



Can Microfinance Empower Women? Self-Help Groups in India

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Microfinance programmes like the Self-Help Bank Linkage Programme (SHG) in India have been increasingly hailed for their positive economic impact and the empowerment women. This is based on the view that women are more likely to be credit constrained, have restricted access to wage labour market and have limited decision-making and bargaining power within the household.

This article argues that true women empowerment takes place when women challenge the existing norms and culture, to effectively improve their well being.⁸² While doing so, it carefully interprets the World Bank's definition of empowerment within the South Asian contexts and makes comprehensible distinctions between community driven development, efficiency improving activities that are culturally considered to be women's domain and activities which truly empower women. Based on this conceptual framework the results of the Focus Group Discussions (FGD) and interviews analyze the activities through which the Self Help Groups impact the lives of women in India. It is argued that only a fraction of these activities are truly empowering for the participating women, however, drawing inference from the household data, preliminary results indicate that SHGs could be leading to empowerment of women.

Literature survey

To truly understand the complexity of women empowerment and its different aspects, one has first to look at the existent definitions of the concept, at how it was measured and at the conclusions taken with regards to microfinance.

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82 This paper is based on author's earlier work (Bali Swain, 2006) and builds on it.

Concept of Empowerment

What do we mean by empowerment? When does the well-being of a person improve? Nobel Laureate Amartya Sen (1993) explains that the freedom to lead different types of life is reflected in the person's capability set. The capability of a person depends on a variety of factors, including personal characteristics and social arrangements. However, the full accounting of individual freedom goes beyond the capabilities of personal living. For example, if we do not have the courage to choose to live in a particular way, even though we could live that way if we so chose, can it be said that we do have the freedom to live that way, i.e. the corresponding capability? Another important point made by Sen (1990) is that for measurement purposes one should focus on certain universally-valued functioning, which relate to the basic fundamentals of survival and well-being regardless of context. Taking the example of universally valued functioning like proper nourishment, good health and shelter, Sen asserts that if there are systematic gender differences in these very basic functioning achievements, they can be taken as an evidence of inequalities in underlying capabilities rather than differences in preferences.

Annas (1993) explains that two actual norms for human life exist globally: in no society is it indifferent to the shape of one's life and what one can make of it, whether one is a man or a woman. One's sex may close some options completely, or make them less available but it always makes a difference to what one's options are over one's life as a whole. According to her, in a traditional society norms for the lives of men and women are enforced strongly and there exists actual division of activities and ways of living.

When we look at a society more traditional than our own, we systematically perceive injustice in the ways in which the two norms impose different kinds of life on men and women, however as soon as we position ourselves with regard to a more traditional society it is obvious that injustice results from the existence of two norms.

In the feminist paradigm, empowerment goes beyond economic betterment and well-being, to strategic gender interests. As Mayoux (1998) suggests, empowerment is a process of internal change, or power within, augmentation of capabilities, or power to, and collective mobilization of women, and when possible men, or power with, to the purpose of questioning and changing the subordination connected with gender, or power over. Empowerment can range from personal empowerment that can exist within the existing social order. Thus this kind of empowerment would correspond to the right to make one's own choices, to increased autonomy and to control over economic resources. But self-

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confidence and self-esteem also play an essential role in change. Empowerment signifies increased participation in decision-making and it is this process through which people feel themselves to be capable of making decisions and the right to do so (Kabeer, 2001). Personal empowerment can lead to changes in existing institutions and norms, however, without the collective empowerment the personal empowerment and choices are limited, as Sen explains.

The nature of empowerment can be diverse, depending upon the parameters that define the lack of power within the institutional framework in operation. North (1990) points out that institutions are humanly devised constraints that shape human behaviour and they structure incentives in human exchange, whether political, social or economic. It is the social or cultural environment that results in the varying degree of empowerment of different members of the society and which are broadly determined by not only formal constraints, such as rules of law, but also informal constraints, such as the codes of conduct.

Malhotra et. al (2002) constructed a list of the most commonly used dimensions of women's empowerment, drawing from the frameworks developed by various authors in different fields of social sciences. Allowing for overlap, these frameworks suggest that women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. Since these dimensions cover a broad range of factors, women may be empowered within one of these sub-domains. They give the example of "socio-cultural" dimension which covers a range of empowerment sub-domains, from marriage systems to norms regarding women's physical mobility, to non-familial social support systems and networks available to women.

The World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets."⁸³ Thus, as the World Bank (2001) report confirms, societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance and a lower living standard of their people. The World Bank also identifies four key elements of empowerment to draft institutional reforms: access to information; inclusion and participation; accountability; and local organisational capacity.⁸⁴

83 Refer to Social capital, empowerment and community driven development at <http://info.worldbank.org/etools/bspan/PresentationView.asp?PID=936&EID=482>

84 Refer to <http://lnweb18.worldbank.org/ESSD/sdvext.nsf/68ByDocName/WhatIsEmpowermentFourAreasofPractice>

Empowerment is also related to the concepts of social capital and community driven development with which it is sometimes confused. According to Krishna (2003) empowerment means increasing the capacity of individuals or groups to make effective development and life choices and to transform these choices into desired actions and outcomes. It is by nature a process and/or outcome. Social capital, on the other hand, features social organisation such as networks, norms and inter-personal trust that facilitate coordination and cooperation for mutual benefit. It is by nature a stock. And Community Driven Development (CDD) is a methodology of undertaking development enterprises that gives control of decisions and resources to community groups. It is by nature an activity. Connecting these three, Grootaert (2003) points that building social capital facilitates empowerment. Social capital and empowerment are multi-level concepts and facilitate the link to poverty reduction, whereas CDD is a manifestation of social capital and empowerment. Summarising, Krishna (2003) points that these three concepts need to be pursued separately. For social capital, the emphasis should be on building stronger cognitive structural links among community members, for CDD the emphasis is on making complementary resources and formal authority available to communities. The emphasis should be on improving governance and making individuals and communities better agents of their own development.

Kabeer (1999), stresses that women's empowerment is about the process by which those who have been denied the ability to make strategic life choices acquire such ability. According to her, it is important to understand empowerment as a process and not an instrumentalist form of advocacy, which requires measurement and quantification of empowerment. Kabeer emphasises that the ability to exercise choice incorporates three interrelated dimensions: resources⁸⁵ (defined broadly to include not only access, but also future claims, to both material and human and social resources); agency⁸⁶ (including processes of decision-making, as well as less measurable manifestations of agency such as negotiation, deception and manipulation) and achievements (well-being outcomes).

85 Resources do not only include material resources but also various human and social resources, which serve to enhance the ability to exercise choice. In this broader sense resources are acquired through a multiplicity of social relationships conducted, in the various institutional domains, which make up a society (such as family, market, community). Access to such resources will reflect the rules and norms, which govern distribution and exchange in different institutional arenas.

86 Is the ability to define one's goals and act upon them. It is more about observable action; it also includes the meaning, motivation and purpose, which individuals bring to their activity, their sense of agency, or 'the power within'.

Kabeer further stresses that it is resources and agency together that constitute what Sen (1985) refers to as capabilities: the potential that people have for living the lives they want, of achieving valued ways of 'being and doing' which are valued by people in a given context. 'Functioning' refers to all possible ways of 'being and doing', which are valued by people in a given context and of 'functioning achievements' to refer to the particular ways of being and doing which are realized by different individuals. If the failure to achieve valued ways of 'being and doing' can be traced to laziness, incompetence or individual preferences and priorities, then the issue of power is not relevant. It is only when the failure to achieve one's goals reflects some deep-seated constraint on the ability to choose that it can be taken as a manifestation of disempowerment.

Another question that needs examination is whether empowerment is a universal concept irrespective of cultural and geographical location? Mohanty (1991) criticises the underlying assumption of feminists in the Western world that women in the developing world have similar aspirations and empowerment needs. Such an interpretation, he suggests, does not take into account social relations and institutions. In contrast, Nussbaum (2000) refutes the arguments from culture, diversity and paternalism to construct a universal framework to assess women's quality of life.

In India, women are not the only marginalized section of the society. The scheduled castes and scheduled tribes are still largely under-privileged in terms of wealth, education and access to basic services, in particular health services. Using the sociological analysis proposed by Andre Beteille (1999), India is the contradiction case of egalitarian political order and is a hierarchic social structure. Thus economic and social inequalities rooted in traditions and cultural norms need to be changed as political measures alone cannot bring empowerment. He points out that empowerment is invoked in the context of economic weakness and insecurity, particularly of marginalised, unorganised and other disadvantaged groups.

Measuring Empowerment

Malhotra (2002) emphasis that even after identifying empowerment as a primary development goal, neither the World Bank nor any other major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment. The UNDP's Human Development Report of 1995 introduced two new complementary indices: the Gender-related Development Index (GDI) and the Gender Empowerment Measure (GEM). The GDI indicator measures the inequalities between men and women in terms of access to basic needs. GEM

evaluates women's access to political and economic posts. The three indicators retained are the share of seats held by women in the parliamentary assemblies, the share of supervisory posts, high administrative posts and technical posts assumed by women, and the estimated share of income from work of women compared to that of men. Based on Amartya Sen's work, the UNDP makes the distinction between the measure of inequality and empowerment. The GDI focuses on the extension of capabilities, the GEM is concerned with the use of those capabilities to take advantage of the opportunities of life. The UNDP found a very strong correlation between its gender empowerment measure and gender-related development indices and its Human Development Index. Bardhan (1999), points that these indices have limitations. Firstly, the presence of large proportion of elected women members in the national parliament does not necessarily have significant real power. Secondly, such a measure does not take into account the participation of women in the local political institutions and their visibility in other bodies of civil society.⁸⁷

Sinha and Patole use the EDA Rural System to evaluate 20 Microfinance Institutions (MFIs) representing various models within India. The EDA approach's triangulation method uses three different tools: the direction of change (Focus Group Discussions), the process of change in different contexts (case studies) and the assessment of that change (quantitative data). Interestingly, they do not build any index of empowerment. Ackerly (1995) constructs an indicator, Accounting Knowledge, to measure the probability that the changes associated with empowerment intervene. Goetz and Sen Gupta (1996) built an index of Managerial Control in order to classify the borrowers into five categories ranging from no control (no knowledge of the use of the loan or no contribution in terms of labour to the financed activity) to full control of the use of the loans (full control over the entire productive process, including marketing).

Hashemi, Schuler and Riley (1996) investigate the change in women empowerment with the help of an ethnographic study and quantitative survey. The analysis studies 1,300 women to measure the effects of Grameen Bank and Bangladesh Rural Advancement Committee. They create an empowerment indicator built on the following eight criterions: mobility, economic security, ability to make small

87 Beteille (1999) points out that the political participation in the local political institutions does not automatically reflect at the national level and also does not automatically suffice to define empowerment. The Indian constitutional amendments of 1992 had fixed a quota reserving one-third of the seats for women in the local political institutions (Panchayati Raj Institutions). However, in 2000, the share of elected women in the two houses of parliament was only 8.9%. Hence political participation in the local political institutions does not automatically reflect at the national level and also does not automatically suffice to define empowerment.

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purchases, large purchases, involvement in major household decisions, and relative freedom from domination by the family, political and legal awareness, participation in public protests and political campaigns.

In the past the repayment rate was used as an indicator of empowerment. However, many researchers have expressed concern about this, pointing out that women may repay loans through taking loans elsewhere and get into serious debt. In some cases men may control loans, whereas women might be mediating between male family members and MFIs. Hulme and Moseley (1996), suggest that focussing on repayment rates puts further pressures on the groups to exclude those who are most in need of microfinance.

On measuring empowerment, Kabeer (1999) highlights various methodological points about some of the key elements: Resources, agency and achievement. Many analysts point the need to go beyond 'access' indicators in order to grasp how 'resources' translate into the realization of choice and have led to a variety of concepts seeking to bridge the gap between formal and effective entitlement to resources, generally by introducing some aspect of agency into the measure. 'Control' is one of the most commonly used ways to measure empowerment. For instance, Goetz and Sen Gupta (1996) argue that if it is hypothesised that control over loan filled activity is in fact a critical 'control' point in the process by which access to loans translates into a range of valued achievements, then 'managerial control' can serve as an indicator of empowerment.

Since women are given greater respect within their communities for conforming to its norms, and are penalized if they do not, their own values and behaviour are likely to reflect those of the wider community and show a preference for similar practices. Therefore, if empowerment were simply equated with a role in decision-making and 'control' over household resources, then having sons and bringing in large dowry would be women empowerment. Yet both dowry and a preference for sons are associated with some of the strongest indicators of gender discrimination on the Indian sub-continent.

In terms of measurement of agency, there are both positive and negative measures like women's mobility in the public domain, their participation in public action, the incidence of male violence and the most commonly used is the agency of decision-making. The decision-making may range from making decisions about expenditure on food and household budget to more important decisions like children's education, decision of women to work outside the market, when sons and daughters marry, to purchase and sale of major assets. However, different cultures have different distribution of power with men-making decisions in some areas and women taking decisions on some other issues. Kabeer (1999) points

that evidence from South Asian studies suggests that, within the family, the purchase of food and other items of household consumption and decisions related to children's health appear to fall within the women's arena whereas decisions on education, marriage of children and market related transactions in major assets tends to be the male domain. Therefore, greater care needs to be taken in selecting the decisions which indicate levels of empowerment.

However, decision-making is an art, as reflected in an account of the Kisii in Kenia by Silberschmidt (1992). Women admitted that men should be consulted on all issues but in reality took decisions themselves. He also pointed that it was common practise to avoid open confrontation while still taking there own decision and sometimes even manipulating the men-folk and taking independent decisions. Kabeer points that within the South-Asian context, the re-negotiation of the power relations within the family are about changes in the informal decision-making, with the women opting for private forms of empowerment, which retain the public image of the man intact within the current norms of the society.

While measuring achievements, Kabeer cautions on the need to make the distinction between achievement differentials which reflect the differences in choice and those which draw attention to inequalities in the ability to make choice. She draws attention to the fact that improvements in the care of infants is not necessarily evidence for empowerment as 'care of infants' came within the women's pre-assigned jurisdiction, then improvements reflect increased efficiency in pre-assigned role rather than an evidence of empowerment. However, women who lived or had lived with their in-laws, or whose husbands were much older than them, were less authoritative in taking care of their children's health.

Pitt and Khandker (1995) investigated the decision-making outcomes according to the gender of the loanee to infer the gender differences within the household. However, it is difficult to interpret their results that state that loans to men were likely to have a greater fertility-reducing effect than loans to women. Kabeer suggests that this could have been due to the fact that they try to make assumptions about agency on the basis of evidence on relationship between resources and achievements.

Microfinance and Women Empowerment

A majority of microfinance programmes target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority.

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Whereas, other believe that investing in women's capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development. It has been well-documented that an increase in women's resources results in the well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organisations explicitly perceive microfinance as a tool in the fight for the women's rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

Hashemi et.al (1996) investigated whether women's access to credit has any impact on their lives, irrespective of who had the managerial control. Their results suggest that women's access to credit contributes significantly to the magnitude of the economic contributions reported by women, to the likelihood of an increase in asset holdings in their own names, to an increase in their exercise of purchasing power, and in their political and legal awareness as well as in composite empowerment index. They also found that access to credit was also associated with higher levels of mobility, political participation and involvement in 'major decision-making' for particular credit organizations.

Holvoet (2005), finds that in direct bank-borrower minimal credit, women do not gain much in terms of decision-making patterns. However, when loans are channelled through women's groups and are combined with more investment in social intermediation, substantial shifts in decision-making patterns are observed. This involves a remarkable shift in norm-following and male decision-making to more bargaining and sole female decision-making. She finds that the effects are even more striking when women have been members of a group for a longer period and especially when greater emphasis has been laid on genuine social intermediation. Social group intermediation had further gradually transformed groups into actors of local institutional change.

Mayoux (1997) argues that the impact of microfinance programmes on women is not always positive. Women that have set up enterprises benefit not only from small increases in income at the cost of heavier workloads and repayment pressures. Sometimes their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as unpaid family workers with little benefit. She further points that in some cases women's increased autonomy has been temporary and has led to the withdrawal of male support. It has also been observed that small increases in women's income are also leading to a decrease in male contribution to certain types of household

expenditure. Rahman (1999) using anthropological approach with in-depth interviews, participant observations, case studies and a household survey in a village, finds that between 40% and 70% of the loans disbursed to the women are used by the spouse and that the tensions within the household increases (domestic violence).

Mayoux (1997) further discusses that the impact within a programme also varies from woman to woman. These differences arise due to the difference in productive activities or different backgrounds. Sometimes, programmes mainly benefit the women who are already better off, whereas the poor women are either neglected by the programmes or are least able to benefit because of their low resource base, lack of skills and market contacts. However, poorer women can also be more free and motivated to use credit for production.

Mayoux (2001) also warns about the inherent dangers in using social capital to cut costs in the context of other policies for financial sustainability. The reliance on peer pressure rather than individual incentives and penalties may create disincentives and corruption within groups. Reliance on social capital of women clients along with increasing emphasis on ideals on strict economic accounting at the programme level require increased voluntary contribution by the members in terms of time and effort. It has been noted that those putting in voluntary contributions also expect to be repaid in the form of leadership of the group etc.

Another issue that needs further investigation is whether without change in the macro environment, does microfinance reinforce women's traditional roles instead of promoting gender equality? A woman's practical needs are closely linked to the traditional gender roles, responsibilities, and social structures, which contribute to a tension between meeting women's practical needs in the short-term and promoting long-term strategic change. By helping women meet their practical needs and increase in their efficacy in their traditional roles, microfinance can help women to gain respect and achieve more in their traditional roles, which in turn can lead to increased esteem and self-confidence. Although increased esteem does not automatically lead to empowerment it does contribute decisively to a women's ability and willingness to challenge the social injustices and discriminatory systems that they face (Cheston and Kuhn, 2002). Finally, it is important to realise that empowerment is a process. For a positive impact on the women empowerment may take time.

THE SELF-HELP GROUP BANK LINKAGE PROGRAMME

Over the past decades, subsidised rural banking in India, despite its large network of rural bank branches has failed to reach the poorer sections of the society. By the early 1980s, the All India Debt and Investment Survey (Government of India, 1981) showed that the share of non-institutional agencies (informal lenders) in outstanding cash dues of the rural households was 38%. The main limiting factor in reaching formal finance to this group was the high transaction costs and lack of appropriate credit and saving products. A study conducted by NABARD in the mid-eighties revealed that financial services required by poor households are: safe-keeping of small surpluses in the form of thrift; access to consumption loans to meet emergency needs and financial services and products that did not require collateral (MYRADA, 2002). The Self Help Group Bank Linkage model evolved from the pioneering efforts of NABARD and two NGOs, MYRADA and PRADHAN.⁸⁸ Starting with 500 groups in the early 1990s, the cumulative numbers of SHGs that have been financed have increased to 1,618,456, by March 2005. The expansion of the SHG bank linkage programme has seen an acceleration in the past few years. It has reached an estimated 121.5 million people and disbursed more than Rs. 68 billion in cumulative bank loans up to March 2005, using a network of 41,082 bank branches and 4,323 NGOs.

Information on Self Help Groups	
A. Physical Achievements	
1. Number of poor families who have accessed bank credit up to March 2005	24.3 million
2. Estimated number of poor people assisted up to March 2005	121.5 million
3. Percentage of SHGs comprised of women	90
4. Cumulative number of SHGs financed by banks up to March 2005	1,618,456

88 MYRADA and PRADHAN are two NGOs engaged in social development. In 1992, they persuaded the government to remove legal obstacles so that NGOs could take loans from banks that could be further lent to the SHG members.

B. Financial Results	
1. Cumulative bank loans disbursed to SHGs up to March 2005	More than Rs.68 billion**
2. Bank loans disbursed to new SHGs during 2004-2005	Rs. 17,266 million
3. Increase in credit flow to SHGs over the previous year	61%
4. On-time repayment reported by participating banks	Over 95 per cent

Partnerships	
1. Number of participating banks	573
2. Commercial banks	47
3. Regional Rural Bank	196
4. Cooperatives	330
5. Number of bank branches lending to SHGs	41,082
6. Number of participating NGO and other agencies	4323

* Source: Progress of SHG – Bank Linkage in India, 2004-2005, microCredit Innovations Department, Nabard, Mumbai, 2005.

** 1USD = Rs. 43

NABARD (2005) explains that the Self Help Group is a group with “an average size of about 15 people from a homogenous class. They come together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use this pooled resource to make small interest bearing loans to their members. The process helps them imbibe the essentials of financial intermediation including prioritisation of needs, setting terms and conditions and accounts keeping. This gradually builds financial discipline in all of them. They also learn to handle resources of a size that is much beyond the individual capacities of any of them. The SHG members begin to appreciate that resources are limited and have a cost. Once the groups show this mature financial behaviour, banks are encouraged to make loans to the SHG in certain multiples of the accumulated savings of the SHG. The bank loans are given without any collateral and at market interest rates. The groups continue to decide the terms of loans to their own members. Since the groups’ own accumulated savings are part and parcel of the aggregate loans made by the groups to their members, peer pressure ensures timely repayments.”

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The SHG bank linkage programme links a SHG group to banks, where the banks provide a loan to a mature group. The group places its savings in the group deposit account in the bank (at about 12% per annum), using its group savings and group guarantee as a collateral. Nabard provides subsidized refinancing support to banks to encourage such lending. However, the demand for such refinancing support to banks has fallen, as SHG lending is more profitable and has lower default rates (less than 1% as compared to 11-12% of their regular portfolios) (Basu and Srivastava, 2005). The NABARD SHG bank linkage programme has achieved only 1.4% of the potential demand, reaching out to seven million households with an average credit of Rs. 2,000 a household, as against the need to reach 100 million with Rs. 10,000 per household. The microfinance institutions (MFIs) on the other hand, have been able to meet only 0.25% of the demand (Mahajan, 2002).

India has 37% of the world's population earning less than \$1 a day, of which 60% are women (Human Development Report, 2003). The Government of India, National Policy for the Empowerment of Women (2001), declared various measures aimed towards achieving greater equality between men and women. In 1993, the Indian government ratified the International Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). The government's poverty alleviation programmes such as Swaranajayanti Grama Swarojgar Yojna (SGSY) and the Rashtriya Mahila Kosh implement their programmes through microfinance interventions of NABARD's Self Help Group bank linkage programme. Apart from the large numbers of households that this programme services, the following features make the Nabard SHG model unique:

1. The distinctive process of formation of the SHGs and the freedom that they have in deciding the terms of their lending and borrowings within the group, once they receive the loan.
2. The use of the existing and extensive infrastructure of rural bank branches for disbursing microfinance services.
3. Three distinctive ways of linking the SHGs to the banks, through NGOs, commercial and rural banks, with the NGOs playing a major role in promotion of the SHGs and their training.
4. The government's poverty alleviation programmes such as Swaranajayanti Grama Swarojgar Yojna (SGSY) and the Rashtriya Mahila Kosh implement their programmes through microfinance interventions.

Using higher rates of savings, borrowings, timely repayment of credit, promptness in attending SHG meetings and decisions by individual members as indicators of enhanced credit access, income generation and socio-economic empowerment

of the poor, Puhanzhendi and Badatya (2002) find that the SHG programme has a positive social impact. Puhanzhendi and Satyasai (2000) further argue that the social impact of these programmes on the household is greater than the economic impact.

Data and Focus Group Discussions

This study is based on a unique database collected from five states⁸⁹ in India, in two periods (July 2000 and end of 2003). The main aim of the survey was to accumulate information on the impact of SHG bank linkage programmes on poverty, vulnerability and social development. The complete survey involves a household level survey, quantitative survey of the SHGs, Focus Group Discussions and interviews.

However, for this paper we investigate the results of the Focus Group Discussion and interviews. Each Focus Group Discussion had at least 15-20 SHG participants, each from different SHGs. A total of 20 such FGDs were conducted, four in each of the five surveyed states. In addition, the analysis is further supported by the preliminary evidence from the household survey⁹⁰. About 1000 households were surveyed, based on the quasi-experimental sampling design. In addition to a randomly chosen group of participants, a control group was also selected. The households of the control group belong to a village, which is similar to the SHG villages, in terms of the level of economic development, socio-cultural factors and infra-structural facilities. These control group households were un-exposed to the concept of SHGs till the time of the survey. The motivation for choosing the control group was to compare it with the group of SHG beneficiaries and get the real impact of the SHG programme, instead of changes arising due to economic, political, social, cultural and policy environment.

Both the SHG and the control group show similar characteristics in terms of the average age of the respondent, the percentage of female borrowers and the increase in the value of land owned between July 2000 and the end of 2003. Measuring the increase in the average level of assets owned, the gain for the control and SHG group are comparable. The groups are also similar in terms of other household features like the percentage of earners, literacy and respondents engaged in farm activity. There is no noteworthy difference in terms of the asset-ownership (Bali Swain, 2006).

89 These states (districts in parentheses) are Orissa (Koraput and Rayagada), Andhra Pradesh (Medak and Rangareddy), Tamil Nadu (Dharamapuri and Villupuram), Uttar Pradesh (Allahabad and Rae Bareli), Maharashtra (Gadchiroli and Chandrapur).

90 The author is simultaneously working on a technically sophisticated analysis of the household data to investigate the impact of SHGs on women empowerment.

SHGs and Women Empowerment

The complexity of the concept of 'women empowerment' is clear from the different interpretations and methodologies that have been used to measure it. It is therefore not surprising that every investigation of the impact of microfinance programmes on women empowerment has its own incomplete interpretation of the concept.

Using the World Bank's definition of empowerment along with Kabeer's sensible interpretation of women empowerment within the South Asian context, this paper argues for a more strict interpretation of women empowerment. It is interpreted as the process in which a woman challenges the existing norms and culture to effectively improve her well-being. A distinction is therefore made between the outcomes that lead to greater efficiency within the existing norms, community driven development (CDD) and outcomes that can be directly interpreted as women empowerment.

For instance, activities like improvement in nutrition of children, lead to greater efficiency in the woman's role in the household but it also falls within the existing role of the women within the norms of the society. When a woman is better able to perform such activities, it leads to an increase in her self-confidence and feeling of well being. This might create conditions leading to woman empowerment, but are not empowering on their own. Similarly, Community Driven Development activities, undertaken under the initiative of the SHGs – for instance, solving drinking water problems in the village, reduces the demand on a woman's time while leading to better health of all household members, particularly children. However, most of these activities are for the welfare at the household (including women) or community but are not directly empowering. According to our definition, the truly empowering activities are those that reflect the changes that women have effectively made to better their lives by resisting the existing norms of the society.

Based on the conceptual framework above the responses of the FGDs have been classified as follows:⁹¹

A. Efficiency improving activities that are culturally considered within the woman's domain:

1. Sending children (both girls and boys) to school more regularly;
2. Improved nutrition in the household;
3. Taking better care of health and hygiene of their children;

91 Source: Activities from Focus Group Discussions, author's data

4. Taking care of other group members in time of health and psychological crisis. For instance, taking a pregnant member within their group to a hospital for delivery of a child. Helping a group member with household and income-generating activities at the time of loss of her husband;
5. Helping in social functions like marriage.

B. Community Driven Development Activities commonly taken up by the SHGs members:

1. Cleaning the village road, village pond and village school;
2. To solve the drinking water problem, arrange a tube-well in the village;
3. Helping to start a school for their own children and children of the village;
4. Building a bridge over a small rivulet, thereby connecting the village road to the outside world. They did this by taking a contract from the local authorities and using their own and other villagers free labour;
5. Build a small patch of the village road;
6. Starting a store with groceries, vegetables and other basic requirement within the village at reasonable prices, so that people do not have to travel to the nearest village market for shopping;
7. Starting an adult literacy programme in the village;
8. Participating in the sanitation programme of their village;
9. Help government in immunisation programmes;
10. Monitoring the school and primary health care centre in their village;
11. Street light for the village and its maintenance;
12. Anti-alcohol campaign to stop consumption of alcohol by men in the community.

C. Women empowering activities:

1. Overcoming the resistance from husband and other members of the family to join the SHG;
2. Increased participation in decision-making within the household to issues that were usually considered outside the domain of woman;
3. Improved status and increase in respect within the household;
4. Feeling fearless, open and confident;
5. All group members learn to sign their names and some have joined adult literacy programmes;
6. Adopting family planning measures;
7. More mobile, can move out of the house and the village more frequently;
8. Talking to the male persons in their village, which they were not confident to do before because of cultural reasons;

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9. They have more information about the government programmes due to their exposure and can apply for them for their own betterment and the benefit of the community;
10. Actively participating in the decision to send their children to school;
11. Eradication of prostitution;
12. Some women can actively engage in the decision of their marriage with the elders in her household;
13. Awareness about politics and engaged in political participation by way of voting or directly, by standing as a candidate in the local elections.

Some of these changes have been confirmed by the quantitative data to be significant vis-à-vis the control group. However, others like the adopting family planning measures, decision on marriages of children etc. did not show evidence for improvement in the household data. The level of self-confidence and mobility are also important constituents of empowerment. The comparison between the SHG respondents and the control group shows drastic differences. An overwhelming majority (88%) of SHG respondents reported an increase in self-confidence after joining the group.

In terms of the economic confidence, about 87% of the SHG respondents (as compared to only 33.5% of control households) reported confidence in meeting a financial crisis in the family. The SHG households also showed a significant positive change in the level of confidence while expressing their opinions in meetings. The interaction with government and bank officials had greatly increased and indicated greater mobility, confidence, exposure and better communication skills.

Several studies have raised concern about the 'control' of women over their loans and their ability to manage them. Another concern is over the feminisation of debt, where women are seen as becoming mediators between the male members of their family and the microfinance institutions. 'Control' over resources by women has been specifically interpreted by many studies as an appropriate indicator of women's empowerment. It has been alleged that purchase of raw materials and pricing of final products are often controlled by the male members of the household. This does not hold for the surveyed SHG participants. Almost 60% of the SHG households (43% of the control group) reported that borrowing women themselves took the crucial decisions in the purchase of raw material and product pricing. When asked if the respondents planned their activities and supervised others working with them, the difference between the SHGs (50%) and the control group (30%) was even greater. The fact that the SHG respondents were better able to arrange credit and other inputs in time for their activities can also be directly attributed to the microfinance services made available within the programme.

However, a small but nevertheless alarming increase of about 10% in family violence was noticed within the SHG households. A few other studies have reported an increase in family violence due to the greater economic independence of women, where they resist subjugation and traditional controls imposed on them. The resistance by the respondents to verbal abuse, beating and physical abuse, psychological and emotional abuse, seems to be growing within the SHG respondents as compared to the control group.

Political participation, especially at the local level has been seen as a key factor in empowerment of women. In India, the government has passed legislation to ensure reservation of seats for women in the local institutions (Panchayats). SHG respondents showed greater awareness of reservations for women in Panchayats and jobs, and an increased level of participation in village politics. The SHG respondents also reported an increased level of respect from their spouses after joining the group. Almost 50% of the SHG households, as compared to 18% of the control group, confirmed this. The households were also asked some key questions on decision-making. According to the norms in the South Asian society, especially India, it is usually the head or the male member(s) of the household that take certain key decisions.

The SHG respondents in this data set did show a greater involvement in decision-making within all family matters, when compared to the control group:⁹²

Decision-making within the households		
	SHG participants (%)	Control group (%)
As compared to July 2000, has your involvement in the decision-making of your family increased in the following areas?		
1. Family planning	28.5	20.3
2. Children's marriage	13.7	18
3. Buying and selling of property	20	17
4. Sending daughters to school	30	22
5. All decision of the family	45	28.5

However, this empowerment did not show any significant impact on some of the key decision-making areas of family planning, children's marriage and the buying and selling of land. These decisions, which have traditionally been within the male domain, reflect that although the women have been empowered, SHGs

92 Source: Author's data.

have not been able to make substantial impact in these key decision areas. A slight change, however, has been noticed in the inclusion of women in the decision-making process of sending their daughters to school.

CONCLUSION

Given this detailed investigation of women with respect to the control of resources, changes in behaviour and the decision-making reveals that many strides have been made in the right direction and women are in the process of empowering themselves. But examining the evidence on some key issues both within the quantitative household data and the FGDs, suggests that a lot needs to change to make women truly empowered.

Based on the evidence along with a more strict interpretation of women empowerment, it is difficult to believe that a minimalist microfinance programme would have sustainable impact on the empowerment of women. SHGs, where a majority of groups are linked with the help of NGOs that provide support in financial services and specialised training, have a greater ability to make a positive impact on women empowerment.

If women empowerment is to be pursued as a serious objective by SHG programmes in particular and the larger microfinance community in general, greater emphasis needs to be placed on training, education and creating awareness in order to achieve a larger and more lasting empowerment.

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