Chapter 3

Literature Review
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3.1 Women Empowerment

The importance of women empowerment can be judged purely from the Government of India’s approach. There has been a marked shift in the approach to women’s issues from welfare to development from the fifth Five-year Plan (1974 to 1978) as observed by the National Policy for the Empowerment of Women of 2001. Hence, empowerment of women has come to be recognised as the central issue in determining the status of women (Government of India 2001, 1).

3.1.1 Concept

Batliwala (2007) has very elaborately discussed the origin and evolution of the term ‘empowerment’. The author quoting the research of Gaventa (2002), says that the term can be traced back as early as the Protestant Reformation in Europe and it resonates through the centuries in Europe and North America through Quakerism, Jeffersonian democracy, early capitalism, and the black-power movement. The concept of empowerment, although expressed in other linguistic equivalents, was embedded in many other historic struggles for social justice. For instance, a similarity can be found in the state of Karnataka in southern India, in the twelfth- and thirteenth-century, Veera shaiva movement against caste and gender oppression called for the redistribution of power and access to spiritual knowledge through the destruction of these forms of social stratification. But the term was revamped and acquired a strongly political meaning in the latter half of the twentieth century, when it was adopted by the liberation theology, popular education, black power, feminist and other movements engaged in struggles for more equitable, participatory, and democratic forms of social change and development.

The term found a new meaning in the 1990s when it was converted from a collective to an individualistic process, and tactfully inculcated by conservative and even reactionary political ideologies in pursuit of their agenda of divesting 'big government' of its purported power and control by 'empowering' communities to look after their own affairs. Management gurus discovered 'empowerment' and infused it into the human-resource development and motivational practices of the corporate world,
turning it to the service of profit making and competitiveness in the market place. Hence, empowerment as we know has varied connotations and can be used in a very broad sense. The meaning changes from one discipline to others, from one culture to others and from one country to the rest.

For the purpose of this research, the relevant definitions as available in literature, ranging from the simplest to the more complex elements are mentioned. Saraswathy Amma, Panicker and Sumi (2008)\(^4\) have very lucidly defined empowerment as ‘a continuous process where the powerless people become conscious of their situation and organize themselves to improve it and access opportunities, as an outcome of which women take control over their lives, set their own agenda, gain skills, solve problems and develop self-reliance.’ Mayoux (2006)\(^5\) says that empowerment is understood as a multidimensional and interlinked process of change in power relations to expand individual choices and capacities for self-reliance. A distilled definition given by UNDP (1995)\(^6\) states that women’s empowerment is deemed as the expansion of choices for women and an increase in women’s ability to exercise those choices in the household. Veeramani, Selvaraju and Ajithkumar (2009)\(^7\) go further to state that empowerment involves individual change as well as collective action. Empowerment enables women to control their own lives and to set their own to organize, to help each other and to make demand on the state and society itself for change. They believe that the collective empowerment of women would bring with it their individual empowerment.

### 3.1.2 Empowerment Paradigms

The concept of empowerment itself is so broad that it results into various interpretations and resultant formation of numerous models to capture the level of empowerment. A review of some definitions and interpretations of women empowerment is presented below.

- Batliwala (2007)\(^2\) points out that the South Asia document defines empowerment as a process, and the results of a process, of transforming the relations of power between individuals and social groups. It further emphasizes that empowerment is a process that shifts social power in three critical ways: by challenging the ideologies that justify social inequality (such as gender or caste), by changing prevailing patterns of...
access to and control over economic, natural, and intellectual resources, and by transforming the institutions and structures that reinforce and sustain existing power structures (such as the family, state, market, education, and media).

- Galab and Rao (2003)\textsuperscript{8} put forward the concept of women empowerment under three dimensions as considered by Murthy et al. (2002)\textsuperscript{9}. They are ‘power to’, ‘power with’ and ‘power within’. The ‘power to’ dimension of empowerment indicates the power of women to control their lives. This includes power to survive, control over their labour and access to family labour, access to and control over resources, freedom to move and interact, access to leadership positions, control over reproduction and control over body. The ‘power with’ indicates the collective power of women members to negotiate their gender, caste, class and other interests vis-à-vis institutions of the market, the state, and the community. This includes collective interventions in the institution of family, community, market organisation, the state including statutory local bodies. The third dimension ‘power within’ indicates the strategic gender awareness. An identification of the ‘power within’ at the individual level is the ability of women to challenge gender related attitudes and social norms in their own personal lives. Another indicator of the same is the perception of others on women’s confidence, assertiveness, and independence.

- Guérin, Kumar and Agier (2010)\textsuperscript{10}, agree with the notion put forward in the previous point. They cite Allen (2005)\textsuperscript{11} who says that traditionally two contradictory schools of thought existed for defining power. The first definition was termed as ‘power over’, which sounds more like a male conception of power over others to get things done. This also signifies a zero sum game. The second and more relevant definition in the context of women is based on ‘power to’, where power is considered as an ability or capacity to do something. The latter definition is more acceptable because women’s empowerment is taken to be more a matter of change than of domination, and also it is understood not necessarily to lead to less power for men. Apart from this, feminist movements also put forward the idea of power with (people coming together with a common purpose or understanding to achieve collective goals) and power within (self confidence, self awareness and assertiveness) (Oxaal and Baden, 1997\textsuperscript{12}; Townsend et al., 1999\textsuperscript{13}).
Gender equality and women empowerment is the third of eight Millennium development goals. According to Kabeer (2005)\textsuperscript{14}, the indicators to monitor progress in achieving the goal are somewhat more wide ranging: closing the gender gap in education at all levels (education); increasing women’s share of wage employment in the non-agricultural sector (employment); and increasing the proportion of seats held by women in national parliaments (political). Kabeer (1999)\textsuperscript{15} has also mentioned that the core of the concept of empowerment lies in the ability of the woman to control her own destiny. This implies that to be empowered women must not only have equal capabilities (such as education and health) and access to resources and opportunities (such as land and employment), they must also have the agency to use those rights, capabilities, resources, and opportunities to make strategic choices and decisions (such as is provided through leadership opportunities and participation in political institutions). Taking inspiration from this model, Sharma (2007)\textsuperscript{16} suggested that empowerment can be identified through eight criteria, namely, mobility, economic security, ability to make small and large purchases, involvement in major household decisions, relative freedom from domination by family, political and legal awareness, participation in public protests and political campaigns.

According to UNIFEM\textsuperscript{17}, “gaining the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in one’s ability to secure desired changes, and the right to control one’s life” are important elements of women’s empowerment. Hence, taking this definition as a base, Cheston & Kuhn (2002)\textsuperscript{18} believe that empowerment is about change, choice and power. It is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. The structures of power—who has it, what its sources are, and how it is exercised—directly affect the choices that women are able to make in their lives. Hence, they stress that for a woman to be empowered, she should have access to resources (material, human and social), and in addition to that she must also have the ability to use the resources to meet her goals. Hence, the approach to empowerment encompasses social, economic, political, and spiritual empowerment within the individual, household, business, and community. Some elements such as increased participation in decision making, more equitable status of women in the family and community, increased political power and rights, and increased self-esteem can serve as indicators of empowerment.
Grown, Gupta and Khan\(^9\) have cited the definition and working model of empowerment given by Malhotra, Schuler and Boender (2002)\(^{20}\). Malhotra et al. conclude that empowerment is a process that marks change over a period of time and requires that the individual being empowered is involved as a significant agent in that change process. They have illustrated various dimensions of women’s empowerment that are important at the household, community, and national levels via a table as shown below (Table 3.1).

**TABLE 3.1**

**Commonly used dimensions of empowerment and potential operationalisation in the household, community, and broader arenas**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Household</th>
<th>Community</th>
<th>Broader Arenas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Women’s control over income; relative contribution to family support; access to and control of family resources</td>
<td>Women’s access to employment; ownership of assets and land; access to credit; involvement and/or representation in local trade associations; access to markets</td>
<td>Women’s representation in high paying jobs; women CEO’s; representation of women’s economic interests in macro-economic policies, state and federal budgets</td>
</tr>
<tr>
<td>Socio-Cultural</td>
<td>Women’s freedom of movement; lack of discrimination against daughters; commitment to educating daughters</td>
<td>Women’s visibility in and access to social spaces; access to modern transportation; participation in extra-familial groups and social networks; shift in patriarchal norms (such as son preference);</td>
<td>Women’s literacy and access to a broad range of educational options; Positive media images of women, their roles and contributions</td>
</tr>
<tr>
<td>Familial/Interpersonal</td>
<td>Participation in domestic decision-making; control over sexual relations; ability to make childbearing decisions, use contraception, access abortion; control over spouse selection and marriage timing; freedom from domestic violence</td>
<td>Shifts in marriage and kinship systems indicating greater value and autonomy for women (e.g. later marriages, self selection of spouses, reduction in the practice of dowry; acceptability of divorce); local campaigns against domestic violence</td>
<td>Regional/national trends in timing of marriage, options for divorce; political, legal, religious support for (or lack of active opposition to) such shifts; systems providing easy access to contraception, safe abortion, reproductive health services</td>
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<td>------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Legal</td>
<td>Knowledge of legal rights; domestic support for exercising rights</td>
<td>Community mobilization for rights; campaigns for rights awareness; effective local enforcement of legal rights</td>
<td>Laws supporting women’s rights, access to resources and options; Advocacy for rights and legislation; use of judicial system to redress rights</td>
</tr>
</tbody>
</table>
3.2 Micro-finance and Women Empowerment

3.2.1 Introduction

Micro-finance for women has recently been seen as a key strategy in meeting not only Millennium Goal 3 on gender equality, but also Poverty Reduction, Health, HIV/AIDS and other goals. The micro-finance sector had realized this long back, when the goal of ‘reaching and empowering women’ was put as the very next goal after poverty reduction as declared in the Microcredit summit campaign launched in 1997. According to the State of the Microcredit Summit Campaign 2014 Report\textsuperscript{21}, at
the end of 2012, 96.3 million of the world’s poorest women now have access to financial services through specialized micro-finance institutions (MFIs), banks, NGOs, and other Non-banking financial companies (NBFCs). These women account for nearly 83.3 percent of the 115.6 million of the world’s poorest people now being served by microfinance institutions. The reach has increased tremendously by 838.2 percent from the end of December, 1999. Contrary to conventional wisdom, most of these women have taken credit to invest in businesses which they operate, and they have shown an excellent repayment record. According to USAID’s annual Microenterprise Results Report for 2012, approximately 69 percent of USAID-supported MFIs’ clients were women. About 30% microenterprises supported by USAID and partner MFIs were owned and operated by women and 80% of these were in rural areas. The World Bank is also of the opinion that there is substantial evidence that organising women around thrift and credit services is one of the most effective methods, not only for alleviating poverty but also for empowering women (World Bank 1995, 2000/2001). The Indian scenario also suggests that 83% of SHGs under the SHG-BLP of NABARD are exclusively formed of women (NABARD Status of Micro-finance in India, 2012-13). Leach and Sitaram (2002) have quoted several reasons as to why women are preferred for provision of micro-finance. Firstly, women are disproportionately represented among the poorest in the society, and hence, are in severe need of help. Women are discriminated against in the formal labour market, and so have to resort to the lower waged jobs of the informal market. Also, the trend of women-headed households is on the rise because of urbanization, nuclear families, etc., and such households become very vulnerable in times of crisis. Studies have shown that repayment rates on loans and contributions to family well-being are often higher among women than among men (Mayoux, 1999). Research suggests that equity and efficiency arguments for targeting credit to women remain powerful: the whole family is more likely to benefit from credit targeted to women, where they control income, than when it is targeted to men (Kabeer, 1998; Khandker, 1998; UNDP, 1995). Hence, women have gained a desirable position in this sector. Mayoux (1998) classifies the views on the potential of micro-finance programmes to contribute to women's empowerment into four main camps: (i) those who stress the positive evidence and are essentially optimistic about the possibility of sustainable micro-finance programs world-wide that empower women, (ii) those who recognize limitations to empowerment but see the question as one of program design and seek to
identify models and strategies that minimize negative impacts and to enhance their contribution to empowerment, (iii) those who recognize limitations in the potential to promote empowerment but see cost-effective micro-finance programs as important in themselves within a strategy to alleviate poverty, and see empowerment as an issue to be addressed by other means, and (iv) those who see the limitations as inherent, and the current emphasis on microfinance programs as a misplaced diversion of resources. Hence, the literature is replete with mixed reviews as far as impact of micro-finance on women empowerment is concerned, which range right from the very positive to the downright negative impacts. Similarly, there are many schools of thought which discuss the various features of micro-finance which affect the empowerment levels of women. Mayoux (1999) for instance, takes a very simplistic view that mere participation in a scheme of micro-finance is sufficient for women's empowerment. Micro-finance by itself creates a ‘virtuous spiral’ of economic, social, and political empowerment, without it being considered necessary to develop explicit strategies to address other dimensions of poverty or gender subordination. While Cheston and Kuhn (2002) are of the opinion that mere provision of credit is not enough to empower women, a lot depends on other factors linked to her individual situation and abilities, and others dependent upon her environment and the status of women as a group. A study by UNICEF in 1997 suggested that in areas where credit was combined with support for basic social services, infant mortality was lower, school attendance for girls was higher and children’s health, nutrition and education also showed greater improvement, than in areas where credit alone was given or where no credit was provided. A similar finding was drawn by Zaman (2000) that while the provision of microcredit can enhance a woman’s status in the eyes of other household members, as she is the source of an important resource, social mobilization and legal education interventions in conjunction with credit is likely to have a more significant effect than credit alone. Women face disadvantages in accessing information, social networks, and other resources they need to succeed in business and in life. Only by evaluating the needs of women will an MFI be able to maximize its empowerment potential. A number of studies in Bangladesh show that while for some women, access to credit alone may be empowering in economic and social terms (Holcombe, 1995; Hossain, 1988; Otero and Rhyne, 1994; Remenyi, 1991; Schuler, Hashemi and Riley, 1997; Rahman, 1986 as cited in Guerin, Kumar and Agier), but for many others it is marginal both in economic and socio-political terms (Kabeer, 2002).
1998\textsuperscript{25}; Goetz and Sen Gupta, 1996\textsuperscript{37}; Schuler et al., 1999\textsuperscript{38}; Johnson and Kidder, 1999\textsuperscript{39}; Mayoux, 1999\textsuperscript{24}).

Given the vast dichotomous literature on the theme of research, the below section presents an insight into the previous findings on the impact of micro-finance on empowerment of women. For this purpose, the model of Malhotra et al. (2002)\textsuperscript{18} is taken as the base for identifying the indicators of women empowerment.

### 3.2.2 Micro-finance and Economic Empowerment

- **Favourable Impact**

Reviews of micro-finance efforts from various parts of the world suggest that, by and large, access to micro-finance has had a positive economic impact, that this impact has been often larger for those closer to the poverty line than those farther away and that they increase with duration of membership or intensity of loans as members begin to invest in assets rather than consumption (Morduch and Haley, 2001\textsuperscript{40}; Hulme and Mosley, 1996\textsuperscript{41}). Wright & Graham (2000)\textsuperscript{42} in their book “Microfinance Systems: Designing Quality Financial Services for the Poor” cited various studies (Hossain, 1988\textsuperscript{31}; Hashemi and Morshed, 1997\textsuperscript{43}; Kamal, 1996\textsuperscript{44}; Mustafa et al., 1996\textsuperscript{45}) which proved that microfinance had a favourable economic impact on its clients. Hashemi et al. (1996)\textsuperscript{46} found that membership in Grameen Bank and BRAC had significant positive effects on empowerment, even controlling for women’s independent contributions to household income. They found that even in cases where credit program members did not contribute independently because their husbands used their loan funds or because the loans they had taken were not generating income, or for various other reasons, but just the experience of being a member of the program was beneficial for empowerment. Chowdhury et al. (1991)\textsuperscript{47} went on further to assert that women (and men) participating in BRAC sponsored activities had more income (both in terms of amount and source), owned more assets and were more often productively employed than non-participants. Asim (2008)\textsuperscript{48} conducted his research in Pakistan and suggested that women were gaining more say when it came to higher order decisions regarding purchase/sale of household assets. An Indonesian case study by Drioadisuryo, Rosintan and Cloud (1999)\textsuperscript{49} depicted that women who received loans increased their income substantially, improved their families’ nutrition and faithfully...
repaid their loans. A study conducted by Pitt and Khandker in Bangladesh in 1996\textsuperscript{50} drew some important conclusions like targeted credit programs such as the Grameen Bank could ‘empower’ women by increasing their contribution to household consumption expenditure, their hours devoted to production for the market, and the value of their assets. Also these programs could be seen as anti-poverty schemes as the results clearly indicated that credit programs increased the total per capita consumption of the poor and the asset holdings. Centre for Self-Help Development (CSD) in Nepal\textsuperscript{51} found that most women had a say in the utilization and management of their loans although occasionally men pressurised CSD to give their wives loans so that the husbands could use it. Financial services were found to promote women’s participation in paid work in contexts where they had been denied such possibilities and to have diversified their economic options in contexts where they may have been economically active but faced limited options (Kabeer, 2005\textsuperscript{52}). Rajendran and Raya (2010)\textsuperscript{53} have cited various studies in international context which exhibited positive effects of micro-finance programs on empowerment of women viz. Hulme and Mosley (1996)\textsuperscript{39} found growth of income of microfinance borrowers in Indonesia, India, Bangladesh and Sri Lanka, Mk Nelly and Dunford (1999)\textsuperscript{54} found positive benefits in Thailand, Pitt and Khandker (1998)\textsuperscript{55} quoted positive impact of per capita income, household expenditure and increase in non-land assets in Bangladesh, Goldberg (2005)\textsuperscript{56} indicated that poor no longer remained as poor as a result of micro-finance in Bangladesh.

Similar results have been quoted in the Indian context as well. Impact study conducted by Chen, Alter and Snodgrass (1999)\textsuperscript{57} on clients of SEWA Bank in India suggested that clients who had participated in credit programs had a higher income, spent more on food and were able to find gainful employment quickly. Galab and Rao (2003)\textsuperscript{8} studied the impact of micro-finance programs and SHGs on poverty alleviation and women empowerment and found that women’s access to and control over their savings, credit and income had improved. A study conducted by Saraswathy Amma, Panicker and Sumi (2008)\textsuperscript{4} concluded that income, savings, unity and freedom were the major benefits derived from being a member of the Kudumbasree unit (micro-credit scheme in Palakkad district which is one of the backward districts of Kerala state in India). A study conducted by Veeramani, Selvaraju and Ajithkumar (2009)\textsuperscript{6} in Tamil Nadu (India) found that many women
independently participated in economic activities individually and with group members after joining SHGs. The income level of women members increased after becoming part of SHGs, which also further increased their willingness to participate in such activities. Jerinabi and Kanniammal (2009)\(^{58}\) showed that organising Muslim women in SHGs and providing them with credit helped to improve their socio-economic status and income. Moreover, they also became confident to sustain their micro-enterprises. Leach and Sitaram (2002)\(^{23}\) conducted a study based on a project intended to empower scheduled caste women working in the silk-reeling industry in Karnataka in Southern India, through the provision of microfinance. This project consisted of training, microfinance and follow-up support. The project over the long course of time proved to be a failure, but it gave valuable findings related to gender relations and income of women. According to the authors, if these women had secured a regular income, over time their husbands might well have come to respect them more. There was in fact some evidence from the research 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 through rough phases. This depicted that income was an important factor in changing gender relations in favour of women.

- Neutral/Unfavourable Impact

Incidentally, literature on micro-finance impact is replete with adverse views and findings. Goetz and Sen Gupta (1996)\(^{35}\) found that 63 per cent of women loan holders surveyed in their Bangladesh study of three micro-finance programmes had exercised "partial, very limited or no control" in relation to loan use, and this lack of control could have a damaging effect on the wellbeing of women. Another study by Halder and Husain (1998)\(^{59}\) in Bangladesh found that both ownership of assets and calorie consumption of BRAC members were negatively correlated with length of membership in BRAC groups. This implied that the poorest BRAC members needed to sell some assets for repayment of debts, and that they were more likely to use their loans for less productive activities and for consumption. In the Indian context, Rajendran and Raya (2010)\(^{51}\) found no positive impact of credit programs in sustainable rural development referring especially to reduction of poverty, creation of employment opportunities and ownership of assets in rural areas. As per Leach and Sitaram (2002)\(^{23}\), microfinance as a transformation tool was a failure and it did not
lead to economic independence for women. Kabeer (1998) found that many women continued to register land and productive assets in their husband’s name, because of inheritance laws. A study by CSD in Nepal also found that a fair number of loans were ultimately invested in “male” activities like rickshaws, for which it was difficult to ascertain the level of control and influence the women might have (Shrestha, 1998). A study by Rankin (2001) as cited in Torri (2010) suggested that men often controlled the funds generated by the credit that the women received, so as to disprove any claims of income independence experienced by women. Studies cited by Cheston and Kuhn (2002) of authors like Rahman (1999) and Todd (1996) and another study by Hunt and Kasynathan (2002) claimed that often clients’ husbands or other household members took control of the woman’s loans, yet the client herself retained the responsibility for paying off the loans, thus increasing her level of stress and dependency. Hence, these studies question the success of microfinance programs in effecting lasting changes in women’s economic welfare or empowerment. Similar findings were highlighted by Montgomery, Bhattacharya, and Hulme (1996), Garikipati (2008), Grasmuck and Espinal (2000) as cited in Guérin, Kumar and Agier (2010). Some studies also reported increased financial vulnerability and over-indebtedness (Angulo, 2009; Hummel, 2009; Olsen and Morgan; Villarreal, 2009 as cited in Guérin et al. (2010)), and the confinement of women into low-productivity sectors (Fernando, 2006; Weber 2006 as cited in Guérin et al. (2010)) as an outcome of participating in micro-finance programs.

3.2.3 Micro-finance and Socio-Cultural Empowerment

- Favourable Impact

There are various variables which can serve as proxy measures of socio-cultural empowerment like freedom of movement for women, commitment to educating daughters, no discrimination between son and daughter, food security, sanitation and improved health conditions. In societies like Sudan and Bangladesh where women face a lot of constraints and women previously had little opportunity to meet women outside their immediate family, there have sometimes been significant changes (Mayoux, 2006). In the context of Indian scenario, women have improved freedom to move and interact with the officials and other women after joining the SHGs of Development of Women and Children in Rural Areas (DWCRA) (Galab and Rao,
Murthy et al.\textsuperscript{9} found that a higher percentage of members of South Asia Poverty Alleviation Program (SAPAP) self-help groups in Andhra Pradesh reported the freedom to visit and invite their parents and siblings (Kabeer, 2005)\textsuperscript{14}. There have been positive changes in household and community perceptions of women’s productive role, as well as changes at the individual level. Murthy et al.\textsuperscript{8} also found that members of SAPAP reported improvements in regularity of meals, levels of child nutrition and lower levels of infant mortality in the past five years. Similar positive results were found by Kabeer (2005)\textsuperscript{14} in terms of children’s health, nutrition and education. Morduch & Haley (2001)\textsuperscript{40} cited various impact studies undertaken by MFIs like PRADAN based in Jharkhand and CYSD based in Orissa, both located in remote and highly food insecure regions, which reported significant improvements in food security and quality of diet, access to clean drinking water and improvements in housing. The study of SHARE in Andhra Pradesh also noted nutritional improvements and improved housing. Batliwala (2007)\textsuperscript{2} revealed that microcredit programs successfully gave the control of productive resources to poor women and they, in turn, were applied to raise household nutrition levels and improve the health and education status of their children. A study by Pitt, Khandker, Chowdhury and Millimet (2003)\textsuperscript{74} suggested that women’s credit has a large and statistically significant impact on two of three measures of the health of both boy and girl children. Studies in Bangladesh and Bolivia suggested that there was limited evidence for the impact of microfinance programmes on health and education, but the conclusion seemed to indicate that in the long run, the impact was indeed positive (Todd, 1996\textsuperscript{63}; Chowdhury and Bhuiya, 1998\textsuperscript{75}; MkNelly and Dunford, 1999\textsuperscript{54}). Douglas (2009)\textsuperscript{76} in his study carried out in Hyderabad indicated that lending activities to the poor made it easier for them to admit their children to school and spend behind their education. On the front of commitment to educating daughters, there was evidence that daughters were more likely to be sent to school if mothers received credit, than if fathers received it (Kabeer, 1998)\textsuperscript{27}. In a separate study conducted in Bangladesh, Khandker (1998)\textsuperscript{28} also proved that borrowing had a positive impact on children’s schooling (especially for boys). Amin and Pebley (1994)\textsuperscript{77} worked in thirty six villages in Bangladesh and showed that membership in BRAC positively affected a woman’s decision making role, her control over resources and mobility but less so on her attitude regarding marriage and education of her daughters.
Neutral/Unfavourable Impact

Hunt and Kasynathan (2002) conducted group discussions and interviews with members of MFIs in Bangladesh and Bihar in India which suggested that the reasons behind increased mobility of women beyond the village might be strongly associated with contextual factors, like extreme poverty and landlessness, rather than factors to do with credit programmes. Asim (2008) conducted a study in the urban slum of Lahore district in Pakistan and found that the control and treated samples enjoyed the same level of participation in decisions relating to children, health, social mobility and paid work. It seemed that the intervention of micro-finance did not help the abovementioned variables much. The author however attributed this finding to the ‘perpetual dependency’ theory which meant that women had reached a level of maturity in their relationship with their spouses. They had been given the bargaining power in these decisions commensurate with the prescribed gender norms of the society. As per Leach and Sitaram’s study in India in 2002, micro-finance failed to deliver social empowerment for the women as it resulted in no real redistribution of power within the household and only in a limited increase in status in the community.

In line with this conclusion, a study conducted by Banerjee, Duflo, Glennerster and Kinnan in 2009 in the slums of Hyderabad concluded that at least in the short-term (within 15-18 months), microcredit did not appear to be a recipe for changing education, health, or women’s decision-making. In India, two separate studies of SHARE conducted by Todd in 2001 and Cortijo and Kabeer in 2004 found that while SHARE membership had a positive effect on boys’ education, it had almost no effect on girls. In fact, Cortijo and Kabeer found that mature SHARE members were more likely than new members to report involvement in waged labour and other forms of paid work as a primary occupation for girls and less likely to report schooling as a primary or secondary occupation. The reason behind this phenomenon was explained by an ILO report, which stated that micro-finance had certain negative impacts on the lives of women, as many a times it increased their work load, put higher social pressure for loan repayment, as a result of which, women often employed daughters and daughters-in-law as unpaid employees, thereby increasing their workload. The same findings were supported by Rankin (2001) as cited in Torri (2010), Cheston and Kuhn (2002) and Ackerly (1995) as cited in Guérin, Kumar and Agier (2010). Goetz and Sen Gupta (1996) also found that the potential for women’s
credit participation worsened the degree of domestic abuse they suffered. As cited by Desai (2005)\textsuperscript{83}, one study of the Grameen Bank and BRAC (the Bangladesh Rural Advancement Committee) highlighted the fact that challenging gender relations potentially placed women at risk, at least in the short term. Where a woman faced increased violence in the home, it was human nature to use avoidance strategies, and resort to submission and compliance, to solve the problem, rather than confront it and aggravate further violence. Consequently, an adverse reaction to changing identities had inhibiting impacts on empowerment processes. Guérin, Kumar and Agier (2010)\textsuperscript{10} quoted various studies of India and abroad like Garikipati (2008)\textsuperscript{66}, Fernando (2006)\textsuperscript{72}, Johnson (2005)\textsuperscript{84}, Johnson and Rogaly (1997)\textsuperscript{85}, Mayoux (1999)\textsuperscript{26} which found that micro-finance alone had little chance of challenging gender hierarchies, or that it could even exacerbate pre-existing hierarchies, in particular inequalities between women. Hunt and Kasynathan (2002)\textsuperscript{64} also pointed out anecdotal evidence which suggested that dowry prices would be rising due to women’s increased access to credit, despite the fact that social development training on the detrimental impact of dowry was already being delivered by NGOs. Hence, as the intervention of microfinance showed positive results at times, it also led to increases in social evils resulting from the fact that women now could have access to more finances.

3.2.4 Micro-finance and Familial/Interpersonal Empowerment

- Favourable Impact

Familial empowerment can be measured using the bargaining power of women in household decision making as a base. These household decisions could range from purchasing of routine items to expensive assets, decisions related to spouse selection, marriage timing and family planning. In view of the existing social system in the context of rural Bangladesh and India, male guardianship was essential for economic and social security, social status, and even identity. Research suggested that some female borrowers have been able to use access to credit to negotiate greater decision-making power within the household (Kabeer, 1998)\textsuperscript{27}. Various studies support the view that women’s credit programs improved their status within the household because they were seen as income earners (Naved, 1994\textsuperscript{86}; Hashemi et al., 1996\textsuperscript{46}, White, 1992\textsuperscript{87}). This finding was supported by Mizan (1993)\textsuperscript{88}, who concluded that Grameen Bank participation raised women’s decision-making power within
households because it increased women’s employment and income earnings. Even where income impacts have been small, or men have used the loan, the fact that micro-finance programs have thought women worth targeting and women acted as the source of funds into the household might give some women more negotiating power (Mayoux, 2006). A study by UNDP in 2002 as cited in Hunt and Kasynathan (2002) revealed that women’s status in the family had improved and women were paid attention to by their husbands, and they felt braver and more able to express their own views and decide things for the family than before. Another study carried out in rural Bangladesh in 1998/99 by Pitt, Khandker and Cartwright (2003) also found that participation in credit programs led to women taking a greater role in household decision making, having more access to financial and economic resources, having larger social networks, having greater bargaining power vis-à-vis their husbands, and having greater freedom of mobility. Female credit also tended to increase spousal communication in general about family planning and parenting concerns. Cheston and Kuhn (2002) refer to the impact study performed by Ashe and Parrott (2001) in Nepal which suggested that an average of 68 percent of women in its program (approximately 89,000 out of 130,000) experienced an increase in their decision-making roles in the areas of family planning, children’s marriage, buying and selling property, and sending their daughters to school—all areas of decision making traditionally dominated by men. On similar lines, Montgomery (2005) found that participation in Khushali Bank's microcredit program in Pakistan increased the degree to which women's decisions were taken into account in child-rearing, community participation and financial matters. The Centre for Self-Help Development (CSD) in Nepal also reported that women were able to make small purchases of necessary items like groceries independently. But larger purchases and personal purchases, like jewellery, always required the consent of the husband, representing incomplete progress toward empowerment in this area (Shrestha, 1998). Ledesma (2002) conducted an impact study in Phillipines and found that the percentage of women who reported being the primary household fund manager increased dramatically from 33 percent to 51 percent after participation in the program. Makumbe et al. (2005) in Rajendran and Raya (2010) found that microfinance had a positive impact on decision making in Tanzania. In the Indian context, Murthy et al. reported that SAPAP self-help group members were far more likely than non-members to report making decisions about a range of "reproductive rights" issues, specifically the
decision to have an abortion, nature of contraception, number of children and the age of marriage for their daughter. The evidence also suggested an increased voice in household decision-making, in some cases, as sole decision-maker and in others, in joint decision-making (Kabeer, 2005). Galab and Rao (2003) also found that the control of women in case of reproductive choice had improved and they enjoyed greater participation in matters of family planning and contraceptive methods. Desai (2005) conducted a study in the poor communities of Mumbai and found that although the women had to take on extra workload to earn more income, they felt proud as their role in household decision-making had improved and they experienced greater freedom in mobility and pursuance of their leisure activities. Some improvement was also found in the area of domestic violence suffered by women. Kabeer’s study (1998) of SEDP showed women making a direct causal link between their contribution to the household and a reduction in abuse. Some studies suggested that incidences of violence against women might reduce as economic prosperity in the household improved (Kabeer, 1998; Hussain et al., 1998). Hashemi et al. (1996) found fewer incidences of violence against women who were members of credit organizations than they found among the general population. CSD in Nepal also noticed a greater resistance to wife beatings and alcoholism among its clients (Shrestha, 1998). Hunt and Kasynathan (2002) studied the clients of Proshika, an MFI in Bangladesh and found that increase in credit did reduce violence to a certain extent. Zubair (2004) in Rajendran and Raya (2010) reported reduced vulnerability to domestic violence in Bangladesh. Working Women’s Forum (2000) found that 40.9 percent of its members in India who had experienced domestic violence stopped it because of their personal empowerment, while 28.7 percent were able to stop it through group action. Hence, status elevation of women as far as household decision-making is concerned found a lot of support in various studies conducted across the countries.

- **Neutral/Unfavourable Impact**

Some studies however, showed an increase in violence for women who had access to credit (Goetz and Sen Gupta, 1996; Rahman, 1999). Although the exact reason for such actions was not clear, the researchers found that microfinance participation did not improve the conditions of women in the area of domestic violence. Goetz et al. (1996) also suggested an inverse relationship between loan amount and control;
explaining further that control diminishes beyond a threshold level of membership age. However, Zaman (2000)\textsuperscript{31} has critically evaluated this article and argued that the findings were flawed and unreliable.

### 3.2.5 Micro-finance and Psychological Empowerment

- **Favourable Impact**

  Psychological empowerment can be measured using indicators like self-esteem; self-efficacy and; psychological well-being. Mayoux (2006)\textsuperscript{5} found that the opportunity itself of making a greater contribution to household well-being gave women greater confidence and sense of self-worth. Hunt and Kasynathan (2001)\textsuperscript{95} found (as did Kabeer, 1998\textsuperscript{27}; Banu et al., 1998\textsuperscript{96}; and Kamal, 1998\textsuperscript{97}) that some women felt that they gained respect, that they were listened to more, or that they had more value, because they brought in credit. Ashe and Parrott’s study (2001)\textsuperscript{90} of the Women’s Empowerment Project in Nepal showed that an increase in self-confidence and enlarged spheres of influence were the top two changes reported by 200 sampled groups. The same study quoted URWEGO in Rwanda found that the greatest impact of its program on empowerment had been on self-esteem, with 69 percent of clients reporting increased self-esteem. The study by Rajendran and Raya (2010)\textsuperscript{53} conducted in Tamil Nadu, India concluded that microfinance brought psychological and social empowerment than economic empowerment. They found that impact of microfinance was appreciable in bringing confidence, courage, skill development and empowerment.

- **Neutral/Unfavourable Impact**

  There were very few studies which suggested that microfinance failed to elevate self-confidence and a sense of self-esteem in women. The question aroused whether these variables actually lifted the status of women and made them self-reliant. Some studies have indicated that women’s perceptions of value and self-worth did not necessarily translate into actual wellbeing benefits or change in gender relations in the household (Sen, 1990\textsuperscript{98}; Kandiyoti, 1999\textsuperscript{99}).
3.2.6 Micro-finance and Legal & Political Empowerment

- Favourable Impact

Few studies have actually gone to the extent of measuring the impact of participation in micro-finance programs on improvement in women as far as their legal and political empowerment is concerned. However, in the past few years several developments on this front are being witnessed, even in Indian villages. This was proved by an anecdote narrated by Leach and Sitaram (2002). They found that the women who participated in the microcredit project undertaken by them started mobilizing against injustice, as they did (by making a formal protest to the police) in support of a scheduled caste girl accused of the theft of a sari by an upper caste man. In this respect, they had gained some political empowerment, which was not even anticipated by the researchers. Cheston and Kuhn (2002) pointed out that the Human Development Initiatives Nigeria (HDI) had successfully combined education of widows about inheritance, legal, and property rights with training in business skills and micro-finance. The education helped some widows to reclaim their husbands’ property and to gain access to their bank accounts. Reddy and Manak have stated that credit programs also influence political awareness and activity among women. They have quoted that women belonging to SHGs have increasingly been involved in public affairs and although the absolute number of women remained low, research indicated that of those women that stand for election, over 70% had won their seat. Further, the female contribution to civil issues ranging from issue of ration cards, laying of concrete (pucca) roads, building of school, ensuring appointments in vacant positions in schools and health centres, recovery of river bank lands from encroachers and laying of drinking water pipes had increased. Cheston and Kuhn (2002) have cited that the clients of Opportunity Microfinance Bank in the Philippines have gained leadership experience and confidence as leaders of their Trust Banks and have gone on to be elected as leaders within their barangays. Some programs, such as BRAC, also offered training programs with the specific aim of creating political and social awareness. In a study comparing the empowerment effects of participation in Grameen Bank and BRAC microfinance programs, Hashemi, Schuler, and Riley (1996) found that participation in BRAC had a stronger effect on participation in political campaigns and public
protests than did Grameen bank. According to WWF (2000) study in India, over 89 percent of its members had taken up civic action for pressing problems in their neighbourhoods, showing that microfinance and political empowerment could be complementary processes. Thus, research suggests that women can be empowered on legal and political fronts by micro-finance programs. Moreover, more benefits in these areas can be reaped if the host institutions also offer special courses or training programs educating the women on their legal and political rights.

3.2.7 Tabular Summary of Key Studies

Table 3.2 gives a glimpse of previous studies relevant to the present research, undertaken in various parts of the world. A brief overview of the findings of these studies on various empowerment parameters is indicated.

<table>
<thead>
<tr>
<th>Author</th>
<th>Title</th>
<th>Economic</th>
<th>Socio-cultural</th>
<th>Interpersonal</th>
<th>Psychological</th>
<th>Legal</th>
<th>Political</th>
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</thead>
<tbody>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Positive (income)</td>
<td>Positive (nutrition, education and sanitation)</td>
<td>Positive (increased decision making in HH)</td>
<td>Positive (self-confidence and self-esteem)</td>
<td>NA</td>
<td>Positive (active members of local Govt. bodies)</td>
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<tr>
<td>Asim, S. (2008)</td>
<td>Evaluating the impact of micro-credit on women’s empowerment in Pakistan</td>
<td>Positive</td>
<td>Neutral (child related decision, social mobility and health)</td>
<td>Positive (advanced from ‘male-only decision-making’ to joint decision-making)</td>
<td>NA</td>
<td>NA</td>
<td></td>
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<tr>
<td>Author</td>
<td>Title</td>
<td>Findings</td>
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<tr>
<td>Linda Mayoux (2006)</td>
<td>Women’s Empowerment through Sustainable Microfinance: Rethinking ‘Best Practice’</td>
<td>Mixed (small or negative income impact) Negative (daughter’s education) Positive (greater contribution to HH well-being and improved status in HH) NA Mixed (non-repayment may discourage political activism)</td>
<td></td>
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<tr>
<td>Kabeer, N. (2005)</td>
<td>Is Microfinance a 'Magic Bullet' for Women's Empowerment? Analysis of Findings from South Asia</td>
<td>Positive (increased HH wealth, control over loan usage, diversified economic options) Positive (children’s health, nutrition and education) Positive (increased voice in HH decision-making) NA NA NA</td>
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<tr>
<td>Pitt, M., Khandker, S. and Cartwright, J.</td>
<td>Does Microcredit Empower Women?</td>
<td>Positive (financial and economic resources) Positive (social networks, freedom of Positive (greater HH decision-making and NA NA NA</td>
<td></td>
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<tr>
<td>Reference</td>
<td>Title</td>
<td>Impact on Mobility and Parenting Matters</td>
<td>Social Power</td>
<td>Economic Power</td>
<td>Others</td>
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<tr>
<td>Hunt, J. and Kasynathan, N.</td>
<td>Pathways to Empowerment? Reflection</td>
<td>Mixed (marginal or negative impact on</td>
<td>Positive (daughter's education and greater decision-making power in</td>
<td>Positive (self-respect and self-confidence)</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Author(s)</td>
<td>Year</td>
<td>Title</td>
<td>Findings</td>
<td>Income</td>
<td>Mobility</td>
<td>Wealth</td>
<td>Economic</td>
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<tr>
<td>Hashemi, S., Schuler, S. and Riley, A.</td>
<td>1996</td>
<td>Rural Credit Programs and Women's Empowerment in Bangladesh</td>
<td>Positive control over productive assets and money related decisions</td>
<td>Positive female mobility and less domestic violence</td>
<td>Positive decisions regarding large and small purchases</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

(Source: Author’s own creation)
3.3 Micro-finance and Impact on Poverty Reduction

Extensive studies have been carried out to measure the impact of micro-finance on poverty alleviation, taking increase in income and asset base as proxy indicators. Since the present research does not focus on this area, a detailed literature review on this topic is not carried out. An indicative overview of several papers dealing with micro-finance and poverty alleviation, carried out in different countries is given below.

According to Morduch and Haley (2002)\textsuperscript{102}, there is extensive evidence that microfinance has a positive impact on the first millennium Goal: that the number of people living in extreme poverty (defined as those living on less than $1 per day) will be reduced by half between 1990 and 2015. Puhazhendhi & Satyasai (2000)\textsuperscript{104} in their study commissioned by NABARD covered 223 SHGs spread over 11 states across India. The study found that 58.6% of sample households registered an increase in assets from pre to post SHG situation, an additional 200 economic activities were taken up by sample households and a decrease was observed in the percentage of sample households with annual income levels of Rs.22500 from 73.9% to 57%.

Another study commissioned by NABARD in 2002\textsuperscript{105} with financial assistance from SDC (Swiss Agency for Development and Cooperation), GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH) and IFAD (International Fund for Agricultural Development) covered 60 SHGs in Eastern India. The findings of this study were similar to the findings of earlier evaluation with 23% rise in annual income and 30% increase in asset ownership among 52% of sample households.

Mohanty (2011)\textsuperscript{106} pointed out that micro-finance operations have led to a better quality of life for the rural poor and laid emphasis on their habit of savings, which has helped reduce the intensity of poverty. Misra (2006)\textsuperscript{107} reported a World Bank policy research paper (2005) which detailed the findings of Rural Finance Access Survey (RFAS) done by World Bank in association with NCAER (National Council of Applied Economic Research, New Delhi, India). The RFAS covered 736 SHGs in the states of Andhra Pradesh and Uttar Pradesh. The findings indicated 72% average increase in real terms in household assets, shift in borrowing pattern from consumption loans to productive activities and 33% increase in income levels. Hossain (1988)\textsuperscript{33} found Grameen members’ average household income to be 43
percent higher than target non-participants in comparison villages, with the increase in income from Grameen highest for the landless, followed by marginal landowners. Chen and Snodgrass (2001)\textsuperscript{108} compared the impact of clients who borrowed for self-employment to those who saved with SEWA Bank without borrowing, and compared both groups to non-clients. Borrowers’ income was over 25 percent greater than that of savers, and 56 percent higher than non-participants’ income. Savers, too, enjoyed household income 24 percent greater than that of non-participants. These findings indicate that micro-finance—credit or savings—can be quite effective. Barnes (2001)\textsuperscript{109} found that while clients’ income was significantly higher in 1997 than the incomes of other groups, by 1999 the difference was no longer statistically significant, though continuing clients still earned the most. Dunn and Arbuckle Jr. (2001)\textsuperscript{110} found Mibanco clients earned $266 more per household member per year than non-participants.

Inspite of having mixed reviews, literature does support that micro-finance has benefited the poor and worked in the direction of increasing their income. However, literature also confirms that most micro-finance programs have been unable to serve the poorest and the most under-privileged of the lot. Yet, there is a scope that micro-finance can be of benefit to the poorest and there is also evidence to support that micro-finance institutions can cater to the poorest segment without compromising on the sustainability front.

\textbf{3.4 Conclusion}

Women empowerment as a concept has assumed importance in modern day scenario with the agencies like United Nations taking a lead at the international level, followed by Government of India at the national level. Several attempts are being made to elevate the status of women in our society, including various schemes and incentives. Empowerment can have different meanings according to the context, as narrated in the chapter. In simple terms, ‘empowerment’ stands for controlling one’s own destiny and making choices for self. However, in the Indian society looking at ‘empowerment’ in isolation is difficult, as traditionally women are dependent on men for their needs. Many empowerment paradigms have been studied which present different indicators. Yet, given the local context of the study, attempts are made to measure empowerment of women based on the model proposed by Malhotra et al.
Hence, for the study, empowerment has been classified into several dimensions like Economic, Socio-cultural, Interpersonal/Familial, Psychological, Legal and Political empowerment.

The chapter presents relevant findings of existing impact studies of micro-finance with respect to women empowerment. As apparent from the literature review, extensive research has been carried out in Bangladesh, since it served as the origin of micro-finance. Impact studies of micro-finance programs in India have also been reported, which concentrate more on Southern India, especially Andhra Pradesh where penetration of micro-finance is higher. Moreover, the chapter clearly represents the dichotomous findings on impact. Many studies have cited that income can change the gender-relations, while some studies have pointed out that these effects cannot last for a longer time. With regards to social variables like education, nutrition and mobility, improvements were found by various studies, while some studies also pointed out that increased income from micro-finance could actually bring out social evils like dowry, violence and increased work-load on girls in the household. Numerous international and national studies have found that micro-finance improves participation of females in household decisions, while some studies have also found that the domestic violence faced by females has not reduced. With regards to psychological empowerment, most studies have pointed out positive effects on the self-esteem and confidence levels of women, while some have indicated that these variables are internal in nature and may not result in the well-being of women. Few studies have extended their studies to understand the effects on legal and political dimensions. However, few anecdotal evidences suggest that these women have summoned the courage to fight against injustice and bring about a change. Few studies which present impact of micro-finance on poverty eradication are also mentioned briefly, since they are a by-product and help in understanding the primary effects of micro-finance in a better way. Having identified the gap through literature review, the next chapter illustrates the methodology adopted for the current research.


68 Angulo, L. (December, 2009). Crisis, microfinance, overindebtedness and social costs for women. A Mexican case study. From debt to over-indebtedness in southern


