Chapter 8

Recommendations and Conclusion
Chapter 8

Recommendations and Conclusion

8.1 Recommendations

8.2 Conclusion

8.3 Future scope of research
8.1 Recommendations

The findings of the study suggest that there is a change in empowerment levels of women on the positive end after joining micro-finance institutions (MFIs). Hence, one of the objectives for a Micro-finance institution (MFI) can also be raising the empowerment levels of women. To undertake this objective, certain suggestions are given below:

- To bring about an overall empowerment in women, several dimensions like Economic, Socio-Cultural, Interpersonal, Psychological and Legal & Political need to be targeted. However, at the same time women associate economic, social and psychological empowerment more to their overall empowerment.
- MFIs should stress on acquisition of assets under the name of the female member of the family. A greater control over these resources would gradually lead to the females having more say in higher order decisions as well.
- Most women respondents were empowered on social and interpersonal terms. But, phenomenal change was found in the legal & political empowerment dimension of women post micro-finance. Combining micro-finance products with trainings related to awareness of local laws and legal (inheritance/marriage, etc.) rights of women could enrich the status of women to a great extent.
- After poverty alleviation, micro-finance institutions can empower women using certain strategies.
  - Providing loans by themselves are sufficient to improve the psychological empowerment levels in women. However, for other dimensions the MFIs can look at value-added services. Customised loans looking at the economic activity of the women (whether seasonal in nature) can be designed to increase the participation of women.
  - Mature members are more likely to be empowered on economic, interpersonal and legal & political dimensions. So MFIs should take the onus of solving conflicts among group members and try to retain their memberships.
  - Training programs lead to capacity building and bring about psychological empowerment in women. Specific training programs like book-keeping and
business development lead to economic empowerment as well. As mentioned previously, MFIs can look at trainings related to legal knowledge and awareness of political structure. Such training programs can be arranged by MFIs. To ensure higher attendance in training programs, the MFIs can keep it in the afternoon timings when women are relatively free. Moreover, instead of mobilising the women to the training centres, trainers should be mobilised to the villages, so that distance is not an issue for the participants. Of course, it would involve a cost-benefit analysis to be done on the part of the MFIs.

- SHG/JLG meetings which take place on a periodic basis mainly for the purpose of instalment collections also result in exchange of ideas and information, which leads to psychological and social empowerment. The presence of animator strengthens these meetings.

- Leaders of the SHG/JLG groups were more prone to psychological, interpersonal and socio-cultural empowerment as they had additional responsibilities. Hence, MFIs can arrange for rotational leadership which can benefit all women in the group.

- As there is inter-dependence between various empowerment dimensions, the MFIs can target and focus on improving any one dimension, which can gradually affect the others.

- Banks and NBFCs mainly concentrate on deposits and lending, while NGOs mainly concentrate on capacity building programs, and all of these lead to a sense of self-worth in women empowering them psychologically. Clients of banks and NBFCs were economically empowered while those of NGO were empowered on interpersonal terms. Hence, a linkage between banks or NBFCs and NGOs can lead to an overall growth for women. This would allow these institutions to focus on their core areas and leverage the mutual benefits for the upliftment of their women clients.

- One of the issues was that some women (who did not pursue any economic activity or had joined MFIs only on the insistence of their spouses) handed over the loan money to their spouses, which limited their opportunity to be empowered. A rigorous monitoring on the part of MFIs can remedy this issue to a certain extent. Alternatively, giving first loan for business development purpose solely and subsequent loans for consumption purpose could also remedy this type of situation.
Another issue observed in the field was that many women belonging to the same family were members of different SHGs and availed micro-loans from MFIs citing different reasons. However, these loans were then deployed in the same family business, which carried credit risk on the part of the MFI. Such situations demand strict surveillance on the usage of loans from the end of the MFIs.

An observation in the field was that at times women became members of SHGs only for the purpose of availing loans. By definition, SHGs are formed of women members having homogenous characteristics and a sense of cohesion. However, since women wanted loan funds, they simply gathered more women as members and formed an SHG. Such SHGs would not benefit the women in terms of intangible benefits available from group formations. Also, it would lead to an increased probability of conflicts amounting to collapse of the SHGs.

8.2 Conclusion

RBI (2011)\(^1\) defines Micro-finance as an economic development tool whose objective is to assist the poor to work their way out of poverty. It covers a range of services which include, in addition to the provision of credit, many other services such as savings, insurance, money transfers, counseling, etc. Micro-finance as a concept formally came into being when Prof. Mohd. Yunus gave small loans to villagers in Bangladesh during the famine of 1974 and formally opened the Grameen bank in 1976. During the same time, several initiatives were taken up by the Indian Government to alleviate the poor. After several vain attempts, NABARD successfully started the SHG-Bank linkage program in late 1980s and micro-finance gained momentum. Micro-finance came to be recognised as an important tool among other schemes for achieving financial inclusion. Southern India initiated this program, followed by the other regions and hence, the penetration of micro-finance is higher in Southern regions. Gujarat though not a priority state as far as micro-finance is concerned, the outstanding micro-loans amount to Rs. 77,770.52 lakhs (Status of Micro-finance in India, 2011-12)\(^2\). The micro-finance sector has experienced its highs and lows in India, after which a regulatory framework was also established. Although micro-finance started off with a social objective of poverty alleviation, there were reports of dilution of this objective and profits gaining supremacy in micro-finance institutions. However, in midst of all the turmoil, it was also observed that one of the
The far-reaching effects of micro-finance was empowering women in the society, which was bogged down by male dominance. Women empowerment is not only one of the Millennium Development Goals declared by the UN, but is also coveted by the Government of India, which has shifted its focus from welfare of women to development of women. However, it is clear that India is far from achieving this goal. The Gender Gap Report 2014\(^3\) places India on a rank of 114 out of 142 countries with respect to gender development. Indian women are rated very poorly in terms of economic opportunities. The only silver lining is a position in top twenty as far as political activism of females is concerned. Hence, for a country like India, which traditionally operates on a conservative patriarchal system, faces problems of poverty, unemployment and illiteracy, it is imperative to find a panacea.

Various impact studies have been carried out to study the effect of micro-finance on women empowerment, the most detailed being in Bangladesh and focusing on the southern parts of India. However, impact studies being volatile and dichotomous in nature and dearth of such studies in the context of Gujarat motivated the researcher to undertake the current research. Again, Gujarat fares poorly on the sex ratio (no. of females per thousand males) putting a concern on the status of women in this region. This study focuses on finding out the impact of micro-finance on women empowerment in rural areas of Gujarat. Women empowerment was studied taking the model of Malhotra et al. (2002)\(^4\) as the base, wherein several dimensions of empowerment have been identified as Economic, Socio-Cultural, Interpersonal/Familial, Psychological, Legal and Political empowerment. For sampling purpose, five districts were identified, viz. Kutchch, Mehsana, Ahmedabad, Anand and Surat (based on poor rural sex ratio) and female clients of institutions with different legal set-ups, namely, SEWA Bank, Kaira Social Service Society, Light Microfinance Pvt. Ltd. and Pahal Microfinance were studied. Questionnaires were filled up by 384 clients and data analysis was done on complete questionnaires of 360 respondents. Depth interviews were also taken of 30 respondents and some of them are portrayed in the case studies written separately for each micro-finance institution under study.

Several findings emerged from the study, of which the salient ones are mentioned below. There is a change in the empowerment levels after joining micro-finance institutions and descriptive statistics suggest that the empowerment levels have
increased. Maximum change was found in psychological empowerment followed by legal & political empowerment. Availing loans, longer tenures of membership, attending training programs, attending meetings and gaining leadership positions in their respective groups led to an increase in their empowerment levels. There existed inter-dependence in the various empowerment dimensions under study, except for interpersonal and legal & political empowerment. Psychological empowerment was an outcome for all respondents, irrespective of the institution to which they belonged. However, it was found that banks and NBFCs catered more to empowering their clients economically while NGOs did capacity building programs and led to increased empowerment of women on interpersonal terms.

Several recommendations have been provided to the MFIs for improving the empowerment levels of women. MFIs can take the onus of smooth conduct of SHGs/JLGs so that the members can be associated for a longer tenure. Special training programs can be conducted looking at the demographics of the respondents. Also, rotational leadership can give benefit to all women in the group. Further, better monitoring would help the MFIs in validating the usage of loan funds and confirming that women are not acting as mere proxies for their spouses.

Hence, it would not be an over-statement that micro-finance does benefit women in context of various empowerment dimensions. However, these women still feel that a lot can be done before they start controlling their destinies in a typical patriarchal system experienced in India. But the women were happy for the fact that the seeds are sown, and a sustainable growth of micro-finance has the potential to bear sweet fruits of women empowerment.

8.3 Future Research

- The present study can be replicated in different geographical context. Literature is replete with impact studies of Bangladesh and southern states in India. The present study can be extended to urban areas of Gujarat and a cross-comparison can be made. Similar studies can also be undertaken for other parts of India, especially those identified as priority states by NABARD. Moreover, micro-finance is spread across other countries as well which can be studied and cross-compared with India.
However, these studies would need larger sample size and would involve more resources in terms of time and cost.

- Under the present study, limited number of MFIs are considered on the basis of their legal set-up and coverage, as they were found to be apt. However, in the future, studies can pick up respondents belonging to other MFIs and participating in different credit-delivery models (other than SHGs and JLGs).
- A study of literature has depicted varied methods of impact assessment like sample surveys with control groups, rapid rural appraisal techniques, participant observation, case studies and participatory learning and action as given by Hulme (2000)\textsuperscript{5}. Different Impact Assessment tools can be used for future research.
- The current research has based the measurement of empowerment on the model proposed by Malhotra et al. (2002)\textsuperscript{4} as it was found to be comprehensive. However, other models of women empowerment, including different indicators have also been proposed which can be studied in details.
- The research findings have suggested an association between micro-finance and various dimensions of empowerment. The linkages can be studied and measured through Econometric models like Regression analysis, which can be further used for making predictions of impact.
- The data collection process was very enlightening and a striking observation was that many women were happy with their current status of empowerment, even if it was low. Complete empowerment is when women independently take all decisions, related to all aspects of life. But in a patriarchal system, the dependence on males is so deeply ingrained that it was felt that women did not want to become completely independent. So, a bigger question than impact is whether women of Gujarat, and especially rural areas are ready for complete empowerment. Human development studies can address this topic first and then impact studies can be carried out to be more meaningful in the given context.


