Chapter-VI

Gender Inequality and Development

Every human development report has argued that the purpose of development is to improve people’s lives by expanding their choices, freedom and dignity. During the 1990s debates over development focused on three important issues viz., the need for economic reforms to establish macroeconomic stability; the need for strong institutions and the system governance– to enforce the rule of law and control corruption; and the need for social justice and people’s involvement in decision making that affects them, and their communities. These issues are all crucial for sustainable human development. ¹

In spite of dramatic improvement in the developing world the pace of human development is still very slow. For many countries the 1990s was a decade of despair.² Why human development proceeds slowly? To understand this question the conceptual understanding of human development is important and necessary.

Human development is a broad and comprehensive concept. It broadens the development dialogue from a discussion of mere means (GNP growth) to a discussion of the ultimate ends. It is as concerned with the generation of economic growth as with its distribution, as concerned with basic needs as with the entire spectrum of human aspirations, the concept of human development does not start with any predetermined model. It draws its inspiration from the long term goals of a society. It weaves development around people, not people around development. If the objective of development is to improve people’s choices, it must do so not only for the
current generation but also for future generations. That is development must be sustainable. Previous concepts of development have often given exclusive attention to economic growth—on the assumption that growth will ultimately benefit everyone. Human development offers a much broader and more inclusive perspective. It demonstrates that economic growth is vital—no society has in the long run been able to sustain the welfare of its people without continued injection of economic growth. Growth on its own is not sufficient—it has to be translated into improvements in people’s lives. Economic growth is not the end of human development. It is one important means. Thus, economic growth and human development are closely connected. People contribute to growth, and growth contributes to human well-being. The emphasis that human development places on human capabilities has led to some misunderstanding that human development is limited to social sectors like health, education etc. Human development is not limited to any specific sector. Human development is concerned with the improvement of human capabilities so that they can participate actively in social, political and economic decision making and can work productively and creatively for development.

Each country may have its own human agenda, but the basic principle should be the same—to put people at the centre of development and to focus on their needs, choices, opportunities, capabilities, and potentials. Human development spans the full range of human needs and ambitions. Human development, as a concept is broad and comprehensive, but guided by a simple idea—people always come first. To make development successful all sections of people will have to be included in the development process.

The development benefits in most of the developing countries have failed to trickle down to all sections of the society. Most importantly, the women section of the population is highly affected section especially poor,
deprived, vulnerable and marginalized women. These women live in abject poverty. Poverty makes human beings vulnerable and deprives a person from social, cultural and political freedom simply because of low income and low consumption. This further leads to premature deaths, malnourishment and illness, lack of education and skills and most importantly social exclusion. Poor women are more vulnerable than poor men. Women’s poverty is self-perpetuating because of their powerlessness. It is estimated that nearly 40% of the world’s poor who earn less than a dollar a day, live in south Asia.\(^5\) Poverty has other attributes like powerlessness, dependence or isolation. Low income status and social exclusion combine to influence health and education status, nutritional levels, access for sanitation and safe drinking water, to credit and skill training, and ability to exercise one’s democratic rights. The incidence of poverty among women in South Asia is especially high, with women and men experiencing poverty differently. The process of feminization of poverty in South Asia is closely linked to the cultural and institutional constraints that restrict women’s participation in economic activity. Women continue to be largely concentrated in informal employment, as unprotected and sub-contracted labour. There are persistent wage gaps between men and women, and women bear the total responsibility for care and nurture. With increased migration and displacement, new groups of vulnerable women and greater numbers of female headed households have emerged. A significant section of the society (poor rural women) is deprived of free choices, freedom, dignity, opportunities, capabilities, productive participation etc., and the issues on which human development also emphasises. Until and unless women are actively, qualitatively involved in the development process, the development and progress of a society cannot be actualized in the true sense of the term.
Research by UNDP, UNIPEM, and the World Bank, among others, indicates that gender inequalities in developing societies inhibit economic growth and development. For example, a recent World Bank report confirms that societies that discriminate on the basis of gender experience greater poverty, slower economic growth, weaker governance and a lower living standard of their people. The UNDP has found a very strong correlation between its gender empowerment measure and gender related development indices and its human development index. Improved gender equality is a critical component of any development strategy. Gender equality is a constituent of development as well as an instrument of development. No country can develop if half of its population is deprived of basic needs, livelihood options, access to knowledge, opportunities and political voice. Without gender equality the achievement of other goals like poverty reduction, economic growth, environmental sustainability and overall social development will be difficult. It is generally accepted that women are disproportionately represented among the world’s poorest people. In its 1995 Human Development Report, the UNDP reported that 70 percent of the 1.3 billion people living on less than $1 per day are women. According to World Bank’s gender statistics database, women have a higher unemployment rate than men in virtually every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify the necessity of giving priority to increasing women’s access to financial services on the grounds that women are relatively more disadvantaged than men.
Status of Women in India

Though the constitutional commitment of the nation to women was translated through the planning process, legislation, policies and programmes over the last six decades yet the situational analysis of social and economic status of women reflects less than satisfactory achievements judged by almost all important human development indicators. There exists wide gap between the goals enunciated in the constitution and the real situation of the status of women.

The maternal mortality rate is estimated at 407 per 100000 live births (2000) in India compared to 92 in Sri Lanka, 56 in China and 130 in Vietnam; the growing female face of HIV/AIDS is reflected in the fact that the number of pregnant women (between 18-24 years) with HIV prevalence comprise 0.86 percent in 2003 of the total women pregnant compared to 0.74 percent in 2002. The growing incidence of female foeticide is the result of the decline of child sex ratio. While the literacy rates have shown an improvement from 39.3 percent to 54.3 percent of the total female population between 1991 and 2001, yet much more needs to be done especially for socially and economically backward regions and groups. 9

Economic empowerment as reflected by the work participation rate shows that the percentage of women in the work force increased by on 13 percent (from 22.5 percent to 35.7 percent) between 1991 and 2001. The average wage differential in between men and women showed a marked deterioration between 2000 and 2004 for both rural and urban areas. The violence against women continued unabated with the absolute number of crimes against women increasing from 128320 in 2000 to 143615 in 2004. 10
There are a number of generic reasons, which give rise to the dismal picture depicted above. Poverty is increasingly becoming feminized—mainly on account of the fact that with globalization and liberalization a paradigm shift in the country’s economy has taken place skewed towards technology dominated sectors, rendering traditional sectors like agriculture unviable and without any security cover. Unfortunately, it is in these sectors that women are predominantly involved for a sustenance livelihood. The lack of alternate employment, skill training, or credit facilities for women, who seek it, is another factor that keeps them in poverty. Traditional patriarchal systems too play in keeping women at a lower rung in the social and economic hierarchy by denying them basic rights to land, assets etc. and also child marriage is fallout of these factors. The weak social infrastructure like the lack of adequate schools or health centres, drinking water, sanitation and hygiene facilities inhibits a very large section of women from accessing these facilities. It is also one of the reasons for the high incidence of MMR and Infant Mortality Rate (IMR).

The changing socio-economic scenario and the phasing out of the joint family system along with poor community based protection systems are some of the reasons why women are becoming increasingly prone to violence and abuse. The weak law enforcement machinery and gender insensitivity of the various functionaries fail to check the growing violence against women. At the same time, the extremely poor levels of awareness amongst women themselves about their rights also perpetuate violence against them. The lack of adequate rehabilitation and reintegration facilities is another crucial factor that finds victimized women further victimized or ostracized by the community.\textsuperscript{11}
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Gender disparity manifests itself in various forms, the most obvious being the trend of continuously declining female ratio in the population in the last few decades. Social stereo-typing and violence at the domestic and societal levels are some of other manifestations of discriminating treatment against women. Discrimination against girl children, adolescent girls and women persists in large parts of India. The underlying causes of gender inequality are related to social and economic structure, which is based on informal and formal norms and practices. Consequently, the access of women particularly those belonging to weaker sections including SCs/STs/OBCs and minorities, majority of whom are in rural areas and in the informal, unorganized sectors – to education, health and productive resources, among others, is inadequate. Therefore, they remain largely marginalized, poor and socially excluded.

Policies for Development of Women under Five Year Plans

The constitution of India is progressive not only in granting equality to women, but also in empowering the state to adopt measures of affirmative discrimination in favour of women. Within the framework of democratic polity, Indian laws, development policies, plans and programmes have aimed at women’s advancement in different spheres. Throughout Indian plan period different steps have been undertaken for women’s advancement.

The First Five Year Plan (1951-56) saw social welfare programmes and measures, that is, orphanages, homes for destitute women and girls, craft centre to teach women skills, and nursery schools, with women identified as the main recipients. The plan made an important distinction between social
welfare and social services. While social welfare was directed essentially at children and women, social services in health, housing and education were seem as an investment in betterment of human resources in general. In the Second Five Year Plan there were no philosophical or conceptual changes and the welfare approach to women’s issues persisted along with detailed discussion on the activities of social welfare boards. The plan recognized special needs of women workers such as maternity benefit and crèche facilities for their children. It also suggested speedy implementation of principle of equal pay for equal work and provision for training to women in order to enable them to complete for better paid jobs. Health concerns included maternal and child health care with special emphasis on paediatric treatment of children. In general, however, credit facilities for women, their absorption in industries, science and technology were issues that remained largely unattended in the plan. The Third Five Year Plan (1961-66) once again laid emphasis on the welfare approach. The Plan recommended increased allocation for the Central Social Welfare Board and proposed to link maternal and child health care with general health facilities and referral institutions. Female education was seen as a major welfare programme and the enormous gender gap in elementary schools prompted the Government to come up with several recommendations through the Council for Women’s Education for the education of adolescent girls and training/recruitment and housing for women teachers. The largest share was assigned to expansion of rural welfare services and condensed courses of education. Women’s economic role was underplayed and confined by the plan to the introduction of the spinning wheel – Ambar Charkhas – as far as opportunities in industries meant for women was concerned. The Fourth Five Year Plan (1969-74) continued with its emphasis on women’s education. The basic policy was to promote women’s welfare within the family as the basic unit of operation. The outlay on family planning was stepped up and women
were seen as the major agency in the implementation of population control measures.\textsuperscript{15} The Fifth Five Year Plan (1974-79) overlapped with the United Nations International Decade for Women (1976-85) and for the first time there was a shift in the approach from ‘welfare’ to ‘development’. The scope of social welfare was enlarged to cover training of women in need of income together with functional literacy to acquire skills and knowledge to perform the household duties including child care, nutrition, health care and home economy. However, the plan did not make any policy statements. In 1971 in response to the UN initiative, the Government of India had established a committee on the status of women in India to undertake comprehensive examination of all questions relating to the rights and status of women in the context of the changing social and economic conditions in the country. The report entitled Towards Equality: Report of the Committee on the Status of Women in India (1975) brought forth issues of gendered socialization processes inherent in a hierarchical society as well as asymmetrical resources and asset distribution located in the diverse cultural milieu of the country. A major outcome of the report was the National Plan of Action in 1976, which provided the guidelines based on the UN’s World Plan of Action for women. The Plan identified areas of health, family planning, nutrition, education, employment, legislation and social welfare for formulating and implementing action programmes for women and called for planned intervention to improve the condition of women in India. Subsequently, the Women’s Welfare and Development Bureau (under the then Ministry of Social and Women’s Welfare) was established in 1976.\textsuperscript{16} One of the most significant documents to emerge as a part of the International Decade for women was the Forward Looking Strategies for the Advancement of Women, which was intended to provide a blue print for action to advance the status of women in national and international, economic, social, cultural and legal spheres by the year 2000 and to which the Government of Indian has
been a signatory. As a follow-up gesture, the Government, within the broad constitutional and developmental paradigms, set up a separate Department of Women and Child Development under the Ministry of Human Resource Development in 1985. The Earlier Women’s Welfare and Development Bureau was merged with this new department, which functions as the nodal agency for issues related to women. The National Perspective Plan for Women was drawn up in 1988 to facilitate mainstreaming of women’s issues in policies and programmes. The cumulative impact of the UN International Decade for Women, a more sensitive international environment, and various efforts by the Indian Government is visible to some extent in the Sixth Five Year Plan (1980-85), in which women’s development received recognition as a specific development sector, claiming for the first time in India’s planning history, a separate chapter on Women and Development. The Plan conceived of a multi-pronged strategy as essential for women’s development including: employment and economic independence; education; access to health care and family planning; support services to meet practical gender needs; and the creation of an enabling policy, and institutional and legal environment. The Government of India appointed the working group on employment of women. Two other important reports on village-level organizations and participation of women in agriculture and rural development were prepared. Recognizing lack of resources as a critical impending factor in the women’s development, the Sixth Five Year Plan undertook initiatives inter alia, to provide joint land titles to men and women. The Plan also established a cell on science and technology for women in the Department of Science and Technology with specific mandate to devise efficient technologies in four key sectors of drudgery reduction, employment generation, improved health and sanitation and reduced occupational hazards. Despite several progressive steps, the state, through its planning apparatus, still perceived women’s place within
the confines of home and family, which remained the basic site for intervention rather than the constituency of ‘women’ for their own shake. The Seventh Five Year Plan (1985-90) continued development programmes for women with the objective of raising their economic and social status. The plan appropriated some of the language of the International Decade for Women and showed some concern at operationalizing the concepts of equity and empowerment and at integrating women into the mainstream of national development. Women were seen as a crucial resource, and the question of their access to critical inputs and productive resources included support through credit and small scale capital, marketing, training in skills, management and technology. The plan also acknowledged the long hours spent in the collection of fuel, fodder and water, etc. A significant step was to identify and promote ‘beneficiary-oriented programmes’ specifically focused on women. The UN Commission on the status of women in its 25th Report, had recommended the establishment of national commissions for women or similar bodies with a mandate to review, evaluate and recommend measures to ensure equality between men and women and the full integration of women in all sectors of national life. Following the recommendation and other proposals spring at the national level the Ministry of Human Resource Development prepared the National Commission for Women Bill and introduced it in the Lok Sabha in 1990. The Bill was passed in the same year and the National Commission for Women was constituted in January 1992 as an autonomous statutory body. This has been replicated at the state level also; as for the 2001 Report, 18 states now have their own commissions for women.

India has also ratified various international conventions and human rights instruments committed to securing equal rights for women such as
ratification of Convention on Elimination of all Forms of Discrimination against Women (CEDAW) in 1993. Yet the Eighth Five Year Plan (1992-97) has at times been seen as a step backward in the sense that once again women were part of social welfare concerns, which included, besides women, children, the disabled, and the aged, although measures were proposed to ensure that the benefits of development from different sectors did not ignore women. Special programmes aimed at women were to be indentified within general development programmes and the flow of benefits to women in the three key sectors of education; health and employment were to be monitored. The development approach to gender equity acknowledged women as equal partners and participants in the development process and emphasized on empowerment of women. The plan period witnessed the highest ever enrolment of girls (83.60 percent) in the 6-11 years age cohort. The Department of Women and Child Development initiated new legislation, employment schemes, and assistance to the voluntary sector. It also prepared a Plan of Action for Women (1989-2000) and set up the Sharm Sakti Commission to assess the conditions of women workers in the informal sector and ways to improve these conditions.

The Ninth Plan 1997-2002 changed the conceptual strategy on women in two major ways. First, empowerment of women became one of the nine primary objectives of the Plan whereby utmost importance was given to creating an enabling environment for women for free exercise of their rights, both inside and outside the home as equal partners. Identifying women as agents of social change and development, it proposed the formulation of the National Policy for Empowerment of women. The Plan for the first time, also discussed the need for reservation of seats in Parliament and the state legislative assemblies along with women’s enhanced representation in the
public sector and civil services. Second, the plan attempted a convergence of existing services’—in women-specific as well as women-related sectors. To this effect, the plan directed the centre and states to ensure 30 percent of funds/benefits from all general development sectors to women. The year 2001 was celebrated as ‘Women’s Empowerment Year’, which saw various activities and programmes specifically aimed at women including the many talked-about women self-help groups. However, the Ninth Plan refrained from making any commitment for achieving any specific goal or target. This was overcome to some extent in the Tenth Plan where for the first time; monitorable targets were set for a few key indicators of human development. The targets include, among other things, reduction in gender gaps in literacy and wage rates and reduction in Maternal Mortality Rate (MMR).

The Tenth Five Year Plan called for the three pronged strategy of social empowerment, economic empowerment and gender justice to create an enabling environment for the development of women and elimination of all forms of discrimination against them as well as advancement of gender equality goals. The Tenth Five Year Plan (2002-2007) proposes to be different from that of earlier Plans as it borrows from the Platform for Action with definite goals, targets and a time-frame and expects to continue the process of empowering women initiated during the Ninth Plan. The Plan also charts out the operational strategy in terms of a time-bound action plan; responsibilities of the executing agencies, both Government and Non-Government; built-in mechanism for coordination, monitoring, and evaluation of impact through measurable indices etc. The Plan also proposes to encourage SHG mode to act as the agents of social change, development and empowerment of women.
The vision of the Eleventh Five Year Plan (2007-2012) is to end the multifaceted exclusions and discriminations faced by women. In the Eleventh Plan, for the first time, women are recognized not just as equal citizens but as agents of economic and social growth. The Plan focuses to address the problems (violence, neglect, justice that women face) by looking at gender as a cross-cutting theme. The approach to gender equity is based on the recognition that interventions in favour of women must be multipronged and they must: i) provide women with basic entitlements, ii) address the reality of globalization, and its impact on women by prioritizing economic empowerment, iii) ensure an environment free from all forms of violence against women (VAW)- physical, economic, social, psychological etc., iv) ensure the participation and adequate representation of women at the highest policy levels, particularly in Parliament and State Assemblies, and create new ones for gender mainstreaming and effective policy implementation.  

In India the self-help group (SHG) movement has been supported through schemes of a large number of departments including the Women and Child Development, Rural Development, Urban Development, Handlooms and Handicrafts, Sericulture, Agriculture etc.; at the national and state levels. Rastrya Mahila Kosh (RMK) provides credit for livelihood and related activities to poor women. An estimated 1.9 million women are beneficiaries of schemes run by the NABARD and RMK (March 2003). Self-help groups have also been formed under the South Asia Poverty Alleviation Programme (SAPAP). Skill and capacity building interventions for self-employment are supported through programmes. Such as STEP (Support to Training and Employment Programme), Swawalamban, Swasakti, Swayamsiddha, Integrated Women’s Empowerment Programme and Swarnajoyanti Gram Swarozgar Yojana (SGSY). Wage employment programmes like Sampoorna Grameen Rozgar Yojana (SGRY) aims at 30 per cent of the employment
opportunities created to be provided to women. Programmes such as the targeted Public Distribution System, Antodaya Anna Yojana are also run by the Government to ensure food security to the poor. The Indira Awas Yojana stipulates that houses under the scheme are to be allotted in the name of the female member of the beneficiary household.28

A National Policy for the Empowerment of Women has been adopted in 2001 by the Government of India. The goal of this Policy is to bring about the advancement, development and empowerment of women. The Policy will be widely disseminated so as to encourage active participation of all stakeholders for achieving its goals. Specifically, the objectives of this Policy include–

- Creation of an environment through positive economic and social policies for full development of women to enable them to realize their full potential.
- The de-jure and de-facto enjoyment of all human rights and fundamental freedom by women on equal basis with men in all spheres—political, economic, social, cultural and civil.
- Equal access to participation and decision making of women in social, political and economic life of the nation.
- Equal access of women to health care, quality education at all levels, career and vocational guidance, employment, equal remuneration, occupational health and safety, social security and public office etc.
- Strengthening legal systems aimed at elimination of all forms of discrimination against women.
- Changing societal attitudes and community practices by active participation and involvement of both men and women.
• Mainstreaming a gender perspective in the development process.
• Elimination of discrimination and all forms of violence against women and the girl child; and
• Building and strengthening partnerships with civil society, particularly women’s organizations. 29

The planning in India continues to view women in terms of their biological role becomes clearly evident in the formulation of family planning programmes incorporated in various Five Year Plans. Despite an expressed concern to link family planning with the wider development processes, efforts to monitor population growth in India have placed an overwhelming responsibility of family planning in the hands of women without actually equipping them to take decisions. Although since the International Conference on Population and Development (ICPD), there has been a paradigm shift in terms of locating population stabilization programmes in the reproductive rights and choices framework, family and children continue to remain the site of interventions for women. The gender budgeting in India shows in 2001-02, the major emphasis in the women-centric programmes of Department of Women and Child Development has been on schemes for ‘child welfare rather than for overall empowerment of women’. At the same time significantly enough, there is a decline in the budget allocation on such programmes. (excluding those aimed at child welfare) from Rs.31.9 billion in 2000-01 to Rs.19.5 billion in 2001-02, although the revised estimate was Rs.26.3 billion. Further despite the Ninth Plan’s explicit commitment to increase allocations of development resources to women, the budgetary share of programmes under various ministries have not shown any major increase. More importantly, crucial ministries/departments such as education, agriculture, textiles, tribal affairs, social justice and empowerment have, at the most, about 1 per cent of their total expenditure for women specific
programmes during the years 2001-03 as against about 30 percent of the total outlay of the Department of Family Welfare allocated to women related programmes, especially to reproductive and child health until 2001-02. By and large, the Indian scene, as it relates to women, is characterized by contradictions of this sort with an underlying tension to confine to conventional role models for women and a desire to break away from that model at the same time. This confusion has, however, led to an increasing awareness that constitutional commitment to equality of opportunity is not enough unless it is backed by strategic interventions by women themselves, and a new vocabulary of empowerment emerged whereby mass-based local movements and the State joined hands in creating enabling conditions to support, reinforce and match efforts by women and legitimize women’s entry into new spaces. 30

**Women and Empowerment**

The Millennium Development Goals (MDGs) have opened new vista for the advancement of gender equality. In September 2000 at the Millennium Summit the member states of United Nations issued the Millennium Declaration committing to a series of targets to be achieved by 2015. 189 countries including India were signatories of the Declaration to achieve targets on human rights, democracy, strong governance, environmental sustainability and poverty eradication. The countries also agreed on the need for an urgent and collective commitment required to overcome poverty, the greatest menace and obstacle to development. 31 Millennium Development Goals make up of eight goals of which no. 1 is to eradicate poverty and hunger and no. 3 is to promote gender equality and empower women. Both the goals of MDGs call for women empowerment. Because, nowadays, there
is increased realization that a country’s development model should be engendered, giving equal opportunities to both women and men so that the benefits of development are equally enjoyed by all. This emphasizes the need to recognize women as agents and beneficiaries of change. As a corollary of the fact investing in developing their capabilities and empowering them to make their own choices are deemed crucial not only for their own development but also contributing to the overall economic growth and development. 32

Empowerment literally means becoming powerful. It is often used to describe a process whereby the powerless or disempowered gain a greatest share of control of resources and decision making power. The empowerment of women in general, poor women in particular is a process of changing the existing power relations in favour of the poor and the marginalized women and requires changes in knowledge, attitude and behaviour of not only women, but also of men and the society at large. Empowerment is a process of awareness and capacity building leading to greater participation to greater decision-making power and control and to transforming action. Women, particularly poor women, are relatively powerless because they do not have control over resources and therefore little or no decision-making power. Empowerment occurs both at individual as well as collective levels.33 Movements to empower women increase opportunities available to individual women. At individual level, a new confidence and sense of self-efficacy emerges as the person redefines her role as a more capable and worthy individual in terms of knowledge, competency, skills, resources and opportunities.

Empowerment of women can be visualized as a process, a continuum of several inter-related and mutually reinforcing components, such as:-
1. Awareness building regarding discrimination against women and their rights and opportunities as steps towards gender equity. Collective awareness building provides a sense of group identity and a power of working as a group.

2. Capacity building and skills development, especially the ability to plan, take decisions, organize, manage and carry out activities to deal with people and institution around them.

3. Participation, greater control over decision making power at home and community.

4. Action to bring about greater equality between men and women.\(^{34}\)

The process of empowerment begins in the mind from woman’s consciousness, from her very beliefs about herself and her rights, capabilities and potential, from her self-image and awareness of how gender as well as other socio-economic and political forces acting on her; from breaking free of the sense of inferiority which has been imprinted since earliest childhood, from recognizing her strengths, above all, from believing in her innate right to dignity and justice.\(^{35}\) The parameters for women empowerment are:

- Building a positive self-image and self-confidence;
- Developing ability to think critically;
- Building up group cohesion and fostering decision-making and action;
- Ensuring equal participation in the process of bringing about social change;
- Encouraging group action in order to bring about change in the society; and
- Providing the wherewithal for economic independence.\(^{36}\)

The experts on gender issues hold that women’s advancement involves the process of empowerment and define it as a process, by which women achieve
increased control over public decision making. The male domination of society and Government are often seen for the purpose of serving male interests and continued subordination of women. The experts also contend that there are five levels of the women’s empowerment framework, namely—welfare, access, conscientisation, mobilization and control.

- **Welfare** means an improvement in socio-economic status, like improved nutritional status, shelter or income, which is the zero level of empowerment, where women are the passive recipients of benefits that are given from top.

- **Access** to resources and services stands for the first level of empowerment, since women improve their own status, relative to men, by their own work or organization.

- **Conscientisation** is defined as the process, by which women collectively urge to act to remove one or more of the discriminatory practices that impede their access to resources. Here, women form groups to understand the underlying causes of their problems and to identify strategies for action for gender equity.

- **Mobilization** is the action level of empowerment by forging links with the larger women’s movement to learn from the successes of women’s similar strategic action elsewhere and to connect with the wider struggle.

- **Control** is the level of empowerment when women have taken action so that there is gender equality in decision making over access to resources, so that women achieve direct control over their access to resources. Absence of the above, would more clearly address the underlying causes of women’s powerlessness and the discrimination they experience in their daily lives.

Most popular version of empowerment often shared by the NGOs and action groups, envisages awareness building, capacity creation and participation that lead to transformation of unequal relationships, increased
decision making at home and community and greater participation in politics. This approach has the advantage of providing a space for challenging the existing social, political and economic structures, with a view to create more equitable and participatory structures in which women can gain control over their lives. According to this approach, empowerment of women must increase their self-reliance, provide independent right to make their decisions and challenge their subordination. It is a multi-faced process of development involving the pooling of resources to achieve collective strength, countervailing power and enhance the capacity of women.

Economic Empowerment of Women and Microfinance

Empowerment of women is a holistic concept and multi-dimensional in its approach and of all the facets of women development, economic independence or economic empowerment occupies an area of utmost significance for a lasting and sustainable development of society. Women’s economic independence is highly stressed by many authors. An International Labour Organization study finds that men tend to spend 60 percent of their income in their home and 40 percent on themselves, whereas a woman spends 90 percent of her income on her family and only 10 percent on herself. The World Bank studies have shown that enhancement of women’s earnings would have a more profound effect on the welfare of the family as a whole since increase in women’s income results more directly into better education, health and nutrition for children. Research indicates that participation of women in economic activities their increasing presence in the workforce is important not only for lowering the disproportionate levels of poverty among women, but also an important step toward raising household income and encouraging economic development of the nation as a
whole. The term “feminization of poverty” is often used to illustrate the fact that a substantial percentage of poor are women and that the gap between women and men in poverty is not lessened, but may well have widened. Economic empowerment not only benefits women but also men, children and society as a whole. Women’s lack of economic independence on the other hand, not only impedes growth and poverty reduction, but also has a host of other negative impacts on health, education, and wellbeing of the children. Thus it is extremely important to ensure that women are economically empowered. There are various factors that contribute to the economic empowerment of women. These factors operate at various levels.39

Policy Level

Women’s representation in better remuneration jobs; representation of women’s interests in macro-eco-policies, national and state

Community Level

Ownership of assets and land; access to credit; involvement and for representation in local trade associations; access to markets.

Household Level

Women’s control over income; relative contribution to family support; access to and control of family resources.

As poverty continues to plague the developing world, there is constant search for policy alternatives that may be able to address this problem more
effectively. Newer alternatives may appear to be promising and may rapidly acquire fame. In this context, microfinance an offshoot of microcredit is seen as one such alternative receiving wide acclaim all over the world as an antidote to poverty. The term microfinance or microcredit has gained much currency in the development literature in the last decade and half. Nowadays, microfinance is considered as the most effective tool for providing institutional financial support to the marginalized poor people. It has become an important credit disbursement system all over the world. The declaration of the microcredit summit held in Washington D.C (1997) defined microcredit as “extending small loans to poor people for self-employment project that generate income; allowing to care for themselves and their families”. Microfinance is a set of financial activities provided to the poor masses, which basically incorporates loans, savings and deposits, insurance, transfer services, etc. International Labour Organization (ILO) defines; microcredit is an economic development approach that involves providing financial services through institutions to low income clients. World Bank defines microfinance as “the programmes that provide credit for self employment and other financial and business services to very poor persons”. Microfinance is a combination of savings, loans, investment opportunities, insurance options and other financial services, combined with group solidarity. The concept of microfinance is not new. It was existed in every society in one form or another. History reveals that the modern concept of microfinance can be traced out in Marshal Plan at the end of the Second World War in the middle of 20th century. Many countries started microcredit facilities by establishing various institutions. In 1959 Dr. Akhtar Hameed Khan introduced ideas of microfinance through Comilla Cooperative Pilot Project, Al Whittaker introduced Opportunity International in Washington DC (1971), ACCION International in Brazil (1973); Women’s World Banking, (1976); FINCA International (1980); and APMAS and
OXFAM organizations offered microfinance to poor people. Efforts of Grameen Bank (Started by Muhammad Yunus in 1976) and Bangladesh Rural Advancement Committee (BRAC) of Bangladesh (a pioneer in providing small loans to the poor); Bank Rakyat Indonesia (BRI) in Indonesia; Amanah Ikhtiari Malaysia (AIM) of Malaysia are some other successful examples.43

Empowering women is the top most priority of microfinance programmes. UN Micro Credit Project helps women in rural areas of various nations. The projects like CARE, ZAMBVA in Zambia; ACTION AID in Sierraleone and Bangladesh; EDUCARE in Pakistan, UGANDA WOMEN FINANCE AND CREDIT TRUST in Uganda aim at supporting women in taking loans; starting their own business; gaining them access to land; and benefiting them from adult education. The Micro Credit Summit Campaign was launched in 1997. The year 2005 was celebrated by the United Nations as International Year of Micro Credit. The pioneering efforts at providing microcredit was made by Prof. Yunus in the seventies, the world wide impetus really took off after the 1997 World Microcredit Summit – held in Washington D.C. – which targeted at eradicating poverty of 100 million poorest families within 2005. Declaration of 2005 as the international year of microfinance and awarding Prof. Yunus and Grameen Bank with the Nobel Peach Prize in 2006 are recent events and which highlight the significance and recognition of this movement.44

Microfinance has been regarded as a promising strategy for financial inclusion in India (RBI 2006). “Financial inclusion has been officially defined in India as the provision of affordable financial services to those who have been left unattended or under attended by the formal agencies of the
Eradication of poverty has been on the agenda of Government of India since early fifties. However, the strategy of direct attack on poverty was formulated in the early seventies and special programmes for the poor were introduced in the Fourth Five-Year Plan (1969-74). Expansion of employment generation programme was mainly based on financial assistance or loan. Micro-credit in India is not a new phenomenon. The enactment of the Co-operative Societies Act in 1904 could be considered as the beginning of micro finance in India. The formal financial sector has been making efforts to facilitate access to credit to small farmers, to the weaker sections of the society, marginal farmers, agricultural and landless labourers since 1960s. Creation of All India Rural Credit Review Committee (1966); the Small Farmers’ Development Agencies (1969-74); Marginal Farmers and Agricultural Labourers (MFAL), Development Agencies; Regional Rural Banks Act (1976); introduction of IRDP (1978-79) NABARD (1982) are the steps taken in this direction.

The Government of India launched many programmes like IRDP, DWCRA, TRYSEM, SITRA etc, which aimed to finance micro enterprises. As a significant initiative towards antipoverty programme Government of India launched Integrated Rural Development Programme in the year 1979-80, which aimed at providing self employment opportunities to the rural poor through assistance in the form of subsidy and bank credit to enable them to acquire productive assets and appropriate skills to cross the poverty line in a sustained manner. However, it is estimated that only 20 percent of the borrowers have crossed the poverty line after assistance.

Despite massive infrastructure of banks, as per all India Debt and Investment Survey 1991-92, 36 percent of the rural indebted households are
still dependent on the informal sector. The dependence on informal sector was much higher in the case of lower asset group. In this context, women’s situation is much more devastating. The efforts to involve women more intensively in the microfinance mechanism started in early 1990s. In the early 1990s the National Bank for Agricultural and Rural Development (NABARD) launched a new nation-wide microfinance initiative linking banks, NGOs and informal local groups (self-help groups or SHGs). This SHG-bank linkage programme is expected to become a dominant form of financial assistance for the rural women. With the aim to meet the Millennium Development Goals and microfinance programmes role in supporting it, there has been an increasing expectation on their impact on women empowerment. A series of research studies conducted by NABARD during the early 1980s revealed that despite having a wide network of rural branches which implemented a variety of poverty alleviation programmes seeking creation of self employment opportunities through bank credit for almost two decades, a large number of this poorest of the poor continued to remain outside the formal banking system. These studies also showed that the existing banking policies, systems and procedures, and deposit and loan products were, perhaps, not suited to meet the most immediate needs of the poor. It also appeared that what the poor really needed was better access to these services and products, rather than cheap subsidized credit.

Thus began a search for alternative policies, systems and procedures, savings and loan procedures, savings and loan products, other complementary services and new delivery mechanisms which would fulfill the requirements of the poorest, especially the women members of such households.
The emphasis was, therefore, on improving the access of the poor to microfinance. NABARD focused on finding out ways and means to improve the access of the poor to existing banking network. Many research studies, done in-house as well as sponsored by professional institutions, and some action research projects funded out of the research and development fund of NABARD, led it to develop the SHG-bank linkage model as a core strategy that could be used by the banking system in India for increasing its outreach to the poorest of the poor, hitherto bypassed by them. It was in this scenario that the SHG-bank linkage programme was launched by NABARD in 1992 with the firm policy back up of the Reserve Bank of India. The SHG-bank linkage programme is the flagship microfinance intervention mechanism of NABARD. It is a landmark development in the microfinance movement and in the annals of banking with the poor. The informal thrift and credit groups of the rural poor came to be recognized as bank clients under the pilot phase. NABARD has been playing the role of propagator and facilitator by providing a conducive policy environment, training and capacity building besides extending financial support for the healthy growth of the SHG-bank linkage programme in the country. Microfinance services in India are provided mainly by two different models viz. SHG-bank linkage model and MFI-bank model. The SHG-bank linkage model has emerged as the more dominant and successful model due to its adoption by state-owned formal financial institutions like, Commercial, Regional Rural and Cooperative Banks.\textsuperscript{49}
The links between banks on the one hand, and NGOs and SHGs on the other, as a mechanism for channelizing credit to the poor on a sustainable basis have been established under the SHG-bank linkage model/approach. Linking SHGs to banks helps in overcoming the problem of high transaction costs to banks in providing credit to the poor, by transferring some banking responsibilities, like loan appraisal, follow-up, recovery etc. to the poor themselves.\textsuperscript{50}

Since, the early 1990s with the launch of this SHG-bank linkage approach led by NABARD has made big strides in India as micro finance facilities have become accessible to a considerable number of poor people, especially women. The success of the SHG-bank linkage model in microfinance can be judged from the following table.
Table 6.2

SHG-Bank Linkage in India

<table>
<thead>
<tr>
<th>Year</th>
<th>New SHGs financed by banks</th>
<th>Bank loan provided to SHGs (Rs. Million)</th>
<th>Cumulative progress upto end March (Rs. Million)</th>
<th>Number of families assisted (in million)</th>
<th>Number of participating banks</th>
<th>Model wise linkage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>SHGs financed</td>
<td>Bank loan</td>
<td>CB</td>
<td>RRB</td>
</tr>
<tr>
<td>2001-2002</td>
<td>197653</td>
<td>5454</td>
<td>461478</td>
<td>10263</td>
<td>7.8</td>
<td>44</td>
</tr>
<tr>
<td>2002-2003</td>
<td>255882</td>
<td>10224</td>
<td>717360</td>
<td>20487</td>
<td>11.6</td>
<td>48</td>
</tr>
<tr>
<td>2003-2004</td>
<td>361731</td>
<td>18555</td>
<td>1079091</td>
<td>39042</td>
<td>16.7</td>
<td>48</td>
</tr>
<tr>
<td>2004-2005</td>
<td>539365</td>
<td>29942</td>
<td>1618456</td>
<td>68985</td>
<td>24.3</td>
<td>47</td>
</tr>
<tr>
<td>2005-2006</td>
<td>620109</td>
<td>44991</td>
<td>2238565</td>
<td>113975</td>
<td>32.9</td>
<td>47</td>
</tr>
</tbody>
</table>

Source: NABARD, Progress of SHG-Bank Linkage in India, 2005-06, Micro Credit Innovation Department.
The table 6.2 explains the increasing importance of micro finance in empowering poor people, especially women in India. In order to promote micro financing, the Government of India and regulatory bodies in India have taken some strategic policy initiatives in the area of microfinance by establishing (1) Working Group on credit to the poor through SHGs, NGOs, NABARD, 1995; (2) The National Micro Finance Task Force, 1999; (3) Working Group on Financial Flows to the Informal Sector, 2002; (4) Micro Finance Development and Equity Fund, NABARD, 2005; (5) Working Group on Financing NBFCs by Banks-RBI.51
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