

Chapter 1
Introduction

1.1 Background of the Study
Mohammad Yunus, a Bangladeshi banker and economist who was awarded Nobel Peace Prize for founding Grameen Bank and pioneering the concept of microfinance. Microfinance is one of the most important economic tools to make a remarkable change in the social and economic life of the poor women. Microfinance supports the underprivileged by providing them with economic resources. It was designed to engage people in economic activities that could help them to meet their basic needs. NABARD (2000) defines microfinance as “the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas enabling them to raise their income levels and improve living standards”. Microfinance refers to the entire range of financial and non-financial services, including skill upgradation and entrepreneurship development. The successful model of Grameen Bank draws the attention of people from all over the world. These approaches have emerged in India in the 1980s through the Self Help Groups (SHGs) model. In the last couple of years, Governments and NGOs (Non-Government Organisations) have made a tremendous effort through microfinance to encourage women entrepreneurship. Self Help Groups make the way for microfinance by providing credit to the poorest sections of the society. NABARD and RBI (Reserve Bank of India) have been the backbone in promoting and linking SHGs to different national banks. However, it is a truth that microfinance has not been able to extend its wings throughout India as well as in Gujarat.

Women all over the world are discriminated even though their contribution is no less than men are. Amartya Kumar Sen in 1990 has coined the term ‘missing women’ and said that there were 100 million missing women. UNFTA in 2012 has made a survey and found that number of missing women was even higher at 117 million. Sen argued that the basic reason for the missing women is the discriminatory treatment rooted in the cultural preference for boys. In fact, both males and females should be equipped with equal opportunities to enhance their capabilities so that they get the freedom to choose their means of development and improve their lives. It has been noticed that in
almost all societies, women not only have less power than men do, but they also get lesser wages and have less control over the resources. The contribution of women in the economy is equally valuable but their work is invisible. The reason for low 'visibility' of women is the effect of difference in the working pattern of both men and women where women have less access to resources and thus lower payments. For example when young girls and boys reach their juvenile age, girls are expected to spend more time doing household chores and learning kitchen work while boys spend more time in farming or doing odd jobs to earn wages. When they reach their adulthood, girls are more over pressured than boys because they take care of household activities and they go to work to help their mothers. In reality, they spend more hours in work but get lesser outcome in financial terms.

Women also suffer from different types of deprivation in social and economic spheres of life, including poor education and income, less control over their own income, less participation in decision-making, less access to production resources and reduced employment opportunities than men. According to the Gender Statistics Database (World Bank) 2016, gender inequality is a core development objective, a smart development policy and sound business practice. Gender equality can boost productivity, enhance prospects for next generation, build resilience and make institutions more representative and effective. It is true that women have less access to financial services and they remain in more disadvantaged position than men. We aim for inclusive economic growth, poverty eradication and sustainable development but to achieve all these, gender equality is must.

Empowering women in the process of development has been one of the main concerns of almost all development strategies and programs. Development agencies are now more concerned to raise the women’s empowerment level, which will make them capable to challenge their dependency in the family and society (Selvaraj and Kannusamy 2007). Pandit Jawaharlal Nehru has rightly said, “When a woman moves forward the family moves and the nation moves”. Mohammed Yunus has rightly said, “When men get a chance, they start dreaming about themselves; when a woman gets a chance, they dream about home and their children and they also dream about what they can contribute to the community”. Even though lesser in numbers the contribution of women for economic growth, cannot be ignored.

Third World Feminists and Women’s organizations presented the idea of ‘Empowerment’ for the first time in 1970s. The focus of this concept was to give an
outline and provide support to the struggle for social justice and equality for women through transformation of social and political structures, and economic arrangements at national as well as international levels. This definition of empowerment strengthens the *transformative approach*. The concept of empowerment has received a great deal of attention during the past 20 years, due to its strong influence on organizational effectiveness and innovation (Spreitzer, 1995). Both government organizations and NGOs have been trying to adapt this management concept to achieve their goals and improve their operation in today’s volatile environment. Empowerment is a concept shared by many disciplines and areas: Economics and Studies of Social movements, Community development, Psychology and Educational Organisations. The definition of empowerment relates more directly to power, as “A multidimensional and interlinked process of change in power relations”.

- Power over, i.e. one person has power over other, which suggests an unequal relationship
- Power to, i.e. the ability to make decisions and find solutions
- Power with, i.e. social or political power, exercised by people on a common ground
- Power within, i.e. self-awareness and esteem which enables people to influence their own lives

These power relations operate in different spheres of life (e.g. economic, social, and political) and at different levels (e.g. individual, household, community, market, institutional (Mayoux, 2000). The World Bank made an in-depth study on empowerment (Alsop, Bertelsen and Holland, 2006). Two main components; agency and opportunity structure were highlighted. Agency is the ability of individuals to make deliberate choices for themselves, whereas opportunity structure determines the degree to which participants can transform their agency choices into action. Within this framework, economic, social, political, and psychological resources are indicators of agency. The set of institutional policies, which govern choices available to people, and how individuals make choices is called opportunity structure. Opportunity structure influences the amount of power an individual has got over the agency. According to this framework, both agency and opportunity structures determine an individual's degree of empowerment. In addition to this, the analytic framework consists of three domains (the state, the market, and the society) and three levels.
(macro, intermediate, and local) that represent various geographical, economic, and socio-political contexts. Empowerment of women and gender equality both are recognized globally as a key element to achieve progress in all areas. In the current century, the terms women empowerment, women welfare, gender justice all have come to light in the context of social, economic and political development perspective of both developed and developing nations. Traditionally women in most societies have remained second grade citizens. Hence, neither they are allowed to be educated, nor they have legal rights in the property and cannot gain access to opportunities given by the government.

The UN classifies gender equality into three domains:

- Capability (basic human abilities as measured by education, health and nutrition),
- Opportunity (access to assets, income and employment)
- Agency (the ability to make choices)

Development of capabilities is must for gender equality and full empowerment. Agency defines empowerment as giving women the opportunity to make choices. The concepts are not strictly separate, as progress in one domain can be made without the others being fully fulfilled.

The Commission on Women and Development describes how the concept of empowerment can be broken down into -

- Assets (material assets, loans, health centres, training),
- Knowledge (practical and intellectual knowledge and skills, leadership),
- Capacity (to make decisions, take responsibility, use assets) and will (psychological strength, self-confidence, self-perception).

This breakdown should facilitate the consideration and assessment of results and impact of development programmes. Malhotra et al., 2002 lists the key terms, defining women’s empowerment as “options, choice, control and power”, but also admits that these maybe overlapping. Human Development Report, 1995(UNDP) has identified two important tools necessary for assessing empowerment. The first one is social support for mobilization and group agencies. The reason is that poor women often find it difficult to identify basic capabilities and confidence to handle the challenges against them. Often change agents are needed to help social mobilization.
in a proper manner. Second, the process of social mobilization cannot work if not supported by economic security. As long as the poor suffer from economic deprivation and insecurity of livelihood, they will not be in a position to mobilize and develop themselves in a proper way.

1.2 Women: Better Clients of Microfinance

In India, poverty and women are two sides of same coin. There is no doubt that women are poorest amongst the poor and they are bound to be vulnerable. Now the only way out is to make a strong platform for the growth of women, which empowers them to make their own choices and thereby contribute for the economic growth as well as development. It is true that many microfinance institutions prefer women members, as they believe that they are trustworthy, better at work and more reliable borrowers, which helps in contributing to their own financial condition (Swain & Wallentin, 2007).

1.2.1 Women and Poverty

Women are among the world’s poorest people. The Human Development Report, 1995, reported that 70 percent of the 1.3 billion people, living on less than $1 per day are women. Women have a higher unemployment rate and lesser access to financial services than men do in almost every country of the world. Microfinance institutions can significantly reduce women’s vulnerability by providing access to finances for income-generating activities.

1.2.2 Women and Inequality

UNDP, UNIFEM, and the World Bank, all indicate that gender inequalities in developing societies inhibit economic growth and development. Gender equality implies a society in which women and men enjoy the same opportunities, outcomes, rights and obligations in all spheres of life. Equality between men and women exists when both are able to share equally in the distribution of power and influence; have equal opportunities for financial independence through work or through setting up businesses; enjoy equal access to education and the opportunity to develop personal ambitions. A critical aspect of promoting gender equality is the empowerment of women, with a focus on identifying and redressing power imbalances and giving women more autonomy to manage their own lives. By giving access to women to working capital and training, microfinance helps to mobilize women’s productive capacity to alleviate poverty and maximize economic output. In this case, women’s entitlement to financial services, development aid, and equal rights rests primarily on
their potential contribution to society rather than on their intrinsic rights as human beings and members of that society (Cheston & Kuhn, 2002).

1.2.3 Women and Household
When women are empowered, the whole family gets the benefits. These benefits often have ripple effects on future generations. Women are also more likely to invest additional earnings in the health and nutritional status of the household and in children’s schooling. This means that the giving benefit to women have a greater positive impact on child and household poverty reduction, measured in terms of nutrition, consumption and well-being. Assisting women therefore generates a multiplier effect that enlarges the impact of the institutions’ activities.

1.2.4 Women and Work
Women work plays an important role in development goals such as poverty reduction, human development and economic growth. It also transforms the lives of women by addressing gender inequalities at various levels. Women Participation in formal economic activities or work reflects the productive capacity of women, control over their own incomes and improves decision-making power. The ability to work outside and to engage in activities other than household can lead to significant strength, status and transformation of gender relations and challenge the traditional approach of social and economic relation.

1.3 Women Empowerment and Economic Development
Microfinance, women empowerment, entrepreneurship and economic development are all interrelated. Poor women cannot access credit from a formal source and therefore they are not borrowing at all or have to depend on moneylenders. The concept of women’s credit came into picture on the insistence by women oriented studies that highlighted the discrimination and struggle of women in having the access to credit. The provision of such services, if done correctly could have a significant impact on the needy and poor women. From early 1970’s, women’s movement in a number of countries, have focused on alleviating poverty through microfinance programs. The problem of women getting less access to credit was discussed at the First International Women’s Conference in Mexico in 1975. The evolution of microfinance began from Bangladesh in the late 1970s where it was very successful. Microfinance programs have significant potential for contributing to women’s economic, social and political empowerment. They play a significant role in improving women's decision-making by contributing in economic activities. Women
can use savings and credit for economic activity, thus increasing income and assets. Their economic contribution definitely increases their role in economic decision making in the household, increased status within households and communities. Women generally invest more for the welfare of the family than men do. This includes expenses for education, health care and productive purposes. Microfinance services lead towards women empowerment by positively impacting women’s decision-making power at household level, enhancing self-confidence, improving on women’s status and gender relations at home. It produces impact on family relationships and domestic violence, women’s involvement and status in the community, awareness of health education, political empowerment of women and women’s rights. As such, microfinance has the potential to make a significant contribution to gender equality, promote sustainable livelihood and better working conditions for women. It has been well documented that, an increase in women’s resources or better approach for credit facilities results in increased well-being of the family, especially children (Maoux, 1997 & Kabeer, 2001). Women are thus an appropriate target group for mitigating poverty and maximizing the social impact of development strategies.

1.4 Scenario of MFIs
There are more than 10,000 MFI (Microfinance Institutions) globally. Today these institutions cater about 190 million families, which consist of almost 950 million people with a family size of five (Daley and Harris, 2011). However, there are still about 2.5 billion people worldwide, who lack access to banking services. The majority of unbanked is located in underdeveloped countries. It has been noted that 65 percent in Latin America, 59 percent in East Asia and South East, 58 percent in South Asia, 80 percent of adults in sub-Saharan Africa, 67 percent in the Middle East, 43 percent of adults in Eastern Europe and Central Asia and about 8 percent of adults in OECD (Organization for Economic Co-operation and Development) countries, that don’t get access to banking services (Chaia et al, 2009). In India, over 800 microfinance institutions operate now thereby reaching out to over 7.3 million clients averagely disbursing over Rs.8000 crores in small loans. It is very difficult to deal with them individually, and hence group efforts are necessary to solve them.

1.5 Origin and Concept of SHGs
Villages face problems of poverty, illiteracy, and lack of awareness about health issues. These problems are mainly due to lack of resources. It is very difficult to deal
with them individually, and hence group efforts are necessary to solve them. The Government of India in ninth five-year plan has given importance to implementation of the development schemes at the grassroots level. The Self Help Groups (SHGs) emerged as an integral part of the Indian financial system after 1996. They are small, informal and homogenous groups of not more than 20 members. Each SHG is an association of people from same socio-economic class who come together for a large benefit. The people in SHGs come together for solving their common problems through mutual help. SHGs are formed and supported usually by NGOs, CBOs, and network of community-based coordinators or by Government agencies (DRDA). The rural poor with the assistance from NGOs have demonstrated their potential to secure economic and financial strength. Various case studies show that there is a positive correlation between credit availability and women’s empowerment.

1.6 SHGs /Sakhi Mandals in Gujarat

The collective strength of the group effort of SHGs has been promoted by Gujarat Government through formation of SHGs christened as Sakhi Mandals in Gujarat. It was started in 2006-07. The primary aim was to enable the poor and marginalized women of the rural areas in Gujarat to improve their access to financial resources continuously thereby accelerating the process of economic development Sakhi Mandal Yojana promotes human capital development and welfare of women in which women participate in making decisions. The convergence of services and benefits of various government departments develop a framework of a wider range partnership in microfinance development (GOG, 2007). As the Anganwadi workers belong to the village itself they are often involved in forming the group, nurturing it, and then joining the group to the bank accounts. This would help in effectively promoting the groups and ensuring their sustainability. The Sakhi Mandal programme followed an integrated partnership approach where various partners such as ICDS, DRDA, NABARD, Banks and NGOs provide comprehensive support to promote good quality groups in the state. Government of Gujarat launched an integrated and demand-driven poverty alleviation program of Gujarat livelihoods mission; "Mission Mangalam". Mission Mangalam was launched on the golden jubilee year celebration of Gujarat state in 2010. The mission adopts an approach for total convergence with all the government departments, civil society, banks and industries thus bringing together a critical mass of resources in a planned and time-bound outcome oriented manner. Mission Mangalam is the State Livelihood Mission for Gujarat and GLPC (Gujarat
Livelihood Promotion Company) is its decision-making agency. In this research study, detailed analysis has been made on Sakhi Mandals or SHGs connected through DRDAs and NGOs.

1.7 Research Problem
Women are regarded as the ‘equal half’ of the society and are supposedly at equal strata with men. However, in reality, our society is still dominated by male and women are not treated as equal partners both inside and outside the four walls of the house. In fact, it is believed that they are weak and dependent on men. Their presence is unfavorable in many parts of our society. Women do not raise their voice when basic rights like education, employment, voting and property rights are denied to them. They do not have control over their own bodies and they are just treated as reproductive machines. Thus, they are exploited physically and emotionally. For these women, poverty does not just mean scarcity of basic resources. It means denial of opportunities and silencing of their voices. It has been observed that women work usually two-thirds of the world’s working hours. They are the overwhelming majority of the labour that sustains life – growing food, cooking, raising children, caring for the elderly, maintaining a house, hauling water are done by women only. These jobs are considered universally as low status and unpaid. This is because laws and customs prevent women from rights of possessing land or other productive assets. They are denied from getting loans or credit, or from having the right of inheritance. In fact, they have no assets for economic stability and cannot invest on their own or on their children’s futures. Women make two-thirds of the estimated 877 million adults worldwide who cannot read or write; and girls make up 60 percent of the 77 million children not attending primary school. No one can deny the fact that education is among the most important drivers of human development. (Muller and Murtagh, 2002)

- Status of Indian Women
The status of Women in India has undergone many great changes over the past millennium. During very early period of Vedic Era, women enjoyed equal status with men. Rigved & Upanishads mention several names of women sages and seers notably Gargi & Maitrey who were excellent in their work. However, later the status of women began to deteriorate approximately from 500 B.C. onwards. The situation worsened with invasion of Mughals and European invaders. Some reformatory
movements by Guru Nanak, Jainism, Raja Ram Mohan Roy, Ishwar chandra, Vidya Sagar, Pandita Ramabai and others fought for women. It is not that Britishers did not do anything for improving the condition of women. Some laws were enacted such an “Abolition of practice of Sati”, Widow Remarriage Act 1856 etc. Feminist activism picked up momentum in India during late 1970’s. From that time, many groups and NGOs have been working for the empowerment of women. Still, women are the poorest of poor in India. Traditionally women have remained a disadvantaged group in getting access to credit and other financial services. After six decades of independence, the situation of women is severe in the rural and backward areas. They still live in miserable conditions, steeped in poverty, ignorance, superstition and slavery because of illiteracy, lack of awareness about healthcare, inadequate social and economic empowerment, lack of political will power, and feebleness of accountability mechanisms. India ranks 130 out of 155 countries in the Gender Inequality Index in 2014. (UNDP-Human Development Report, 2015). Such a low rank is a reflection of many economic indicators, which lead to low social status of women. The social status is indicated by the data related to literacy and health. The health status is indicated by sex ratio, which is 940:1000. It means, for every 1000 Indian men, 60 women are missing in this world due to feticide, infanticide, child mortality, maternal mortality, suicides and dowry deaths. The economic status is revealed by the employment position. In India, they remain dependent on fathers during younger days, on husbands after marriage and on sons during old age. Women always remained dependent on men due to their lower social, economic, legal and political status that the result is extreme gender inequity. Percentage of female literacy in India is 65.46 against male literacy of 82.14 percent. Similarly, percentage of female literacy in Gujarat is 70.7 against male literacy of 87.2.(Census 2011).

Women’s labor-force participation rate in India was estimated to 22.3% in 1991 census, 25.6% in 2001 census, and 25.5% in 2011 census. There has been a very limited increase in women’s labor force participation, and women in India are not the major contributors to the country’s economic activity. In some ways, this low labor-force participation rate may reflect gender-related constraints in the households and in society. Women are often limited to household duties and are denied the right to work outside the households. Women may also be discriminated again in the labor force, vertically and horizontally, by not being able to get a type of job or not being able to achieve the same wage status as a man in the same type of job. Thus, women are more
vulnerable to work in the informal sector without any security. Almost 60% of the economically active women in India work in the agricultural sector, one of the most physically demanding sectors (Laborsta, 2010).

The Constitution has given justice by not only granting equality to women, but also empowering the states to adopt measures of positive discrimination in favor of women. The 73rd and 74th Amendments (1993) to the Constitution of India provided reservation of seats (at least one-third) in the local bodies, panchayats and municipalities for women. Another constitutional amendment (84th Constitutional Amendment Act, 1998) reserved 33 percent seats in Parliament and State legislatures are in the procedure. Regarding political status, there are only 44/545 women members in the parliament and in the cabinet. In India, women's representation in Parliament and in the State Assemblies has never gone beyond 8 and 10 per cent respectively (Bhuyan, 2006). Every political party allots very few seats to women candidates during elections. Most of the women have no awareness about the existence, provisions and recourse at their disposal according to law. Women hesitate to go to courts due to the expense, lengthy procedures, very low conviction rate and lack of support from the family and society. Hence, the violence against women is growing in India unabatedly.

Like India Gujarat faces the problems of Gender Inequality. These problems cannot be individually but can be better solved through group efforts. Microfinance programs have an important role to play to reduce poverty and empower poor women. It has been found that micro-finance services have positive impact on reducing poverty, improving standard of living and empowering poor women at international (Hashemi et al.1996; Yunus& Jolis,1998;Banu et al., 2001; Hoque, 2008; Swain &Wallentin, 2011) and national level (Singh, 2001; Todd, 2001; Borbora and Mahanta, 2008; Noreen, 2011; Sarumathil and Mohan 2012). On the other side, some research studies have shown negative impacts and disempowerment of women borrowers. Loans from the microfinance programs are mainly used for non-income generating activities such as consumption and other emergency needs. Some studies have also found that there is no significant impact of the program on generating income, reducing poverty and women empowerment. (Amin 1993; White ,1995; Coleman, 1999; Narayanan, 2003; Sarangi, 2007;Aslanbeigui et al.2010;). Analyzing these types of microfinancial services issue is significant for researchers and academicians.
Regional disparity is a burning issue not only in India but also in Gujarat. A number of studies have been conducted in southern region of India but there is a dearth of studies in western region. A modest attempt has been made to assess the impact of microfinance programs on women empowerment in Gujarat. No wonder Gujarat is a prosperous state but still the plight of women in dynamic Gujarat is still pitiable.

1.8 Research Questions

- What is the trend and pattern of microfinance in India with special reference to Gujarat?
- What is the difference in socio-economic status of SHG members, and functioning and performance of Self-Help Groups in the study area?
- Is there any change in the social and economic empowerment of women in Dahod and Mehsana district before and after joining Self-Help Groups?

1.9 Objective

- To understand the trends and pattern of microfinance in India with special reference to Gujarat
- To do a comparative analysis of socio-economic status of SHG members, and the functioning and performance of SHGs within the study area
- To examine the involvement of microfinance in women's social and economic empowerment

1.10 Hypothesis

- There is no significant difference in the economic empowerment of SHG members, before and after joining SHG in Dahod district and Mehsana district
- There is no significant difference in the social empowerment of SHG members, before and after joining SHG in Dahod district and Mehsana district
- There is no association between demographic variables, and economic and social variables.

1.11 Methodology

The study is mainly based on primary data. Secondary data has also been used. It provides a systematic plan of procedure for the researcher to follow. After the research problem has been identified and selected, the next step is to gather the requisite data. The data collection has been conducted on the basis of a multi stage random sampling. The method employed in this study is the evaluation and the descriptive survey method. The descriptive method is suitable because the research
work involved data collection from rural community members of SHGs with a view to determine whether microfinance contribute to poverty reduction and empowerment by increasing their income and welfare. Primary data has been collected through observation as well as personal interview. For collecting primary data, two detailed interview schedules have been prepared. First schedule is for SHGs and another, schedule for members of SHGs. The interview schedule has been pre-tested (pilot study) by interviewing 20 respondents in the year 2013. The data was collected in the year 2014. It has been collected in the regional language (Gujarati). The performance of the sample SHGs and the members of SHGs are analysed with the help of different indicators. For assessing the impact of the Sakhi Mandal/SHGs the comparison of the position before and after joining the Sakhi Mandal/SHG were made. Case study method and focus group discussion methods have been used for qualitative research. This study is based on both the qualitative and quantitative method. The primary data has been collected from the selected SHGs with regard to regularity in conducting meetings, level of attendance, participation in SHG group meeting repayment performance, decisions on financial transactions, utilization of loan, utilization of common fund, rate of savings, level of income generation, pattern of lending, repayment performance and other details related to socio-economic development.

In this study, secondary data has been collected from the annual and other reports of different departments and ministries, journals, books, research papers, microfinance state reports, district statistical reports, NABARD reports, DRDA reports, socio-economic reports of Gujarat, and related websites, etc.

1.11.1 Sampling Design

Multi-stage sampling method has been used for the data collection. Multi-stage sampling involves selecting a sample in at least two stages. The multi-stage sampling is convenient, economic and efficient because it does not require a complete list of members in the target population, which greatly reduces sample preparation cost.
1.1 Sampling Design

Step 1: Selection of the study Area

Out of the total districts in Gujarat, two districts have been chosen for this study. One district is considered as tribal area and other is considered less tribal populated area. According to census 2011 in Gujarat state Dahod has second highest population of Scheduled tribes and Mehsana has second lowest population of Schedule tribes. In these districts NGOs, DRDA, and government agencies have tried their level best to implement rural development programmes. The third stage villages have been selected randomly from the district.

Step 2: Selection of the SHG promoting Agencies:

In Gujarat, there are host of agencies that promote SHGs under many programs and schemes. Rural Development Department itself promotes SHGs under Sakhi Mandal Yojana, SGSY, Watershed Program, Shram Yogi Yojana and several special SGSY projects implemented through NGOs. Sakhi Mandal Yojana started in the year 2006-07 by Gujarat government itself. DRDA plays a major role to promote this yojana at various levels. DRDA /Sakhi Mandal Yojana and NGOs have been selected for the study because there are following reasons behind the selection of these two agencies.
First, Sakhi Mandal Yojana is being run by DRDA, which is a government agency. Secondly, among other yojanas in the state the most of the SHG members are associated with this yojana. Finally, this yojana is newly implemented in the state as compared to other yojanas which are very old in terms of their operation. NGOs were selected based on good track records and having sufficient experience in promoting SHG. "Sadguru foundation" NGO is selected in Dahod and "ANARDE foundation" NGO is selected in Mehsana district.

**Step 3: Selection of SHGs**

At the third stage 60 SHGs have been selected from each district, out of them 30 SHGs from NGOs and 30 SHGs from Sakhi Mandal Yojana/DRDA. It means 120 SHGs have been selected from two districts of Gujarat. The first criteria for selection of SHGs is; they should have taken loan at least once from financial institutions. It means only credit linked SHGs have been considered for their selection as a sample. Another criteria is only those SHGs have been taken as a sample which are formed prior to 2012.

**Step 4: Selection of the Respondents**

In the final stage, from each SHG, three respondents have been selected through simple random sampling method. In total, 360 members of SHG have been selected for this study. All selected women members were from credit linked SHGs and they must have joined the group before December 2012.

**1.11.2 Tools and Techniques.**

For the Statistical computations, a standard package SPSS 16 version has been used.

- Percentage and frequency distribution have been used to make the comparison between empowerment status of the respondents of the sample districts.
- Statistical test i.e. Sign test has been used to estimate the significance of difference in empowerment among the respondents before and after joining SHG.
  
  **Sign Test:** The sign test has been used to test for consistent differences between pairs of observations, such as the before and after benefit of microfinance.
- Chi-square analysis has been used to find the association between two categorical variables.
**Chi Square:** The chi-square test is used to test the independence of categorical variables. It is known as a non-parametric test. To perform the chi-square test, one must already have the data classified in a frequency table. The test is applied when the researcher has two categorical variables from a single population. It assists to determine whether a systematic association exists between the two variables.

- For the purpose of Index creation, a percentile method has been used to derive composite index in terms of low, moderate and high economic and social empowerment by measuring the changes in both the indexes with respect to before and after data collection.

1. **12 Significance of the Study**

This study is important because it throws light on the reality of the problem. Empowering women economically can lift the families and communities out of poverty. The significance of this study is both theoretical and practical. From a practical standpoint, the findings from this study can help microfinance institutions to understand better the valuable aspects of their programs. The study provides suggestions for implementing the programs in an effective manner to promote women empowerment. From a theoretical standpoint, it adds to the body of literature on the subjectivity of women's empowerment as well as to the microfinance literature. It is relevant to the literature outside the purview of India and Bangladesh also.

In addition, the findings of this study can help microfinance practitioners critically examine existing MFI's to suggest ways in which they effectively promote women's empowerment. Very few, in-depth studies have been conducted to see the progress and socio-economic impact of microfinance on Sakhi Mandal/SHG. This study attempted to provide the information about problems and opportunities in the target area. It may be quiet helpful in the policy formulation for Government of Gujarat to wipe out poverty of women from its very root.