CHAPTER – 3
REVIEW OF LITERATURE

Theory is a meeting place of ideology, policies and explanation….The relationship between theory and practice is uneven: theory tends to lag behind practice, behind innovations on the ground, and practice tends to lag behind theory…

Pieterse N. J. (2013)

3.1 Genesis of Micro-finance and Women Empowerment

The strategies of micro-finance and women empowerment that we observe today are the outcomes of various movements and theories that were developed in the past. It is the learning that has come in the form of interest on successive investments made over a period of time in society. It is a baby of development practices that society has witnessed through its evolutionary process. Therefore, to better understand the linkages between micro-finance and empowerment in development discourse; one needs to visualize the journey of development that society has ever seen. The brief overview and meaning of development in evolutionary context has been presented in Table 3.1

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<th>Period</th>
<th>Perspectives</th>
<th>Meanings of Development</th>
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<td>1850 &gt;</td>
<td>Colonial Economics</td>
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<td>1950 &gt;</td>
<td>Modernization Theory</td>
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<td>1960 &gt;</td>
<td>Dependency</td>
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<td>1970 &gt;</td>
<td>Alternative Development</td>
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<td>1980 &gt;</td>
<td>Human Development</td>
<td>Capacitation, enlargement of people’s choices</td>
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<tr>
<td>1980 &gt;</td>
<td>Neo Liberalism</td>
<td>Economic Growth – Structural reforms, deregulation, privatization, liberalization</td>
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<td>1990 &gt;</td>
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Source: Pieterse N. J. (2013, P.7)

The theories of development are closely tied up with the evolution of capitalist system that can be divided into three stages. First is the Age of Competitive Capitalism (1700-1860) represented by Adam Smith and David Ricardo, the main representatives of classical political economy and the historical materialism of Marx and Engels. Second is the Age of Imperialism (1860-1945) represented by neo-classical political economy and the classical
theory of imperialism. Third is the period of Late Capitalism (1945-today) represented by theories of modernization, dependency theories and structural reforms. As observed by Peet R. and Hartwick E (2009), many feminist theorists of development think that interaction between feminism and development has taken five main forms (see Figure 3.1).

**Figure 3.1**

**Forms of Feminist Development Theory**

<table>
<thead>
<tr>
<th>WID</th>
<th>WAD</th>
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<td>Liberal Modernization Theory</td>
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<td>Restructuring Development Programs</td>
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<td>Welfare, Equity, Antipoverty, Efficiency, Empowerment</td>
<td>Dependency, Global Capitalism, Patriarchy</td>
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<tr>
<th>GAD</th>
<th>PAD</th>
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<tr>
<td><strong>Gender and Development</strong></td>
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<td>Radical Feminism</td>
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<td>Women’s Emancipation</td>
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<td>Capitalism, Patriarchy, Racism</td>
<td>Representation, Discourse, Local Knowledges</td>
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The development theories, especially late capitalism (1945-today), that provide basic foundation for gender analysis are discussed first followed by gender theories and development.

**3.1.1 Modernization Theory (1950s-60s)**

Modernization theory emphasizes on the process of modernizing the traditional societies by focusing on technological advances and industrialization as tool of transformation. The traditional societies were the countries of Asia, Africa and Latin America while Western countries were considered as modernized (developed) societies.
Industrialization and urbanization were considered the only ways through which backward societies could be modernized or developed. Further the process of modernization or development could be possible in three stages as mentioned below:

**Figure 3.2**

**The Process of Development or Modernization**

Accordingly, all countries (backward societies) had to follow the sequential process of development and no other mode of development was possible. For example, economic version of modernization theory as cited in Adelman I. (1999), W.W. Rostow (1960) represents five stages of development: 1) the traditional society; 2) the preconditions for take-off; 3) the take-off; 4) the drive to maturity; and 5) the age of mass-consumption. The first stage is characterized by dominance of agriculture and low productivity; the second stage indicates preconditions for growth (take-off) marked by industrialization; third stage is of take-off i.e. high growth rate in production activities; while fourth brings economic prosperity as found in Europe and last stage of mass consumption indicates orientation of economy to consumer durables and services. Other proponents of this theory include Talcott Parsons, Daniel Lerner, D. McClelland.

The underlying assumption of this theory was that development was considered as process of ‘diffusion’ or ‘trickle down’ which means that policy changes introduced at macro-level would naturally spread to the lower levels or micro-level of society. Process of industrialization and urbanization would transform societies and it would naturally benefit marginalized people. Gross National Product (GNP) was considered as a strong indicator of standard of living.

After World War II (i.e. 1945), the immediate concern for US was to rebuild Europe. The success of Marshall Plan, formation of IMF, World Bank, the United Nations’ economic commissions, Bretton Woods Conference were all part of institutional structure set up to manage and promote economic development (Sweet E. L. 2000). However, post-world war situation was characterized by Cold war between USA and USSR that divided world between two groups. It was the time when the group of ‘third world’ countries created. The term ‘Third World’ was adopted by many of countries of Asia, Africa, the Pacific South and
Central America, and the Caribbean, to differentiate themselves from ‘First World’: the North Atlantic capitalist world, or advanced market economies, and from the ‘Second World’: the centrally-planned economies of Eastern Europe and Soviet Union.

However, modernization theory did not address women and gender issues and was criticized for having large degree of colonial feeling of superiority. Women were associated with backward issues and modernization of men preceded women assuming that women naturally follow men.

3.1.2 Dependency Theory (1960-’70s)

During 1960’s-70s, it was observed that the modernization theory had failed to develop traditional societies/countries. Instead countries of Latin America started facing problems of high debt, trade deficits, marginalization and unemployment. This failure laid the foundation of Dependency Theory that was influenced by Marxism.

The dependency theory, in simple terms, revealed dependency of third world countries on modern societies of west by analyzing the exploitation of traditional societies. The major contribution came from A. G Frank (1967) who popularized theory of development of underdevelopment. In one of his important works, ‘Capitalism and Underdevelopment in Latin America’ (1967) - A.G Frank holds capitalism responsible for underdevelopment in ‘third world countries’.

Frank notes that capitalist expansion in Europe led to the incorporation of the whole world into a single international system. Characterized by monopoly and exploitation, the capitalist world economy has penetrated deep into the Latin American economy leading to development, in some areas and to the development of underdevelopment in others. This is because the world system is divided into a chain of metropolis-satellite relations. The metropolis exploits the satellite and the surplus appropriated by the metropolis is not re-invested in the satellite. Thus development in the satellite is stunted or slowed down. Through a historical study of Chile and Brazil, Frank tries to show that since the 16th century they were colonized. These two countries have underdeveloped and have become the peripheral satellite of the European metropolis. The metropolis-satellite relations involve the following aspects: First, the satellites’ economic, political, social and cultural structures are closely tied to those of the metropolis. Second, a metropolis, which is also an international satellite, does not have autonomous development. It experiences underdeveloped development. Third, when the ties between the metropolis and satellite are weak, the satellite may experience local, autonomous development. Fourth, when the ties between the metropolis and satellite are strengthened,
there may be a renewal of underdeveloped development in the satellite. Therefore, the
underdevelopment of the satellites occurred at the same time as development of the
metropolises. As Frank puts it, “(Underdevelopment) developed right along with economic
development and it is still to go”.

Laclau E. (1971), one of strongest critics of Frank, has pointed out that Frank define
capitalism in terms of exchange relations. He totally ignores the relations of production. Thus
capitalism looks like a system of production that is geared to the market and feudalism has
weak contacts with the outside world. Further, Anthony Brewer, another Marxist scholar,
critics Franks for using the term dependence in a number of senses – political dependence,
economic dependence, etc. He argues that no part of the world now can be regarded as
independent. It is the process of capitalism, which shapes both the dominant and dominated
countries.

3.1.3 Alternative Development and Human Development Theory (1970-'80s)
Alternative development theory criticized the initiatives of state led development where state
(government) was assumed to have important role in development process. It can be viewed
as critique of mainstream development.
The theory emphasized on development ‘from below’ and focused on ‘society’ as the
foundation of development instead of market and state. According to Friedman (1992), as
cited by Pieterse J. N. (2013), a strong civil society and a strong state go together where state
is assumed to act as a facilitator of people’s self-development. Further it was assumed that
organized and strong civil society can balance the power with large business houses or
corporations having hegemony in market or economy. The word ‘alternate’ development
practices was associated with so many issues that include anti-capitalism, environmental
concern, feminism, social capital and participation from people, support from alternate sector
like NGOs and sustainability. Hettne (1990), as cited by Pieterse J. N. (2013), presents
‘another development’ as a combination of basic needs, self-reliance, sustainable and
endogenous development. However, as observed by Pieterse J. N. (2013), it would be
difficult to claim that alternative development represents a paradigm break in development,
for it lacks sufficient theoretical cohesion. Further it has been criticized that all good things
put together do not necessarily add up to a paradigm.
The Human development - another development theory that got consensus from 1980s
onwards attracted many policy makers and economists. The significant contribution in this
direction was from Amartya Sen’s entitlement and capabilities approach. Accordingly
economic growth and material prosperity are necessary (if not sufficient) for human development. People cannot live, let alone live well, without goods and services. In fact the ability to command resources is at the centre of Sen’s (1981) pioneering analysis of poverty, starvation and famine.

A person’s capabilities, on the other hand, represents ‘the alternative combinations of functionings that are feasible for (him or) her to achieve’. It reflects the person’s real opportunities or positive freedom of choice between possible life-styles. Sen (1993) argues that this freedom must have intrinsic value if objects such as ‘acting freely’ and ‘being able to choose’ are important features of good life.

3.1.4 Neoliberalism and Post Development (1980-’90s)

For a greater part of 1950s and the 1960s the dominant belief in several industrialized countries was that macro-economic monetary policy and fiscal policy should be geared to secure full employment, while micro-economic policy is expected regulate inflation. As the post-war recovery boom began to taper off and as the oil prices inflicted heavy blows on most industrial countries, the inadequacy of the Bretton Woods order became apparent (Venkataratnam C S, Thakur C. P and Sinha P., 1996). In response to the crisis, the World Bank and the International Monetary Fund (IMF) initiated a change from the still dominant development model of import-substitution to the structural adjustment model of development, also known as the neo-liberal model (Sweet E. L. 2000). This model was implemented with the help of Structural Adjustment Programs (SAPs), it is defined by World Bank (1992) as “…non project lending to support programs of policy and institutional change necessary to modify the structure of an economy so that it can maintain both its growth rate and the viability of its balance of payments in the medium term.” Further as observed by Venkata Ratnam C S, Thakur C. P and Sinha P. (1996), the traditional package of structural adjustment has two phases. First, Stabilization phase which is aimed at reducing budgetary and balance of payments deficits through cuts in public expenditure while second phase of Growth emphasized transition from plan to market through policies such as privatization, trade liberalization and deregulation of financial and other sectors specially infrastructure. As observed by Pieterse J. N. (2013), Post development focuses on the underlying premises and motives of development, and what sets it apart from other critical approaches is its rejection of development. According to Escobar, the problem with ‘Development’ is that it is external, based on the model of the industrialized world, and what is needed instead are ‘more endogenous discourses’. As cited by Peet R. and Hartwick E. (2009), in The Development
Dictionary (Sachs W. 1992), a manual of post-development thought, the modern age of
development was proclaimed over and done with:

_The idea of development stands like a ruin in the intellectual landscape. Delusion and
disappointment, failures and crimes have been the steady companions of development and
they tell a common story: it did not work. Moreover, the historical conditions which
catapulted the idea into prominence have vanished: development has become outdated. But
above all, the hopes and desires which made the idea fly, are now exhausted: development
has grown obsolete._ (Sachs W. 1992)

Further, Peet R. and Hartwick E. (2009) concluded that post-development rejects the
way of thinking and the mode of living produced by modern development in favor of realized
version of non-modern, non-Western, philosophies and cultures.

### 3.1.5 Millennium Development Goals (2000)

At the historic UN Millennium General Assembly held in September 2000, nearly 150 heads
of states pledged to ‘do our utmost to free our fellow men, women and children from abject
and dehumanizing conditions of extreme poverty. The Millennium Development Goals
translate this pledge into eight goals and 18 concrete quantified targets (see Table 3.2) with a
deadline of 2015 (Fukuda-Parr S. 2004).

According to UN calculations, the estimated costs in terms of additional development aid of
meeting the MDGs in all countries vary from 121 billion US dollars in 2006 to 189 billion
US dollars in 2015 (De Economist, 2006). Initially these goals were to be universal but now
they are used at the regional level. From global context, there has been significant progress
over the last 14 years. According to MDG Report, 2013, the world reached the poverty
reduction target five years ahead of schedule. In developing regions, the proportion of people
living on less than $1.25 a day fell from 47 per cent in 1990 to 22 percent in 2010. Further,
in 2011, 57 million children of primary school age were out of school that came down from
102 million in 2000.

However, MDGs have been criticized for its optimism and time frame that has been decided.
According Fukuda-Parr S. (2004), regionally, at the current pace, sub-Saharan Africa would
not reach the goals for poverty reduction until 2147 and for child mortality until 2165.
Further, it has been criticized that it is not only that current pace of development too slow; it
is in reverse in many of worse off countries. Further, the target of eliminating gender
disparity in all levels of education is unlikely to be achieved by 2015 (Ogujiuba K. and
Jumare F. 2012).
| Goal 1: | Eradicate Poverty and hunger. |
| Target 1: | Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day. |
| Target 2: | Halve, between 1990 and 2015, the proportion of people who suffer from hunger. |
| Goal 2: | Achieve universal primary education. |
| Target 3: | Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling. |
| **Goal 3:** | **Promote Gender Equality and empower women.** |
| Target 4: | Eliminate gender disparity in primary and secondary education, preferably by 2005 and in all levels of education no later than 2015. |
| Goal 4: | Reduce child mortality. |
| Target 5: | Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate. |
| Goal 5: | Improve maternal health. |
| Target 6: | Reduce by three quarters, between 1990 and 2015, the maternal mortality rate. |
| Goal 6: | Combat HIV/AIDS, malaria and other diseases. |
| Target 7: | Have halted by 2015 and begun to reverse the spread of HIV/AIDS. |
| Target 8: | Have halted by 2015 and begun to reverse incidence of malaria and other major diseases. |
| Goal 7: | Ensure environmental sustainability |
| Target 9: | Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources. |
| Target 10: | Halve by 2015 the proportion of people without sustainable access to safe drinking water. |
| Target 11: | Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers. |
| Goal 8: | Develop a global partnership for development. |
| Target 12: | Develop further an open, rule based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development and poverty reduction – both nationally and internationally. |
| Target 13: | Address the special needs of the least developed countries (includes tariff and quota free access for exports, enhanced programme of debt relief for and cancellation of official development assistance for countries committed to poverty reduction). |
| Target 14: | Address the special needs of landlocked countries and small island development states (though the Program of Action for the Sustainable Development of Small Island Development States and 22nd General Assembly Provisions). |
| Target 15: | Deal Comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. |
| Target 16: | In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. |
| Target 17: | In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries. |
| Target 18: | In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technologies. |

The Feminist Development Theories

During 1970s, many scholars and activists started questioning developing theory and practice. Most of the development projects were designed and implemented to achieve economic growth in developing countries using a top-down approach, expecting that rapid growth would automatically trickle down to the poorer section of the population. However, studies show that rather improving the socio-economic status of majority people in developing countries, the situation has worsened, especially for women.

The landmark study by Ester Boserup in 1970 (cited in Peet R. and Hartwick E. 2009), Women’s Role in Economic Development, discovered that most projects ignored women and that many, particularly technologically sophisticated, projects had undermined women’s economic opportunities and autonomy. Furthermore, by suggesting that in the recent past women were not only equal in status to men, but also equally productive, Boserup challenged the conventional wisdom that women were less productive and therefore unentitled to a share of scarce development resources. Her thesis also challenged the commonly held notion that women’s status and their rights automatically improve with modernization.

3.1.6 Women in Development (WID), Modernization and Liberal Feminist (1970-80s)

The Women in Development (WID) approach was grounded in modernization theory of development and liberal feminist theory. The underlying assumption, of WID theory is that by elevating productivity, in terms of generating income, and by increasing their participation in the formal labour market, women can contribute to successful development and thereby effect positive changes in their own life (Sen G. and Grown C. 1987 cited in Peet R. and Hartwick E. 2009).

The emphasis on equality of opportunity for women comes out of liberal feminism. Liberal feminists are concerned about equal opportunity for women and men. They are concerned that women receive equal opportunities in education and before the law. This motivated the campaigns worldwide for voting rights and property rights. They are concerned that equal job opportunities are open to women so that women may achieve positions of power in government and business. WID represents a merging of modernization theory and liberal feminist theory.

WID developed into a subfield with three different approaches: equity, anti-poverty, and efficiency (Momsen J. H. 1991; Moser C. O. N. 1994). The equity approach, which Boserup's work could be classified as, mainly focused on integrating women into the development process until they were on equal footing with men. The anti-poverty approach focused on
poor women, as poverty was seen as the source of underdevelopment. The efficiency approach recognized women's dual/triple roles but still focused on their productive work as the main means for gaining equity in the development process.

The World Conference of the International Women’s Year was organized in Mexico City in 1975. It was found that there is a greater need for diversifying funds for development of women. Out of this conference grew the International Training and Research Institute for the Advancement of Women (INSTRAW), UNIFEM, and a conference resolution entitled Special Resources for the Integration of Women in Development (Snyder M. 1995). Yet, during the United Nations decade devoted to women (1976–1985) their relative position actually worsened in terms of access to resources, work burdens, health, nutrition, and education (Peet R. and Hartwick E. 2009)! WID approach criticized by Razavi S. and Miller C. (1995) saying that WID identified women’s lack of access to resources as the key to their subordination without raising questions about the role of gender relations in restricting women’s access in the first place (and in subverting policy interventions, were they to direct resources to women).

3.1.7 Women and Development (WAD)

The WAD approach is associated with dependency theory of development. The WAD approach provides a more critical view of women’s position than WID. It was initially assumed that the subordination of women was due to class and not gender. In general this theory assumes that if the capital and class divisions between the developing and developed worlds are corrected, women will automatically fare better (Sweet E. L. 2000).

As observed by Peet R. and Hartwick E. 2009, the theory drew conclusions from Marxism. Questions such as the origins of patriarchy, the intensification of patriarchy with the spread of capitalism, and Engels’s (1972) analysis of the rise of private property, along with the agricultural revolution and the domestication of animals, formed the deep historical background to this school of thought. However, Marxist scholars have put their energies into the struggle against capitalism rather than trying to attack patriarchy, which they argue is merely an outgrowth of capitalist system (Commonwealth of Learning, 1996). It is observed that socialist feminism has influenced WAD strategies. As cited by Peet R. and Hartwick E. (2009), Chodorow N. (1978), argued for the social construction of masculinity and femininity within the family, especially in relations with the mother. Boys grew into achievement-oriented men adapted to work outside the home; girls grew into women adapted to emotional
work inside or outside the home. Thus, WAD approach provided rational explanation of unequal positions of women in the society that was not addressed through WID.

3.1.8 Gender and Development (GAD)

Gender and Development approach emerged in 1980s. It is rooted in socialist feminist and post development theory. Young K. (1993) describes GAD as a framework that “…seeks to analyze culturally specific forms of social inequalities and divisions, to see how gender is related to or interlocked with other forms of hierarchy”. As observed by Peet R. and Hartwick E. (2009) GAD differed from WID in its conceptualization of the sexual division of labor. Whereas WID tended to accept the sexual division of labor as allocating tasks between men and women, hence arguing that more value needed to be placed on the tasks done by women, GAD argued that the sexual division of labor in a society was one of connection in which men and women became dependent on each other and that therefore the allocation of tasks should be changed. Rathgeber E. M. (1990) has argued that GAD went further than WID or WAD in questioning underlying social, economic, and political structures, which made its recommendations difficult to implement since structural change was found to be imperative. This approach emphasizes the state’s role in providing social services to promote women’s emancipation. Women were seen as agents of change rather than passive recipients of development.

However, this approach does not promote one general thesis describing the problem of women and the process of development. Differing cultural, social, and historical structures produce different consequences and organizational forms, thereby making it impossible to develop a theoretical concept that is applicable worldwide (Sweet E. L. 2000).

3.1.9 Women, Environment and Development (WED)

This approach began in 1970s has different foundations in different contexts. This approach specifically developed in third world countries like India. Shiva V. (1989), grounded in Hindu philosophy, suggests that women have been taking care of the earth for many generations and know how to do so better than anyone. Women’s talents and natural instincts need to be explored and used to reorient development policies (Sweet E. L. 2000). Many studies since have demonstrated that third world women use a much smaller percentage of natural resources then do first world people.

*Indian women have been in the forefront of ecological struggles to conserve forests, land and water. They have challenged the western concept of nature as an object of exploitation and have protected her as Prakriti, the living force that supports life. They have challenged the*
western concept of economics as production of profits and capital accumulation with their own concept of economics as production of sustenance and needs satisfaction. A science that does not respect nature’s needs and a development that does not respect people’s needs inevitably threaten survival (Shiva V. 1989).

3.1.10 Postmodernism and Development (PAD)

Postmodernism as a kind of feminist analysis of development emerged in the early 1990s with scholars, such as Chandra Talpade Mohanty and A. Ong, who challenged western feminist critique and formulation of development. The PAD perspective criticized the GAD view as representing Third World women as “other” or, in the case of WID, using images of women as victims, sex objects, and cloistered beings (Peet R. and Hartwick E, 2009). Scholars of this approach, as observed by Sweet E. L. (2000) rejected modern reliance on science and technology as the means to truth and happiness. They suggested that there is not one truth. Good science through rigorous and careful experiments could not get to an essential reality or law. Everything is subjective and constructed based on historical and experiential context (Merchand M. H and Parpart L. J. 1995).

Feminist development critiques and feminist activisms have contributed to radically altering the discourse of development. It is no longer possible to deal with development issues by focusing on how to improve savings and investment functions, or identifying the most efficient industrialization strategies to pursue to increase exports (Commonwealth of Learning, 1996). The feminist development theories have answered the questions of where, why and how of gender inequality. These theories have also contributed in enhancement of level of awareness leading to greater participation, decision making, power and control.

3.2 Impact of Microfinance Interventions

Impact assessment is a management mechanism aimed at measuring the effects of projects on the intended beneficiaries. The rationale is to ascertain whether the resources invested produce the expected level of output and benefits as well as contribute to the mission of the organization that makes the investments (Afrane S. 2003). Odell K. (2010) conducted a survey of several significant microfinance impact assessment evaluations released or published between 2005 and 2010 and he is of the view that the main goal of impact assessment literature is to estimate the average effects of microfinance programmes overall, notwithstanding sometimes conflicting anecdotal evidence and intuition which is so widely
available. Further, a well-designed impact assessment study can provide insight into the causal factors behind the success and failure of various microfinance interventions. Hulme D. (2000) categorized the goal of impact assessment in two categories i.e. proving and improving as mentioned in Fig. 3.3.

He emphasized that explicitly, the goal of impact assessment is to analyze achievement and improve the efficiency while implicitly it is to get information of programme not through the routine system of accountability. Further, he found two schools of thoughts for impact assessment studies which are terms as “intended beneficiary” and “intermediary” school.

![Figure 3.3 Goals of Impact Assessment](image)

The intended beneficiary school, building on the ideas of conventional evaluation, seeks to get as far down the impact chain as is feasible (in terms of budgets and techniques) and to assess the impact on intended beneficiaries (individuals or households). The intermediary school focuses purely on the beginning of the chain and in particular on changes in the MFI and its operations. The intermediary school usefully incorporates notions of sustainability and provides an Impact Assessment methodological framework that can be operated largely with pre-existing data. It is, though, very weak on “who” benefits and “how”. Johir S. and Martin I. (2004) distinguish ‘wider’ impacts of microfinance interventions as opposed to ‘narrow’ ones. They are of the view that total impact of microfinance interventions being underestimated through conventional impact studies and do not consider the positive
externalities on spheres beyond households and subsequent effects and develop ‘narrower perspective of wider impacts’ and ‘wider perspective of wider impacts.

The first approach, as depicted in Fig. 3.4 (a), would only consider the effects on all markets, in isolation as well as within a macro economy, defined as a set of interlinked markets. In this approach, subsequent effects of market changes on households’ wellbeing are not addressed explicitly.

**Figure 3.4**

**Narrow & Wider Perspectives of Impact**

(a) Individuals, Households, Enterprises, (MICRO)  
Market (MESO)  
Outcomes of multiple Market Interactions  
Microfinance Institutions

(b) Individuals, Households, Enterprises,  
Market  
Aggregates of Household-level Impacts  
Macro Outcomes of multiple Market Interactions  
Microfinance Institutions


Note: A local level cluster of economic activities. (a) ‘Narrow Perspective of Wider Impact’: When impacts on variables pertaining to the Markets are considered without addressing the feedback on individuals, households and enterprises. (b) ‘Wider Perspective of Wider Impact’: when changes in household level impacts are addressed upon accounting for all market oriented secondary effects.

Thus, ‘narrower perspective on wider impacts’, Fig. 3.4 (b), clearly stands out as one, where the focus is outside such micro units as households and enterprises. The second approach, ‘wider perspective on wider impacts’ takes account of all the iterative feedbacks between micro units (individuals, households and enterprises) and the markets (individual ones as well as altogether) and assesses the impacts on individuals and households. Mayoux L. (2001c) analyzed various domains and levels of impact assessment using AIMS conceptual
framework. Accordingly, impact of microfinance interventions can be analyzed at various levels i.e. individual level, enterprise level, household level and community level by using different indicators as mentioned in Figure 3.5.

Figure 3.5
Levels of Impact Assessment

Source: Mayoux L. (2001c)

According to Ledgerwood J. (2000) broadly impacts of microfinance activities fall into three categories i.e. Economic Impact, Sociopolitical Impact and Personal or Psychological Impact. In the same manner, Afrane S. (2003) lists out qualitative and quantitative variables according to the nature of indicator viz. Economic, Access to social service, Social, Psychological and spiritual (see figure 3.6).
3.2.1 Micro-finance Interventions and its Economic Impact: Empirical Results

There are plenty of research papers in microfinance literature that target economic impact of microfinance interventions that are designed for poverty eradication. The basic objective of micro-finance is to reduce the level of poverty.

Khandker S. (2001b), to assess the long-term impact of microfinance, conducted repeat survey (First in 1991-92 and Second in 1998-99) and found that participation in microfinance programmes helps to poor participants by raising per capita income and consumption.
as well as household net worth, thereby increasing the probability that the program participants lift themselves out of poverty. The welfare impact of micro-finance is also positive for participating and nonparticipating households, indicating that micro-finance programs help the poor beyond income redistribution and income growth. The programs have spillover effects on the local economy, but the impacts are very small.

Puhazhendi V. and Badatya K. C. (2002) analyzed the impact of SHG Bank Linkage Programme on SHG members. They surveyed 115 SHGs from Orissa, Chhattisgarh and Jharkhand and found that while there was no change in asset structure in 52 per cent of the sample households, about 45 per cent of them registered increase in assets between pre and post SHG situations. The increase in value of assets that included livestock and consumer durable was from Rs.4,498 to Rs.5,827 registering an increase of 30 per cent after joining the group. Further, varied saving products that are suitable for the rural poor were made available for the SHG members that facilitated increased rate of saving among them. Mean annual savings were increased from Rs.952 to Rs.1863 registering two fold increase. Moreover, the average annual net income per sample household was increased to Rs. 15184 which was about 23 per cent more than the pre SHG situations. The incremental income was contributed mainly from farm activities (54%) followed by non-farm activities (36%). And employment per sample household increased by 34 per cent from 303 to 405 person days between pre and post-SHG situations.

Imai et al. (2010), tested the hypothesis that microfinance reduces poverty at macro level using cross country and panel data and found that there is robust confirmation that microfinance loans are significantly and negatively associated with poverty, i.e., a country with a higher MFIs’ gross loan portfolio tends to have lower poverty, after controlling for the effects of other factors influencing it. These results suggest that microfinance not only reduces the incidence of poverty but also its depth and severity.

Sebstad J. and Gregory C. (1996), in their Assessing the Impact of Micro-enterprise Services (AIMS), analyzed case studies of 41 programs in 24 countries in Asia, Africa and Latin America. They found positive changes in output, at enterprise level, with average increase in sales and some cases, diversification of goods and services produced, especially among women. Out of ten studies analyzed seven found a positive change in value of fixed assets among borrower enterprises (Jamaica, Honduras, Dominican Republic, South Africa, Kenya, Bangladesh, and Indonesia). Further, a little more than half of the studies (18 of 32) included data on household level impacts. They generally found increased income and assets and
improved consumption. However, there was not sufficient data to conclude that these effects were sustained or gained momentum over time, thereby substantially reducing vulnerability and improving household security.

Zaman H. (2004) is of the view that access to these micro-loans has considerably reduced the vulnerability of poor households in Bangladesh. Poor households are able to smooth their consumption more dependably, thereby limiting the hardships arising from seasonal shortfalls of income. Unanticipated shocks such as natural disasters can be better absorbed by building up assets. Further he proposes an “enabling environment” for microfinance is critical, especially maintaining a stable macro-environment where both interest rates and inflation are kept at reasonable levels. Government regulations and policies are needed to create an appropriate environment for the growth of the sector, where regulatory policies strike a balance among protecting the interests of depositors, supervising microfinance institutions that collect savings, and not excessively regulating the sector with unnecessary red tape.

Mosley P. (2001) conducted small surveys on four microfinance institutions, to analyze the impact of microfinance on poverty; he found that all the institutions examined have a positive influence in terms of increasing income and in reducing poverty levels, whatever measure of poverty is used. Further, he found that between 10 to 20 percent of the borrowers crossed the poverty line between 1993 and 1999 as a consequence of microfinance that is they would not have crossed the poverty line in any case.

3.2.2 Microfinance Interventions and its Sociopolitical Impact: Empirical Results

Haana L. and Lakwo A. (2010) analyzed the impact of microfinance on empowerment and social emancipation in Uganda, for the said objective they developed a tool known as ‘Livelihood Entitlement Status (LEnS)’ that looks at social change from an entitlement perspective i.e. i.e. examining legitimate claims that women (try to) exert as individuals, as members of households and as members of communities. Although money used to be seen as ‘evil’ for women and could only be transacted by men, with the arrival of microfinance programmes in the area, women have gained an arena in which they can make important decisions, collectively and individually, over financial transactions. Clients are resisting religious dogmatism. Although polygamy is seen by men as a way of shaking off over-dependence on them by a woman, the women affected are fighting tooth and nail for a ‘one-man one-wife’ status, using their new-found powers through money to help in their fight. Clients are using their ‘cash power’ to trap their absconding husbands, thus rendering their co-wives non-competitive as they lack the money with which to provide for themselves.
Women clients were also found to be building some life-time security in their natal homes. Women who have been abused or mistreated by their husbands or who do not totally trust their husbands and in-laws are busy building their fallback positions in their parental home villages. Where men have not conceded to joint ownership and decision-making over livelihood assets and activities, women are often compelled to act secretly to accumulate assets without the knowledge of their husbands and in-laws.

Afrane S. (2003) analyzed the impact of microfinance in South Africa using four different domains viz. economic domains, access to life-enhancing facilities, and social and spiritual domains. In Social domain, he observed no negative impact was experienced in respect of public respect and acceptance for microfinance projects. The majority of respondents saw the financial support they received as a means that had enabled them to gain public respect, acceptance, recognition, and an enhanced involvement in the decision making and development affairs of their communities. Most of them reported improved self-confidence, leading to an enhanced ability to participate in community discussions.

These positive impacts notwithstanding, some disturbing negative effects were also observed in the social domain. This refers particularly to pressure of time and family relations. Business expansion resulting from access to credit obviously meant more working hours and limited time for the family in terms of quality interactions and other recreational needs. Another reason was the nagging pressure on clients to avoid loan default.

Dowla A. (2005) analyzed the success story of Grameen bank in Bangladesh that created trust and built social capital that solve the problem of poor people’s access to capital. He used the definition of social capital given by Putnam as “features of social organization, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions”. He observed that Grameen has created norm of group lending. Moreover, members view group formation and using the group for disbursement and collection as a reflection of accountability and permanence. Further he found that when Grameen model was replicated in other countries such as the Philippines and Malaysia without adherence to the strict principle of the Grameen model, if failed miserably.

3.2.3 Microfinance Interventions and Personal or Psychological Impact: Empirical Results

Sow H. Chan and Mazanah Abdul Ghani (2011), in their survey of 72 respondents for impact of microfinance; found that the borrowers experienced increases in self-esteem and respect
from their spouses, relatives and community members. There are positive effects in their decision-making on more household expenses, including purchase of furniture and small home repairs, while joint decisions are made about larger expenditure because ‘there is money in my hand and I can earn back what I had spent. Last time I have to ask for money for everything because I don’t have a paid job’.

Samuel A. (2010) examined the impact of microfinance from the perspectives of maize farmers in Nkoranza in the Brong Ahafo Region of Ghana. They found that 70% of farmers, after receiving microfinance services, could provide educational material to their children and could send them to school. Further, 51% of the respondents could access health care facilities after receiving the credit. Overall, 52% of the respondents favored microfinance initiatives saying it has positive impact on their lives.

Noreen et al. (2011) observed that microfinance programs have a positive impact on the level of children education in Pakistan. Further they analyzed that microfinance programms do not affect housing condition and consumption of food items.

Becchetti L. and Conzo P. (2013) analyzed life satisfaction of respondents by asking how satisfied are they with their life, all things considered?, they observed that rescue from poverty involves relevant effects not captured by current income arising from a process of ‘dignification’ which increases self-esteem and social recognition of the financed borrower. As a consequence, it is expected that when measuring the impact of microfinance program on a broader concept of wellbeing such as life satisfaction, such impact has an independent effect not absorbed by the change in income generated by the loan. They conclude, after controlling for survivorship, selection and interview bias, microfinance membership has a significant and positive effect on life satisfaction.

Basargekar P. (2009) studied the economic and social empowerment of women members of Annapurna Mahila Mandal (AMM) in urban areas of Maharashtra. She revealed that more than 85% of the members believe that they have become more confident than before. Around 35% of the members believe that there is a significant improvement in their self-confidence. AMM has also achieved moderate success in the development of leadership qualities in their members. More than 67% of the beneficiaries helped AMM in building their network by introducing the AMM movement to other new members, developing groups, monitoring activities of the group members, etc.
3.3 Empowerment: Conceptual Framework

“There is education in the family: first you shouldn’t speak because you are a girl, then later you shouldn’t speak because no one will marry you, then later you shouldn’t speak because you are a new bride. Finally, you might have the chance to speak but you don’t speak because you have forgotten how to.”

- An activist in the Drita Women’s Group, Prishtina, Kosovo, as quoted in International Helsinki Federations for Human Rights (IHF), Women 2000.

The term empowerment is widely used across disciplines to connote different meanings. In layman language, to empower means to give somebody the power or authority to do something. Accordingly, it is related with giving ‘power’ to someone. In economic development context, empowerment is associated with social evils like poverty and is used with the same meaning as to give somebody more control over his/her own life or the situation he/she is in. Poverty, on the other hand, being a state of powerlessness is compared with empowerment (giving power). Powerlessness can be seen as the expectation of the person that his/her own actions will be ineffective in influencing the outcome of life events (Hur M. H. 2006). This powerlessness may result from economic inequities; oppressive control exercised by system and other people or internalized belief that change cannot occur.

The recent focus of development finance activities on targeting poor (powerlessness) on one side, and emergence of microfinance activities on the other (empowering poor), has generated interest amongst practitioners and academicians to analyze this issue.

There are a variety of understandings of the term empowerment due to its widespread usage. As cited by Kraus M. J. (2005), Empowerment has been referred to as a paradigm (Rose S., 1990); a multilevel construct (Gutierrez L., 1990); a model (Ruffolo M. C. and Miller P., 1994); an approach (Lee J. A., 1994); a tradition (Simon B., 1994); a theory (Richan W. C., 1989); a multidimensional concept (Kurtz P. D., 1997); a process, a goal and an outcome (Solomon B. B., 1976); “the central emerging feature of social work” (Adams R., 1996, p. 2); a philosophy and a theory of practice (Kondrat M. E., 1995); a vague image with an aura of moral superiority (Callahan M. and Lumb C., 1995) and “obscure[ing] the real power relations in society” (Langan M., 1998, p. 214). Rappaport J., a frequently quoted scholar, has summed up the concept of empowerment as “a little bit like obscenity; you have trouble defining it but you know it when you see it” (1985, p. 17).
3.3.1 Approaches of Empowerment
The word empowerment has been used in different fields of studies in a different context. The major approaches to empowerment usage are as under:

3.3.1.1 Empowerment in Ethnocentric Context:
Membership of a minority may bring with automatic powerlessness in a society led by a majority. Laws, rules and attitudes in society, therefore, will be the outcome of majority group and may act against those who are in minority. Empowerment, therefore, appears covering the lives of minority groups based on age, sex or race. For example, empowerment in the black and civil rights movement of the US is understood mainly as racial empowerment through the growing influence of African Americans in political and social participation. As cited by Lincoln et al. (2002) Solomon emphasized empowerment as a method of social work with oppressed Afro-Americans. It is believed that economy of South Africa was dominated by whites and skewed to their interests: 350 years of white hegemony has systematically deprived Africans (Southall R. 2007).

3.3.1.2 Individual and Collective Empowerment
Empowerment is operative at various levels: personal or individual, interpersonal, organizational, community, and collective. Personal empowerment relates to the way people think about themselves, as well as the knowledge, capacities, skills and mastery they actually possess (Kraus M. J. 2005). From procedural point of view, it is an interactive process which occurs between the individual and his environment, and the outcomes are skills, based on insights and abilities. It is active process that means a movement from passive state to active one and brings about an integration of self-acceptance, social and political understanding, and a personal ability to take a significant part in decision making and control over resources in the environment. It is also understood in context of internal and external change. The internal process is related to one’s belief in his/her ability to make decisions and to solve his/her problems. The external change relates to ability to act and to implement the practical knowledge, the information, the skills, the capabilities and the other new resources acquired in the course of the process. The components of individual empowerment include self-determination, Self-confidence and the promotion of competence. On the other hand, collective empowerment develops when people join in action to overcome obstacles and attain social change. Group becomes empowered through collective action, but action is enabled or constrained by the power structures that they encounter. The conjunction of empowerment with mutuality – mutual empowerment – broadens people’s possibilities of
controlling their lives. Not many studies were reported in the area of the components of collective empowerment. Some authors conducted their research in terms of a single component, such as social cohesion, community engagement and coalition building.

3.3.1.3 Empowerment: Establishment of Institutions – World Bank View

According to this approach rules and norms are qualified as “institutions” in the sense that they are firmly established and display a very strong inertia. The treatment given to this approach is the establishment of institutions. The World Bank has produced numerous working documents that make it possible to clarify the meaning of term empowerment such as it employed today. Accordingly it is defined 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. (Narayan D. 2005). Here, assets refer to material assets, both physical and financial. Such assets—including land, housing, livestock, savings, and jewelry—enable people to withstand shocks and expand their horizon of choices. The extreme limitation of poor people’s physical and financial assets severely constrains their capacity to negotiate fair deals for themselves and increases their vulnerability. Capabilities, on the other hand, are inherent in people and enable them to use their assets in different ways to increase their wellbeing. Human capabilities include good health, education, and production or other life-enhancing skills. Social capabilities include social belonging, leadership, relations of trust, a sense of identity, values that give meaning to life, and the capacity to organize. Political capability includes the capacity to represent oneself or others, access information, form associations, and participate in the political life of a community or country.

The World Bank has also identified four key elements of empowerment to guide the drafting of institutional reforms: access to information; inclusion and participation; accountability; and local organizational capacity. In terms of area of applications, the World Bank provides a selection of its activities classified as follows: provision of basic services; improved local governance; improved national governance; pro-poor market development; and access to justice and legal aid. The definition of the World Bank is above all operational; such a definition allows it to establish a strategy of action, notably in terms of institutional reforms. Empowerment thus provides an articulation between the individual (human and social capital) and institutional (good governance) levels of the fight against poverty: the principle
of participation and control of institutions makes it possible to more effectively combat corruption (held to be the first obstacle to development) and to better define the content and methods of fight against poverty.

### 3.3.1.4 Empowerment means women emancipation:

The term ‘Empowerment’ is often interpreted as women’s empowerment. In the mid-1980s, ‘the empowerment of women’ became an important part of debate on gender and development. A recent study found that women make up 80 per cent of the clients of the thirty four largest micro lenders. Grameen bank, for example, a pioneer in microfinance industry, had 6.4 million borrowers as of June 2006 and women constituting 96 per cent of the total (Yunus M. 2007). If we analyze the reason why women being major borrowers in microcredit programmes it is found that micro-finance is about small businesses which most often involve self-employment in the informal sector, and women make up a large and growing segment of informal sector businesses (Armendáriz B. and Morduch J. 2007).

However, from the micro-lender’s perspective, serving women has at least three potential advantages. First is the problem of feminization of poverty. Women are held to be among the poorest of poor and above all the most vulnerable. They must therefore be helped as priority, for they are the most underprivileged. Prof. Muhammad Yunus, in his book - “Banker to the Poor – The Story of Grameen Bank” – wrote

“…..If the goals of economic development include improved standards of living, removal of poverty, access to dignified employment, and reduction in inequality, then it is quite natural to start with women. They constitute the majority of the poor, the under-employed and economically and socially disadvantaged. And since they are closer to the children, women were also our key to future of Bangladesh…….”

Second, women are often more conservative in their investment strategies and make a point of honoring and respecting their commitments, thus better at repaying their debts. Lastly, it is believed that allocating resources to the women may deliver stronger developmental impacts. One reason is that women tend to be concerned about children’s health and education than men. Furthermore, women make greater use of their resources for the well being of the family: expenditures on food, education. Men, notably in India, are accused of squandering their income on non-productive consumption (alcohol, tobacco, gambling etc).
3.4 Concept of Women Empowerment in Microfinance Literature

Longwe S. H. (2002), as mentioned in Table 3.3, analyzed empowerment as a process of gaining control over decisions and resources that determine the quality of one’s life and developed a framework of different degrees of empowerment which starts with Welfare degree (where basic needs are satisfied which does not necessarily require structural causes to be addressed and tend to view those involved as passive recipients), Access degree (where equal access to education, land and credit is assured), Conscientisation and Awareness-raising (where structural and institutional discrimination is addressed), Participation and Mobilization degree (where the equal taking of decisions is enabled) and Control degree (where individual can make decisions and those are fully recognized).

Sen A. K. and Nussbaum M. C. (1993), as cited by Swain R. (2007), explained 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.

Table 3.3

<table>
<thead>
<tr>
<th>Degrees of Empowerment</th>
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<tbody>
<tr>
<td>1 The ‘Welfare’ Degree</td>
</tr>
<tr>
<td>2 The ‘Access’ Degree</td>
</tr>
<tr>
<td>3 The ‘Conscientisation &amp; Awareness Raising’ Degree</td>
</tr>
<tr>
<td>4 The ‘Participation &amp; Mobilization’ Degree</td>
</tr>
<tr>
<td>5 The ‘Control’ Degree</td>
</tr>
</tbody>
</table>


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 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.

Rowlands J. (1997) as cited by Solava I. and Alkire S. (2007) suggests that empowerment is a process of internal change, or power from within, increased individual consciousness, or power to, increased individual capacity and opportunities for access, or power with, increased solidarity to challenge underlying assumptions, or power over, changes in underlying resources and power to challenge constraints (see Table 3.4).

According to Mayoux L. (1999b), targeting women by various microfinance programmes has been the result of a confluence of three distinct paradigms of microfinance which come from different underlying development ideologies of the promoting agencies (See Figure 3.7). These three paradigms are Financial Self–Sustainability, Poverty alleviation and Feminist Empowerment.

**Table 3.4**

<table>
<thead>
<tr>
<th>Type of power relation</th>
<th>Implications for an understanding of empowerment</th>
</tr>
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<tbody>
<tr>
<td><strong>Power Over:</strong> ability to influence and coerce</td>
<td>Changes in underlying resources and power to challenge constraints</td>
</tr>
<tr>
<td><strong>Power To:</strong> organise and change existing hierarchies</td>
<td>Increased individual capacity and opportunities for access</td>
</tr>
<tr>
<td><strong>Power With:</strong> increased power from collective action</td>
<td>Increased solidarity to challenge underlying assumptions</td>
</tr>
<tr>
<td><strong>Power from Within:</strong> increased individual consciousness</td>
<td>Increased awareness and desire for change</td>
</tr>
</tbody>
</table>

Source: Rowland (1997)

Financial Self-sustainability paradigm emphasizes women’s access to minimalist and financially self-sustainable micro-finance provision. It targets mainly micro-entrepreneurs or those with entrepreneurial ability with underlying assumption that women will become economically empowered through microfinance and for this lead to improved well-being and social, political and legal empowerment without explicit attention to other dimensions of gender subordination.

Poverty alleviation Paradigm emphasizes microfinance activities as part of integrated community development programme as an entry point for alleviating household poverty and community collective action. It targets mainly the poor and particularly the poorest men and women and children with underlying assumption that household will being and women empowerment are inherently synergistic. Lastly Feminist Empowerment emphasizes microfinance as a part of sectoral strategies of women workers and/or entry point for wider
mobilization of gender equity. It targets mainly the women but aiming also to change men
with underlying assumption that women are or should be, aiming for social and political
change in ways advocated by the international women’s empowerment.

In all the three paradigms it is assumed that women’s access to microfinance leads to a set of
mutually reinforcing ‘virtuous spirals’ of increasing economic empowerment, improved well
being, and social/political/legal empowerment for women as indicated by arrows of Figure
3.7.

Figure 3.7  
Virtuous Spirals: Paradigms Compared

Source: Mayoux L. (1997a)
3.5 Micro-finance and Empowerment of Women: Empirical Evidences

A majority of micro-finance programmes target women with the explicit goal of empowering them. Various researches and experiments in the field of microfinance justify targeting women empowerment in microfinance activities. Pitt et al. (2003), using a totally different approach to parameter identification, finds that credit provided women importantly improves measures of health and nutrition for both boys and girls, while credit provided men has no significant effect. Further, Blumberg R. L. (2005) is of the view that women with economic power – defined as control of income and other key economic resources (e.g., land, animals) – (1) gain more equality and control over their own lives, while also (2) contributing: (a) directly to their children’s human capital (nutrition, health and education) and thereby indirectly to their nation’s income growth; (b) directly to the wealth and well-being of their nations, and (c) indirectly to their country’s national income growth through their own – and their educated daughters’ – lower fertility. Also, more female economic power might help reduce corruption, conflict and violence in their nations, while promoting greater environmental sustainability and, perhaps, reduced rates of HIV/AIDS.

Amin R, Hill R. and Li Y. (1995) surveyed 2,277 married female recipients of micro-credit in Bangladesh, in 1992, and compared their status with 1,166 counterpart non-beneficiaries residing in neighboring geographical areas with similar socio-economic characteristics. They found that with increase in the number of micro-loans by women clients, there seemed to have been increase in household income, in the participation of household decision making, in physical mobility outside the home, in talking to unknown persons, in purchasing household items, in participating health related decisions, and in going alone to mothers’ clubs or political meetings. Overall, those with some exposure to income generating projects were ahead in demographic restraints and empowerment than those with no exposure.

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.
Mayoux L. (1997a), as cited by Swain (2007), argues that the impact of micro-finance programmes on women is not always positive. Women that have set up enterprises benefit not only from small increase 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.

Sharma P. (2007) surveyed 300 women clients of microloans in hill and terai of Nepal and found that credit program participation leads to women taking a greater role in household decision-making, having greater access to financial and economic resources, having greater social networks, having greater bargaining power compared with their husbands, and having greater freedom of mobility. Ecologically, the higher impact on women’s empowerment was noticed in terai.

Chhay D. (2011) found positive impact of micro-finance for raising household incomes and it is an effective tool in empowering women, mostly extremely poor women. The benefits of economic empowerment include the increase in household income, ability to repay the loan and to save money, better nutrition and health, the possibility to send children to school, and the ability to break free of starvation.

Sudan F. (2007) analyzed livelihood diversification and women empowerment through women SHG and microcredit and its impact under integrated Watershed Development Project (IWDP), Hills-II, Jammu and Kashmir and found that through creation of WSHGs, 250 beneficiaries have been trained, out of which 50 percent have taken up Micro-income Generating Activities on sustainable basis and started earning up to Rs. 500 per month. The scheme of inter-loaning has also been introduced and members of women SHGs gets loan up to Rs. 5000. Through opening of saving accounts in nationalized banks, monthly savings of women SHGs have increased up to Rs. 1000. All these have resulted in increased income and improved livelihoods of the beneficiaries.

Mahmud S. (2003) observed that cases in which women make decisions independently do not necessarily have the best welfare outcomes simply because women’s independence in household decision making usually takes place in female headed households that are
generally poorer and have lower level of aggregate welfare compared male headed households where women’s decision making is likely to be independent.

3.6 Indicators of Women Empowerment

As observed by Mahmud S. (2003), there are two dimensions that have been analyzed in the process of women empowerment. The first dimension is women’s absolute well-being where empowerment is seen as the process of improving welfare of women and girls indicated by outcomes that measure current status with respect to literacy and schooling, health and nutrition, labor force participation etc. (See Table 3.5).

She has developed operational framework for measurement of women empowerment based on the frameworks of Kabeer (1999a) and Chen M. and Mahmud S. (1995).

Table 3.5
Operational Framework of Women Empowerment

<table>
<thead>
<tr>
<th>Kabeer Framework</th>
<th>Chen and Mahmud Framework</th>
<th>Operational Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice: Resources</td>
<td>Resource Base: Material Resources</td>
<td>Condition for Empowerment: access to material and non-material resources</td>
</tr>
<tr>
<td>Exercise of Choice: Sense of Agency</td>
<td>Prestige &amp; Value: non material resources Self-esteem and self-confidence: Cognitive Skills and abilities</td>
<td>Route to Empowerment: Achieve participation in household processes</td>
</tr>
<tr>
<td>Achievements: Increased capacity to transform structures</td>
<td>Improved Position vis-à-vis men: gender relations Improved fall-back position and greater bargaining strength</td>
<td>Achievements: Increased welfare and reduced subordination</td>
</tr>
</tbody>
</table>


The Second dimension is women’s relative well-being, where empowerment is seen as the process of improving the process of improving the position of women relative to men within the household and indicators of the same approach are discussed as under.

3.6.1 Control of Decision Making, Loan Management and Income

Several studies claim that economic factors play an important role in empowerment of women and rationale behind it, is that access to micro-finance brings change (improvement) in the status of women in household and leads to a greater participation in house-hold decision making leading to empowerment. Mayoux L. (1999b) explains three distinct
paradigms of micro-finance by assuming that increasing women’s access to micro-finance leads to a set of mutually reinforcing ‘virtuous spirals’ of increasing economic empowerment, improved well being, and social/political/legal empowerment for women. Thus, it is assumed that providing credit to women eventually increases their status within the household, and that directly leads to empowerment of women. Rahman A. (1999), as cited by Swain R. (2007), 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).

Goetz A. M. and Gupta R. S. (1996) also found that women commonly handover control of the loan or invest it in a family enterprise. Steel et al. (1999) are of the view that most micro-finance programs cannot ensure that women retain control over money they are lent. However, Swain R. (2007) considers ‘Control’ over loan (resources) as an appropriate indicator of women empowerment. Cheston S. and Kuhn L. (2005) justified that access to resources alone does not automatically translate empowerment or equality, however, because women must also have the ability to use the resources to meet their goals. In order for resources to empower women, they must be able to use them for a purpose that they choose.

Mahmud S. (2003) supports the assumption that simple access to credit without significant or full control over loans improves women’s relative position in the household. Swain R. and Wallentin F. Y. (2011) finally, find that economic factors are most significant in empowering SHG’s members where it is measured by the proportion of resources that the SHG members’ control and the economic activities that they are engaged in.

3.6.2 Domestic Violence

Mason K. O. (2005) in five countries (Pakistan, India, Malaysia, Thailand and Philippines) analysis of women empowerment found positive relationship between women’s paid work and violence in India and Pakistan. Generally it is found that husbands beating their wives when wives borrow money and invest in micro-enterprise thus becoming more independent. However, as mentioned by Cheston S. and Kuhn L. (2005) there have been a few studies that have asserted that women’s participation in micro-finance leads to an increase in domestic violence, most practitioners have reported the opposite experience. Leach F. and Sitaram S. (2002) found that the men’s general behaviour towards women varied according to how much income they brought into the household, with incidents of domestic violence increasing when the business was going badly. This would suggest that income is an important factor in
changing gender relations in favour of women. In this case, however, it was impossible to confirm or deny the ‘virtuous spiral’ theory (Mayoux L. 1999b) because the women’s income did not increase. Kim et al. (2007) found that in some situations, empowering women through interventions such as micro-finance may initially exacerbate the risk of violence, although there is evidence to suggest this risk may diminish over time as women spend more time in microfinance programs, as the programs themselves become more visible and normative within communities, and as broader cultural norms begin to shift.

3.6.3 Participation in household decision making and independent purchase decisions

The role of women in household decisions has been considered most important component of women empowerment by many scholars. Asim S. (2008), for analyzing the impact of microfinance on Women’s Empowerment in Pakistan, measured the extent to which women’s preferences are reflected in household decision making by dividing it into five categories which includes child related decisions, health related decisions, economic decisions, social mobility decisions and resource allocation decisions. The underlying objective for doings so, is to analyze if the position of the women within the household has improved after taking a loan then power distribution should change across some domains of decision making within the household. Pitt et al. (2006) for measurement of women empowerment, grouped the survey questions into nine thematic groups: Purchasing, Resource, Finance, Transaction Management, Mobility and Networks, Activism, Household attitudes, Husband’s behaviour and Fertility and Parenting. They found in purchase (i.e. economic decision making) related decisions that include house repair and construction, livestock sale and purchase, borrowing money and transactions involving household equipment 98% of women respondents were not able to spend money. It is the husbands who actually handled the money in this transactions.

3.6.4 Education of Children

While children's education is frequently found to improve with access to microfinance, the findings on gender disparities are not consistent. Khandker S. (1999a), for instance, found that a 1 per cent increase in loans to women borrowers with the Grameen Bank increased the probability of school enrolment by 1.9 per cent for girls and 2.4 per cent for boys while a 1 per cent increase in credit to male loan holders increased boys’ enrolment by 3.1 per cent but had no effect on girls. In India, two separate studies of SHARE (Todd H. 2001, Cortijo M. J. and Kabeer N. 2004) both found that while SHARE membership had a positive effect on boys’ education; it had almost no effect on girls. As cited by Hunt J. and Kasynathan N. (2001), there is some evidence in Kabeer's study to suggest that withdrawal
of girls from school is due to the fact that their mothers have increased workloads related to credit enterprises.

3.6.5 Women’s Mobility

Mobility is considered one of the most important indicators of empowerment. Women’s mobility is assessed through the extent to which they can visit most common places like shops, banks, hospitals and relatives’ house. An APMAS study conducted in Nizamabad district (Rao B. G. 2007), Andhra Pradesh shows that very high proportion of SC – 78% and ST 77% women members are going alone to outside village shops. Muslim women’s mobility with family members declined from 44% to 33% and mobility with ‘other members increased from zero to 11% during the reference period. Moreover, 34% of women members found to have visited hospitals/ Primary Health Centre alone and 38% of women respondents with their family members. Steel et al. (1999) found that few women are permitted to go outside their village to see a movie or to shop or sell, either accompanied or alone. However, the majority of women are able to visit a health center or meet friends and relatives if they are accompanied. Banu et al. (2001) observed that when a woman becomes involved with Bangladesh Rural Advancement Committee (BRAC), she is required to travel to, among other places, the BRAC local office, different places within the village to attend meetings and perhaps to the BRAC Training Centre in a district town for training. Because of what is perceived to be a break of purdah, both the group member and her husband have to face severe criticisms from village elders, religious clerics, and the rural elite.

3.6.6 Political Participation and Legal Awareness

Swain R. (2007) emphasized 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. Cortijo M. J. and Kabeer N. (2004), as cited by Kabeer N. (2005b), conducted study and suggested that membership of SHARE groups led to an improvement in business relationships within the community while membership of DWCRA was also associated with increased likelihood of women having access to government programmes for the poor, of meeting with various elected and government officials, of attending various public meetings (gram sabha, janma bhumi and collectors grievance day), of participating in political protests and campaigns and of the ability to name the mandal president and the prime minister of the country.
3.6.7 Gender Preferences for Children

An essential element of empowerment is a belief in the idea of gender equality in both the private and the public spheres. In India deep-rooted patriarchal values and norms have greatly affected the socialization of women, and have often been blamed for social and familial conflicts among women as well as their acceptance of gender subordination. The acceptance of gender subordination has also been used to explain women’s low self-esteem and confidence. This acceptance of subordination has not only acted as a barrier to speak against women's personal experiences of injustice, but has also sometimes made women partners in perpetuating injustice for other women (Gupta K. and Yesudian P. 2006).

According to Kishor S. and Gupta K. (2004) son preference is obvious from the fact that women at parity 2 or 3 with no daughters are much more likely to be using contraception than women with no sons. This is true for India as a whole and in every state. Overall too, women are more likely to be using contraception if they have more sons than daughters than if they have more daughters than sons in every state except Meghalaya and Mizoram.
References


