. If F chooses to diversify and selects project J, F supplies inputs $x_F = \max\{R_j - l_j, 0\}$ and $y_F = \underline{y}$ with probability p_j , and $x_F = 0$ and $y_F = \underline{y}$ with probability $1 - p_j$. Sen (1990) and Kabeer (2001) argue that women's work in the household is often not recognized as productive activity. According to our technology, this lack of recognition is due to the fact that specializations in domestic service produces absolutely zero consumption goods if adequate monetary earnings do not supplement such service.

When F chooses to diversify, F invests her capital loan in a project and this project is then randomly determined to be either successful or unsuccessful. In the event that the project is unsuccessful, F is not capable of making a full loan repayment. At this point in the game, we assume that player M is given an opportunity to either pay the remaining part of the loan $l_j - \underline{R}$ using resources x_M , or not pay anything at all. Note that we give M this opportunity to assist with F's loan payment only when her project revenue is low (\underline{R}). After F's project is successful, or after M chooses to make a loan payment or not, the first stage of the game concludes. The sequence of moves in the game is known as the game tree shown in Fig (1).

We make the following assumptions.

$$P_j R_j + (1 - p_j) \underline{R} > 1 \quad j = s, r \text{-----} \quad (2)$$

Assumption 2 implies that both investment projects cover their capital inputs.

$$P_s (R_s - \underline{R}) = P_r (R_r - \underline{R}) \text{-----} \quad (3)$$

This assumption implies that if investment is financed using a loan contract that earns the lender an expected profit of exactly zero, then F's expected net revenue is the same under the two projects.

$$P_j R_j + (1 - p_j) \underline{R} + \underline{y} - 1 > Y^- \quad j = s, r \text{-----} \quad (4)$$

If we call $x + y$ the agent's "income", then equation 4 states that F's expected income from diversification exceeds her income from specialization, regardless of the project selected.

After M and F generate their inputs x and y , these inputs are combined to produce an aggregate consumption good z . for a given division of z among M and F, which we represent by (z_M, z_F) , respectively, agent i receives a utility from consumption equal to $u_i(z_i) = \eta z_i$, where $\eta > 1$. We assume that the players' utility payoffs are arrived at through a bargaining process.

For a given aggregate level of z , the Nash bargaining framework specifies a unique pair of utilities for players M and F. in particular; this optimal pair of utilities (u^*_M, u^*_F) solves the following problem:

$$\text{Choose } u_m, u_f \text{ to max } (u_M - u^-_M) (u_F - u^-_F) \text{ ---- (5)}$$

$$\text{Subject to } u_M + u_F = \eta z \text{ ----- (6)}$$

Where $u_i^- = z^-_i$ is used to represent the utility agent i would receive if the agent independently produce a consumption good z^-_i using only his/her own personal inputs (x_i, y_i) . Hence, utility u^-_i can be interpreted as agent i ' threat point (or reservation utility) in the bargaining process. Also, observe that as opposed to u^-_i , $u_i = \eta z_i$ and since $\eta > 1$, η is being used to measure the gains from household formation.

The solution to the problem described in Equations (5) and (6) is as follows:

$$U_M^* = \eta z_M^* = 0.5 [\eta (x_M + x_F + y_F) + u^-_M - u^-_F] \text{ ----- (7)}$$

$$U_F^* = \eta z_F^* = 0.5 [\eta (x_M + x_F + y_F) + u^-_F - u^-_M] \text{ ----- (8)}$$

We also use the notation $Z_i^*(x_F, y_F, x_M)$ to represent agent i 's share of the consumption good specified under Eqs. (7) and (8), give that the inputs supplied are x_F, y_F , and x_M . The Nash solution is appealing because it ensures that the division of z is efficient and that each player's allocation is sensitive to what their payoff would be in the event of disagreement.

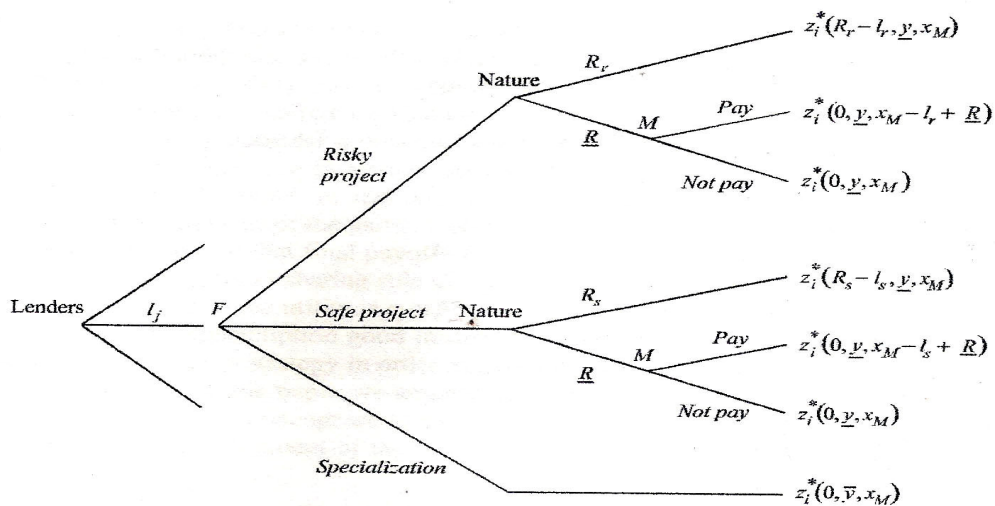


Figure (1): The one shot game

Section 2: Microfinance in India and women empowerment

The Self Help Groups (SHGs) emerged as a component of the Indian financial system after 1996. They are small, informal and homogenous groups of not more than 20 members each. The size of 20 has been made mandatory because any group larger than this has to be registered under the Indian Societies Registration Act.

Self-help groups intermediated by micro credit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge (Zaman 2001). Several recent assessment studies have also generally reported positive impacts (Simanowitz and Walker 2002). In India, for example, microfinance is typically defined as the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards (NABARD, 2004). In addition to promoting the establishment or growth of micro enterprises, microfinance can increase the standard of living of the economically active poor, improve their access to health care and education, reduce vulnerability and promote the empowerment of women and marginalized groups.

In India, micro credit studies done on groups dealing with dairy farming have noted positive profit levels and short payback periods for loans (Lalitha and Nagarajan 2002). Earnings generated from such undertakings have been instrumental in increasing the physical well-being of the household, often through better nutrition and sanitation. The household's asset base has also been enhanced by the addition of jewellery (a portable asset), improved housing and land purchase in some cases.

The SHG-Bank Linkage Program

By March 2006, banks had cumulatively lent Rs 113.97 billion to 22, 38,565 SHGs, providing with access to the formal banking system (See Table1). Now a day, the SHG-bank linkage model is one

of the world's largest microfinance initiatives in terms of outreach (Kropp & Suran, 2002). NABARD is the pioneering agency of the SHG-Bank Linkage Model. It partly finances the cost of SHG promotion, provides 100% refinancing to participating banks and offers revolving fund assistance on a selective basis to NGOs, SHG Federations, credit unions and other organizations providing microfinance for on-lending. NABARD also provides capacity building support to bank officials, NGO staff, government officials and SHG members. In addition to NABARD, several other apex bodies or wholesalers provide loans to financial intermediaries for on lending to SHGs. These include the Small Industries Development Bank of India (SIDBI), Rashtriya Mahila Kosh (RMK), Housing and Urban Development Corporation (HUDCO), Housing Development Finance Corporation (HDFC) and Friends of Women's World Banking (FWWB). Some donors and banks (e.g. Rabobank) also provide grants and loans to microfinance institutions for on lending to SHGs and SHG federations (Tankha, 2002).

Table 1: SHGs – Bank Linkage Program, India

Year(end March)	No. of SHGs linked	No. of SHGs (cumulative)	Bank loan(in Rs crore)	Cumulative Bank loan
1992-93	255	255	0.29	0.29
1993-94	365	620	0.36	0.65
1994-95	1502	2122	1.79	2.44
1995-96	2635	4757	3.62	6.06
1996-97	3841	8598	5.78	11.84
1997-98	5719	14317	11.92	23.76
1998-99	18678	32995	33.31	57.07
1999-2000	81780	114775	135.91	192.98
2000-01	149050	263825	287.89	480.87
2001-02	197653	461478	545.47	1026.34
2002-03	255882	717360	1022.33	2048.67
2003-04	361731	1079091	1855.53	3904.2
2004-05	539365	1618456	2994.26	6898.46
2005-06	620109	2238565	4499.09	11397.55

Source : NABARD,2006

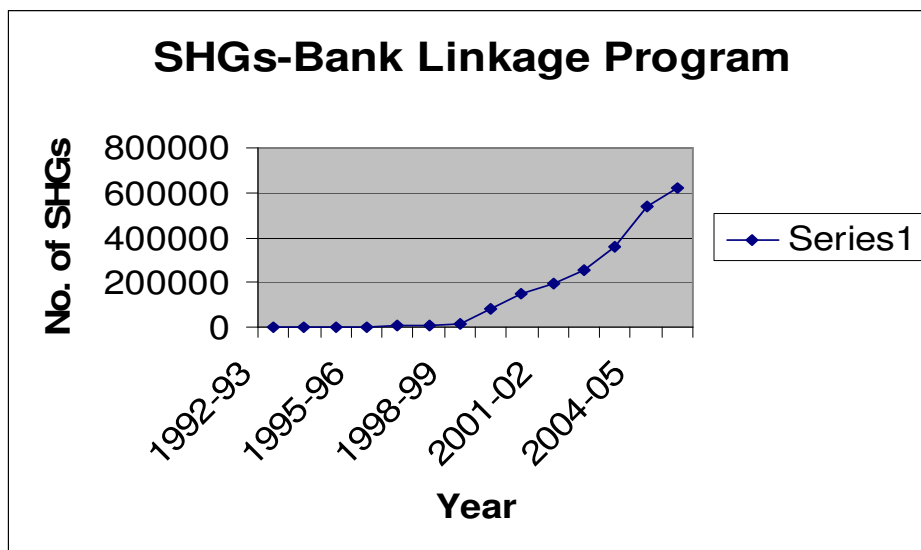


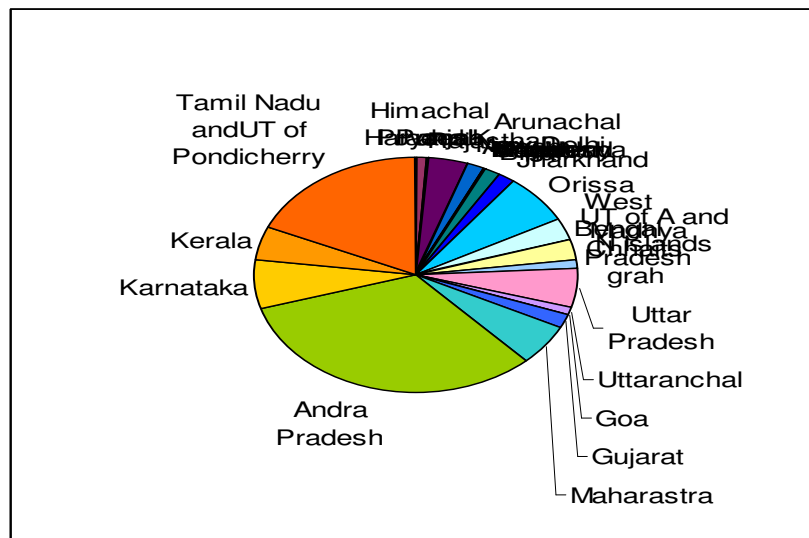
Fig (2) : SHGS- Bank Linkage program

Table 2: Agency wise cumulative position of SHGs upto March 2006

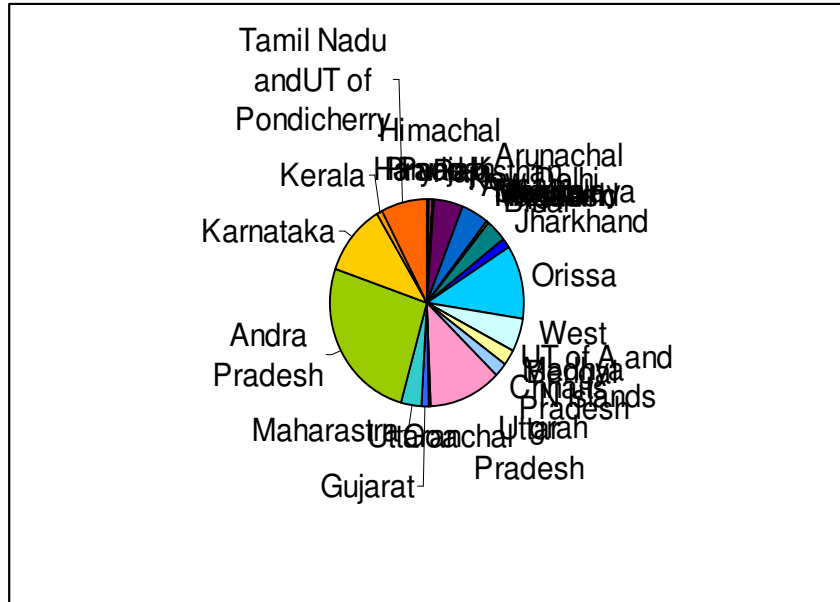
Sl No	State/Region	CBs No. of SHGs	RRBs No. of SHGs	Co-oper. Bank No. of SHGs	Total No. of SHGs
A Northern Regions					
1	Haryana	2300	2510	57	4867
2	Himachal Pradesh	10810	3671	8439	22920
3	Punjab	2301	560	1700	27787
4	J and K	1377	499	478	2354
5	Rajasthan	44519	38532	15120	98171
6	New Delhi	224			
	Sub-Total	61531	45772	25794	133097
B North Easern Region					
7	Assam	21665	31528	3256	56449
8	Manipur	569	899		1468
9	Meghalaya	516	198	21	57917
10	Sikkim	42		85	85
11	Tripura	386	1516	94	1996
12	Nagaland	373	28	21	2081
13	Arunachal Pradesh	182	127	37	346
14	Mizoram	133	812	29	974
	Sub-Total	23866	35108	3543	1320
C Eastern Region					
15	Bihar	19577	26188	185	45950
16	Jharkhand	21520	9299		30819
17	Orissa	77859	86256	16781	76769
18	West Bengal	37828	37909	60514	136251
19	UT of A and N Islands	9		155	155

	Sub-Total	156793	159652	77635	136406
D	Central Region				
20	Madhya Pradesh	32395	20453	4277	57125
21	Chhatis grah	10908	14571	5812	31291
22	Uttar Pradesh	65382	90698	5831	88416
23	Uttaranchal	10834	2668	4086	17588
	Sub-Total	119519	128390	20006	267915
E	Western Region				
24	Goa	409		215	215
25	Gujarat	23617	6309	3112	33038
26	Maharastra	66326	28115	35464	33253
	Sub-Total	90352	34424	38791	163567
F	Southern Region				
27	Andra Pradesh	382422	190120	14696	587238
28	Karnataka	81213	81839	61876	224928
29	Kerala	54966	9055	22967	812166
30	Tamil Nadu andUT of Pondicherry	217378	55664	42235	315277
	Sub-Total	735979	336678	141774	1214431
	Grand Total	1188040	740024	307543	2235607

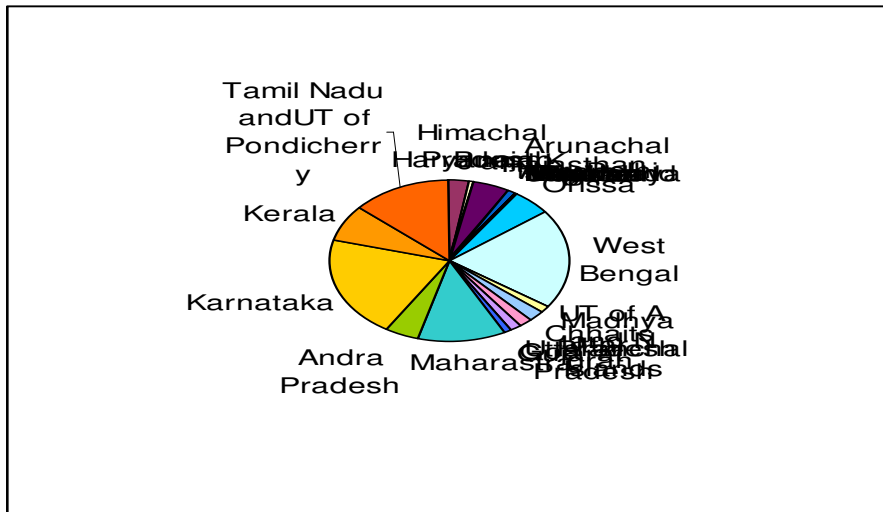
Source : NABARD,2006



Fig(3) : SHGs by Commercial Banks



Fig(4) : SHGs by Regional Rural Banks(RRB)



Fig(5) : SHGs by Cooperative Banks

It is revealed from Table 2 that three-microfinance finance agencies, namely, Commercial Banks (CBs), Regional Rural Banks (RRB) and Cooperative Banks played an important role in the formation of SHGs-bank linkage program in different states of India. The Commercial Banks and Regional Rural Banks formed the maximum number of SHGs in Andhra Pradesh (See Fig (3) and Fig (4)). It is also observed from Fig (5) that the Co-operative Banks formed the highest

number of SHGs in West Bengal. The distribution of the number of SHGs is concentrated in the southern states. Andhra Pradesh ranks first, Tamil Nadu ranks second and Karnataka the third position in the number of SHGs formation (See Table 3). It is also observed from Table 3 that West Bengal formed about 1, 36,251 groups in bank linkage program and ranked 6th in India.

Table 3: SHG-Bank Linkage- Region wise physical and financial progress (March 2006)

Sl No	State/Region	No. of SHGs	Bank loan(Rs million)
A	Northern Regions		
1	Haryana	4867	316.01
2	Himachal Pradesh	22920	863.98
3	Punjab	4561	238.86
4	J and K	2354	100.48
5	Rajasthan	98171	2447.94
6	New Delhi	224	18.58
	Sub-Total	133097	3985.85
B	North Easrern Region		
7	Assam	56449	1423.98
8	Manipur	1468	71.85
9	Meghalaya	735	16.19
10	Sikkim	127	1.86
11	Tripura	1996	31.12
12	Nagaland	422	34.38
13	Arunachal Pradesh	346	13.49
14	Mizoram	947	64.14
	Sub-Total	62490	1657.01
C	Eastern Region		
15	Bihar	46221	1052.19
16	Jharkhand	30819	1114.6
17	Orissa	180896(4)	4754.65
18	West Bengal	136251(6)	2424.52
19	UT of A and N Islands	164	8.23
	Sub-Total	394351	9354.19
D	Central Region		
20	Madhya Pradesh	57125	1666.86
21	Chhais grah	31291	337.81
22	Uttar Pradesh	161911(5)	5153.54
23	Uttaranchal	17588	891.86
	Sub-Total	267915	8050.07
E	Western Region		
24	Goa	624	55.21
25	Gujarat	34160	1244.51
26	Maharastra	131470(7)	3951.67
	Sub-Total	166254	5251.39
F	Southern Region		
27	Andra Pradesh	587238(1)	43455.18
28	Karnataka	224928(3)	9927.53

29	Kerala	86988	4821.48
	Tamil Nadu and UT of		
30	Pondicherry	315277(2)	27472.73
	Sub-Total	1214431	85676.92
	Grand Total	2238538	113975.43

Source: NABARD;

Notes: Figures in () represents rank.

Review of Literature on women empowerment

"Empowerment" has been used to represent a wide range of concepts and to describe a proliferation of outcomes. The term has been used more often to advocate for certain types of policies and intervention strategies than to analyze them, as demonstrated by a number of documents from the United Nations (UNDAW 2001; UNICEF 1999), the Association for Women in Development (Everett 1991), Feminist activist writings often promote empowerment of individuals and organizations of women (Sen and Grown 1987; Jahan 1995; Kumar 1993) but vary in the extent to which they conceptualize or discuss how to identify it. Another line of thought in development promotes social inclusion in institutions as the key pathway to empowerment of individuals and has at times tended to conflate empowerment and participation. Capitalism, top-down approaches to development, and/or poverty itself are seen as sources of disempowerment that must be challenged by bringing "lowers"—the poor and disenfranchised—(Chambers 1997) into the management of community and development processes. The growth of civil society and participatory development methods at both macro-and meso-levels of society are usually proposed as the mechanisms by which empowerment takes place (Friedmann 1992; Chambers 1997). For example, Narayan et al. (2000a) focus on state and civil society institutions at both national and local levels, including informal institutions such as kinship and neighborhood networks. Institutions at the micro level, such as those of marriage and the household, are not considered part of the state or of civil society, but interpersonal gender dynamics within the household are considered part of the equation of social exclusion and in need of directed efforts at change.

Bennett (2002) has developed a framework in which "empowerment" and "social inclusion" are closely related but separate concepts. Drawing on Narayan (2002), Bennett describes

empowerment as "the enhancement of assets and capabilities of diverse individuals and groups to engage, influence and hold accountable the institutions which affect them." Social inclusion is defined as "the removal of institutional barriers and the enhancement of incentives to increase the access of diverse individuals and groups to assets and development opportunities." Bennett notes that both of these definitions are intended to be operational, and describe processes rather than end points. The empowerment process, as she characterizes it, operates "from below" and involves agency, as exercised by individuals and groups. Social inclusion, in contrast, requires systemic change which may be initiated "from above." As Narayan (2002) and Ravallion and Chen (2001, in their discussion of "pro-poor growth") also argue, systemic change is necessary to sustain empowerment over time. It is through the process of social inclusion that the "rules of the game" are modified and institutions transformed so that economic growth is widely shared. Bennett argues that the distinction between empowerment and social inclusion is important because the World Bank's comparative advantage is at the system or policy level. Several of the authors whose work we review in this paper argue that women's empowerment requires systemic transformation in not just any institutions, but fundamentally in those supporting patriarchal structures (Kabeer 2001; Bisnath and Elson 1999; Sen and Grown 1987; Batliwala 1994).

Early studies of "women's status" often covered aspects of empowerment without explicitly labeling it as such. One of the earliest empirical studies in this area, for example, used the more general term "women's status" but located a nexus of gender-related power differentials in the household, noting how important the family unit is to understanding the operation of gender in a society (Acharya and Bennett 1981). Acharya and Bennett also highlight the links between women's economic roles and their control over resources and life options.

In Table 4, we synthesize and list the most commonly used dimensions of women's empowerment. Women's empowerment needs to occur along the following dimensions: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. However, these dimensions are very broad in scope, and within each dimension, there is a range of sub-domains within which women may be empowered. Moreover, in order to operationalize these dimensions, one should consider indicators at various levels of social aggregation — the household and the community, as well as regional, national and even global levels. In the table

we group commonly used and potentially useful indicators within various "arenas" or spheres of life.

Table 4: Commonly used dimensions of empowerment and potential operationalization in the household, community, and broader arenas.

Dimension	Household	Community	Broader Arenas
Economic	Women's control income: relative contribution to family support; access to and control of family resources	Women's access to employment: ownership assets and land; access credit; involvement representation in local associations; access to markets	Women's in high paying jobs: women CEO's; representation of economic interests in macro-economic state and federal
Socio-Cultural	Women's freedom of movement; lack of discrimination against daughters; to educating daughters	Women's visibility in access to social spaces; access to modern transportation; in extra-familial groups social networks: shift in patriarchal norms (such son preference); representation of the female in myth and	Women's literacy and access to a broad range educational options; Positive media images women, their roles and contributions
Familial/ Interpersonal	Participation in decision-making; over sexual relations: ability to make childbearing use contraception, abortion; control over spouse selection and marriage timing; freedom from violence	Shifts in marriage and kinship systems greater value and for women (e.g. later marriages, self selection spouses, reduction in the practice of dowry; acceptability of divorce); local campaigns against domestic violence	Regional/national in timing of marriage, options for divorce: political, legal, support for (or lack of active opposition to) shifts: systems easy access to contraception, safe abortion, reproductive health services
Legal	Knowledge of legal rights; domestic for exercising rights	Community for rights; campaigns for rights awareness; local enforcement of rights	Laws supporting rights, access to and options; Advocacy rights and legislation; of judicial system to redress rights violations
Political	Knowledge of system and means of access to it; domestic support for political engagement; the right to vote	Women's involvement mobilization in the local political support for specific candidates or legislation; representation in local bodies of government	Women's in regional and national bodies of government; strength as a voting representation of interests in effective lobbies and interest
Psychological	Self-esteem; self-efficacy;	Collective awareness of injustice, potential of	Women's sense of inclusion and

well-being

mobilization

systemic acceptance of
women's entitlement
inclusion

Three types of empowerment

Economic empowerment: women's access to savings and credit gives them a greater economic role in decision-making through their decision about savings and credit (see Figure 6). When women control decisions regarding credit and savings, they will optimize their own and the household's welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect. The financial sustainability and feminist empowerment paradigms emphasize women's own income-generating activities. In the poverty alleviation paradigm, the emphasis is more on increasing incomes at the household level and the use of loans for consumption. In the feminist empowerment paradigm, individual economic empowerment is seen as dependent on social and political empowerment.

Increased well-being: access to savings and credit facilities and women's decision about what is being done with savings and credit strengthens women's say in economic decisions of the household (Figure 6). This enables women to increase expenditure on the well-being of themselves and their children. This is the main concern in the poverty alleviation paradigm. Women's control over decision-making is also seen as benefiting men through preventing leakage of household income to unproductive and harmful. Other welfare interventions are advocated in addition to micro-finance, typically nutrition, health and literacy campaigns to further decrease vulnerability and improve women's skills. In the financial self-sustainability and feminist empowerment paradigms, improved well-being is an assumed outcome from increasing women's economic activities and incomes.

Social and political empowerment: a combination of women's increased economic activity and control over income resulting from access to micro-finance with improved women's skills, mobility, access to knowledge and support networks (Figure 6). Status within the community is also enhanced. These changes are reinforced by group formation, leading to wider movements for social and political change. The financial self-sustainability paradigm and the poverty alleviation

paradigm assume that social and political empowerment will occur without specific interventions to change gender relations at the household, community or macro-levels. By contrast, the feminist empowerment paradigm advocates explicit strategies for supporting women's ability to protect their individual and collective gender interests at the household, community and macro-levels.

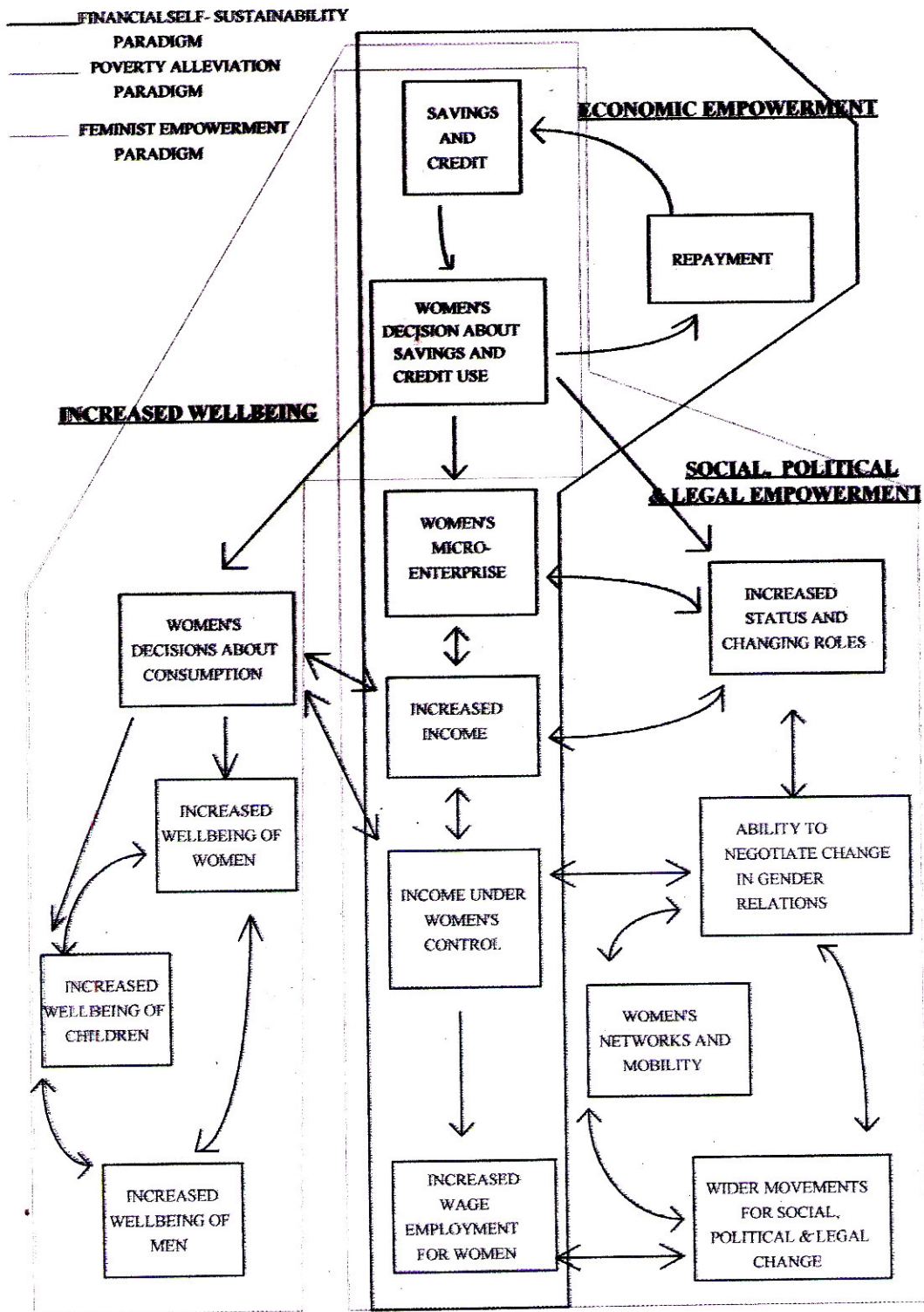


Figure (6) : Process of empowerment

Section 3: Analysis of women empowerment using SHGs

We mention a study conducted by National Institute of Rural Development (NIRD) on SHGs in different states of India in 2004. The study was taken up in 15 selected states in coordination with two State Institutes of Rural Development (SIRDs). Taking into account the performance of Self-Help Groups spread over the entire country, fifteen states are selected for an in depth study. The states are Uttar Pradesh, Madhya Pradesh, Uttaranchal, Bihar in the north, Maharashtra and Rajasthan in the west, Andhra Pradesh, Kerala, Karnataka, Tamil Nadu in the South, Orissa and West Bengal in the east and Assam, Mizoram and Tripura in the northeast.

SOCIAL DEVELOPMENT

About 85% of the members have awareness about various programmes/ activities of health, education, water and sanitation and legal rights.

The members adopted certain health practices, like regular medical checkups (52%), supplementary nutrition to children (54%) and family planning (57%) the improvement is not at the desired level.

More than 82% of the members said that they are sending their children to school.

Overall around 74% of the respondents have learnt to sign. When it came to reading and numerical skills, only around 57% and 53% of the respondents could acquire the skills.

A significant number of members have acquired the skills in maintaining accounts (50%) and record keeping of group meetings (43%) etc.

Overall only 29% of members said that they have constructed individual toilets.

ECONOMIC DEVELOPMENT

The amount of loan availed by members during 2000-2004 has increased substantially when compared to earlier years. Out of total sample of 2764 SHG members, 1771 (66%) members have availed loan once, (52%) twice, (37%) thrice and (23%) more than 3 times during the last three years.

After doing the groups, about 34% of the members have not availed any loan so far due to various reasons such as inadequate loan amount, weak inter lending practices,

expectation of bigger loans from banks, few people availed bigger loans for construction of house, marriage etc.

A large proportion of the members (43%) took loans for the purpose of consumption. Out of this, almost 31% took for meeting health needs.

About 23% of the members have borrowed to meet social needs like festivals, marriages, ceremonies and education.

The remaining 34% of the borrowers used for starting a new IGP (24% on livestock and 23% on agriculture related activities).

As groups attain maturity in 3 to 5 years, there is a perceptible shift in utilizing the loan amounts from consumption to production needs (55%) including income generation, accumulation of assets, and purchase of agricultural inputs, milch animals and irrigation purpose.

Animal husbandry is seen as a significant income generating activity (26%) followed by craft based activities (11%), petty business (11%) and agriculture related activities (8%) in many states.

Although 67% of the credit have been through bank loans for initiating micro enterprises, savings are a major and significant source for economic activity (52%); so also is the self contribution by members (46%) revolving fund (46%) and subsidy (35%).

Over all additional number of days of employment generated by taking up enterprise in a month: 5-10days (39%), 10-20 days (26%), 21 or more days of employment (24%).

Over all additional monthly income earned through the enterprise ranging from Rs.100 – 500 (42%), Rs.500-1000 (24%) and above Rs.1000 are around 20%.

Most of the members (50%) have taken up traditional activities / supporting the existing livelihoods, which have generated income of Rs.100-500/- per month.

About 25% of members have taken enterprises such as petty business (services and trading) and non farm activities like ready made garments, dry flowers and sanitary napkins are generated income of more than Rs.1000-1500/- per month.

The most visible impact has been the reduced dependence on moneylenders as a result of easy access to credit and income available from the enterprise. Almost 70% admitted that their dependency on the moneylenders has reduced to a large extent.

EMPOWERMENT

Awareness, participation and mobility primarily constitute the information base and provide the necessary prerequisite for the process of empowerment to take place. While the three factors are interlinked it is generally assumed that awareness is inclusive of participation.

Awareness and Information Empowerment

Participation and mobility are high in Andhra Pradesh (79%), Assam (84%), Bihar (79%), Karnataka (82%), Kerala (92%), Orissa (90%), Rajasthan (83%) and Tamil Nadu (79%).

In Bihar and Rajasthan the presence of well-established grassroots NGOs who have nurtured and facilitated the group processes have resulted in groups being more cohesive and also creating an enabling environment for women's participation and mobility.

In the case of Rajasthan, high incidence of migration among men has made women's participation in SHGs a necessity to access credit for meeting their consumption needs.

In Mizoram, Tripura, Uttar Pradesh, and Uttarakhand about 50% of the groups are only 2 years old. This could be one of the factors for relatively low levels of participation as the groups are yet to stabilize. In Tripura and Mizoram in northeastern states, being members of SHGs is still not perceived either by the women and their families as an opportunity to enhance their economic and social status.

In Uttar Pradesh while participation is high (85%), the level of mobility is much lower (67%) impacting on the overall levels. Also in Uttar Pradesh and Uttarakhand the groups have more members from OBCs where the mobility is restricted.

Level of Empowerment

Empowerment is measured by the degree of economic independence, decision making at household level, decision making within the group and self-perception. These individual factors influence the overall level of empowerment.

Overall, group members in Andhra Pradesh (68%), Assam (73%), Kerala (78%), Mizoram (68%), Tamil Nadu (77%), and West Bengal (72%) are relatively more empowered than others.

In all these states, their role in decision-making at household-level is much lower when compared to decision making at the collective group level. This is quite understandable as the women are in a better position to take decisions as a collective than at the household level, where the individual woman is confronted with other family members and might not always have the decision making power.

An empirical study on empowerment of women in West Bengal

This study has been conducted by me in Hooghly district of West Bengal in 2006. 100 SHGs in Tarakeswar Block of Hooghly district, West Bengal, have been selected purposively. This district was selected on the basis of highest number of SHGs formation. Two members from each group have been selected. Thus, we have 200 members, which constitute the number of sample. These sample members are asked questions on the economic decision making variables, purchase variables, control over loans, and control over income and savings etc.

Basic Socio- economic characteristics of the sample SHGs members

- In the present study, about 88 % of the SHG members belonged to the age group 21 to 50 years which is the most productive period. Among the respondents, about 20 % were in the age class 36-40 years, 12.73 % in 31-35 years, 30.90 % in 26-30 years and 9.09 % in 41-45 years and 5.46 % in 46-50 years (Table.5 of Appendix).
- More than 63% of SHG members belong to the SC and ST (See table 6 of Appendix).
- The education level of SHG members is satisfactory. More than 80% SHG members have got primary and high school level of education (See table of Appendix 7).

- The sample SHG members took loan upto four times. The average present loan per SHG member is Rs. 5024.00. The average first, second and third loan per SHG member is Rs. 2273.00, Rs.3533.00 and Rs. 4772.00 respectively.
- The average saving per SHG member is Rs. 2055.00.
- The SHG members who took loan and most of the loan utilized in consumption purposes except 3rd loan (See table 8 of Appendix). Consumption consists of medical purposes, education of the children, house construction, and repayment of old debts etc.

Economic decision-making

For each of four economic issues, women were asked how their households arrived at decisions and whether they themselves spent money on such projects. The issues were: (1) house repair and construction, (2) livestock sale and purchase, (3) borrowing money, and (4) transactions involving household equipment. For the last three issues, roughly half of respondents answered that they and their husbands jointly decided on the issue and implemented the action together (53, 54, and 47 percent, respectively). For the issue of housing repair/construction, the figure was about two-thirds. For all four issues, it was very rare for women to report either that they alone decided and implemented their decision or that they decided alone and implemented jointly with the husband. For each issue, less than 3percent of respondents answered that they themselves decided on these issues alone. Similarly, for all four issues, almost all the respondents (98, 98, 97 and 98.5 percent, respectively) said that they themselves do not spend money in such matters rather it is the husband that actually handled the money in the transaction.

Purchasing capacity

For seven categories of common household purchases (food, toiletries, candies for the children, cooking, utensils, furniture, children's clothing, and own clothing) women were asked whether or not they (rather than someone else in the household) make the purchase and, if so, whether or not they make the purchase without their husbands' permission. The percentage of women who answered that they make purchases themselves varies widely by category, from less than five percent (for furniture) to more than sixty percent (for candies and household utensils).

Control Over Loans

Of central importance is whether or not women retain control over their loans and management power of the activities for which the loans are used. Among women who had taken loans for income-generating activities, only 5% reported having total autonomous control over the money. 56% reported that they share control over the loan money with their husbands, and 38% reported that their husbands have sole control over the proceeds of the loan.

Control over income and savings

Over 75% of women reported that they do not operate any income-generating activity of their own and 78% of women reported not having independent income that they could use at their own discretion (without consulting their husband). A sizeable number (42%) of women reported that they do have their own independent savings, and if they did, husbands were aware of these savings 91% of the time. Wives expressed having a low level of control over these savings, with 85% saying that they were not able to decide autonomously how to utilize them. Less than 3% of women in the sample replied that they would borrow from moneylenders.

Family planning

91% of women reported that they had never been able to make their husbands use a male birth control method. Of these women, 68% explained that the responsibility of birth control was usually given to them.

Section 4: Conclusion and Policy implications

From the above analysis the following conclusions emerge.

First, the theoretical model explains the basic question of women empowerment. The empowerment depends on the choice of investment of project. The choice of safe project leads to more empower of women than the choice of uncertain projects.

Third, the Commercial Banks and Regional Rural banks played a crucial role in the formation of groups in the SHGs -Bank Linkage Program in Andhra Pradesh while the Cooperative Banks in West Bengal.

Fourth, among women who had taken loans for income-generating activities, only 5% reported having total autonomous control over the money. 56% reported that they share

control over the loan money with their husbands, and 38% reported that their husbands have sole control over the proceeds of the loan. The above conclusion shows that micro finance program does not explain the strong form of Women empowerment rather it is weak form of women empowerment. This paper has important policy implications. It is appropriate to place the strategy of financial inclusion in the wider context of economic growth and financial deepening.

Appendix

Table 5: Age wise SHG members in Tarakeswar Block

Age	% of SHG members
16-20	7.28
21-25	12.72
26-30	30.90
31-35	12.73
36-40	20.00
41-45	9.09
46-50	5.46
51-55	1.82
Total	100.00

Source: Field Survey

Table 6: Caste wise SHG members in Tarakeswar Block

Caste	% of SHG members
General	32.72
Scheduled Caste	49.09
Schedule Tribes	14.55
Other Backward Class	3.64
Total	100.00

Source: Field Survey

Table 7: Education of SHG members in Tarakeswar Block

Educational level	Percentage
Primary(1-5)	34.54
High school	49.09
Higher Secondary	-
Degree	-
Others	-
Illiterate	16.37
Total	100.00

Source: Field Survey

Table 8 Investment of loan (%) by Purpose wise in Tarakeswar Block

Purpose	1 st loan	2 nd loan	3 rd loan	Present loan
Production	26.82	22.22	38.88	13.51
Business	36.59	29.63	33.34	32.43
Consumption	36.59	48.15	27.78	54.06
Total	100.00	100.00	100.00	100.00

Source: Field Survey

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