7.1 Summary of the Study

The insufficient financial service to the poor from the formal institutions has given birth to the concept of Microcredit. Microfinance program aims to encourage and support the poor, especially the poor women, to undertake IGAs and thereby improving their economic conditions of life. The present study is an attempt to understand the influence of microfinance on the economic status of women. The study aims to examine the process of economic empowerment of women through microfinance and the concept of empowerment of women is analyzed at individual economic level. As microfinance channelises through SHG in India and there are broadly two models used for the delivery of microfinance, i.e., SBLP model and microfinance institution (MFI) model. So the SHG members of both GO and NGO (MFI) who have availed the loan were selected for the study to examine the role of microfinance in women empowerment. Total, 64 SHGs were selected, of which 32 SHGs are State Government sponsored groups and 32 are SKDRDP sponsored groups. The study is conducted in the villages of Gadag district; the block where the study conducted was selected on the basis of existence of a number of active SHGs of both GOs and NGOs. The main objective of the study is to find the impact of microfinance on undertaking of IGAs and women’s economic empowerment. The study hypothesised that, microcredit helps in creating income generating activities and thereby increases the income of the participants. And participation in microfinance program will automatically leads to women’s economic empowerment.

The review of related literature provides the controversial results concern to microfinance as a tool for women’s economic empowerment. Some studies say that microcredit has provided formal credit to the poor from which they were denied before. It has enhanced decision making power of poor women. Contrary to this, the recent studies hold that, the microfinance program has deviated from its prime objective of serving the poor, instead MFIs is making profit out of poverty. As the microcredit is widely used for unproductive purposes, it has a limited impact on employment and income generation. So it has failed as a tool for promotion of self employment among poor. The studies also show that the deserving poor are still
uncovered under the program. Some of the studies found that the women members have limited control over the use of group loans and no considerable change observed in the decision making. The family needs are given priority in the usage of the loan. Thus, it is observed that the program has limited impact over the empowerment of women. The available literature on microfinance as a tool for women’s economic empowerment is not clear in itself; the studies do not provide a clear idea about the impact of microfinance program over economic empowerment. Hence, there is a need for further research in the assessment of the program and removing the shortcomings of the microfinance program as a tool for women empowerment. The present work is an attempt to study the impact of microfinance programme in Gadag district.

The concept and outreach of microfinance in India and the women empowerment concepts are studied elaborately with the help of secondary data. The sources of the secondary data clearly show that the microfinance program in India has reached nook and corner of the country. By developing a unique SBLP model, India has got wide range of client outreach in the world. But the spread of the programme is regionally biased; it has concentrated mainly in the southern states of India. Along with the popularity, it has its own problems and limitations, which are necessary to be solved. MFIs are making unreasonable profit from advancing microcredit. And even the not for profit NGOs are making profit out of the program. Microfinance has stood as a popular program with no proper impact. The available literature to study the concept of economic empowerment, general indicators, and frameworks involved in and limitations in achievement of are limited and versatile; they do not lead to a common conclusion. The concept of women empowerment is more of subjective in nature; it does not have a universally acceptable definition or indicator. As it is subjective, it means different for different individuals. But to set the boundaries to the present study, only economic advancement of women achieved through microfinance is taken into consideration.

As the present study is related to the assessment of the impact of microfinance program for women, it requires first hand information from the participants of microfinance program or loan takers. The impact of microfinance on economic empowerment and financial inclusion of poor women are measured and analysed through the primary data collected from the field. And the results of the analysis show that, there is no considerable difference in the socioeconomic conditions of women.
Most of the women are illiterate and those who claim of completing schooling of primary level are also not able to read or write properly. The majority of the respondents is married and lives in their own house. The general features of the SHGs are similar and caste does not play a considerable role in the formation of the group. The SHGs run by the SKDRDP were more in number and systematically maintained compared to the Stree Shakti groups. The strict monitoring of the groups by the staff and technical up gradations in the financial process has contributed for proper functioning of the groups. But the Stree Shakti groups were less competent and poorly maintained. Because of no proper monitoring and guidance many groups were closed. Though the rate of interest is less for Stree Shakti groups, women prefer SKDRDP over Stree Shakti.

As women empowerment is a multidimensional process and a unique feature which cannot be measured in numbers, to study the impact of microfinance on women empowerment two different methods were adopted quantitative technique and qualitative technique, scheduled interview and Focused Group Discussion. It is found from the study that the participants were happy with the easy credit program at the same time they have reported very limited impact of microfinance over the economic advancement, decision making and IGAs. Microfinance has failed to raise the status of poor women from economic dependent state to independent state. The study finds that women act as merely a medium through which credit channelizes, it may help in the improvement of the family conditions, but women as an individual remains excluded from the process of economic development.

The overall impact of microfinance on economic empowerment of women were measured with a set of indicators taken from popular studies and were analyzed with proper statistical tools. And the results indicate that the microfinance have very limited impact over the economic empowerment of women and not helpful in taking up of IGAs. The Chi Square test used in hypothesis testing shows no significant effect of microfinance on women empowerment.
7.2 Major Findings of the study

- As it is often said, knowledge to the poor is power to the poor. Women’s general education and literacy are important if they are to reach their full potential and become empowered. But in the study area about 44.37% respondents are illiterate (does not include those who can sign only) and they had never been to school. In the group, majority of respondents (21.25%) claims to have completed primary education, but they are not able to read and write. Only 2.18% of respondents have obtained higher education, it is mainly because of negligence of female education, low social profile of female in the society and widespread female poverty constitute for the wide spread illiteracy among women. Illiteracy creates a situation of dependency on others which limits an individual’s prospects for empowerment.

- The most difficult challenges that many women face as they start or expand businesses is the balancing of their professional responsibilities with their household responsibilities. Majority of respondents of the study are married and belongs to the age group of 18 to 40 years. The main reason behind joining the group was, to get an easy credit to supplement the family expenditure. Self improvement, income generating activities, running own business is not possible because of the time constraints that domestic responsibilities create.

- One of the popular claims of the MFP is the contribution of group-based lending towards the women empowerment that is by providing an opportunity for women to gain experience in making decisions and leading and influencing others. But the majority of the respondents are not willing to change neither the representatives of the group nor accepting of leadership.

- The saving based MFP claims to accompany the pride of ownership and autonomy to its participants, but in reality the majority supported groups do not hold property in their name and rely primarily on member savings for their capital.

- Caste does not play considerable role in formation and running of groups. Only under Stree Shakti scheme, the groups were promoted on the basis of caste and maintain the groups, despite of inefficiency of group. SKDRDP does not set
target to increase the number of groups nor does it allow continuation of the inefficient or irregular groups. It does not promote its groups on the basis of caste or religion.

- A vast majority of respondents live in their own house 72.81%, and the registered owner of the house were a male member of the family. And 98.12% of the families are male headed.

- There are very minimum numbers of women who earn more than Rs. 5000 per month. The majority of them earn only Rs.1000-3000 per month, which is not sufficient for better living.

- The majority of women in both the groups are engaged in agricultural activity. As Gadag is an agriculture dominated district more people engaged in farm activities. And others are engaging in family occupations and business like Kirana shop, bangle shop, viewing, leather work, carpentry, painting, pot making, etc. which will not earn individual income to women.

- There are no considerable differences between Stree Shakti and SKDRDP initiated groups in terms of their socio-economic profile and their performance in terms of selection of members and performance of group activity. And normally the agenda of the meetings in both groups will be similar, like disbursement of loans, collection of savings, fines, electing or changing representatives etc.

- Field visits and monitoring are the necessary conditions for the proper maintenance of group activity and for initiating needful corrective measures. SKDRDP promoted SHGs are properly monitored and maintained by the concerned authority, where as in Stree Shakti promoted groups there are no field visits and monitoring of group activities by the concerned authority, they were poorly maintained.

- SKDRDP promoted groups are technically advanced than Stree Shakti promoted groups. Mobile data entry of issue and repayment credit, use of smart cards for financial transactions of group, biometrics for identification of representatives of group are some examples of technical tools used in the group.
The duration period of the membership of the respondents helps in availing of bank loan, longer the membership of the group more amount of loan can be taken. The average savings or thrift rate of the SHGs is less than Rs.100 per month per member. Lower the thrift low will be the amount of loan. For about six months, the group only collected thrift; no loans were given.

The study shows that, before joining the programme only 50 (15.62%) respondents were access to formal credit, which was upgraded to 320 (100%) after joining the programme.

A member is eligible to get credit only after 3-6 months of formation of group. And it takes 2-3 credit, for a member to understand the mode of financial transaction, usage and repayment of credit. It is observed in the field that, the small credit with recurring repayment is not sufficient to undertake IGAs. It may be helpful in promoting existing economic activity, but difficult to start new IGA.

The present study states that, 193 (60.31%) respondents feel the recurring repayment burdensome. And 127 (39.68%) respondents feel no burden of repayment. Some 316 (98.75%) respondents said that they will repay the credit in time i.e. in a prescribed schedule. Only 4(1.25) stated that, they fail to repay the credit on time.

Respondents manage repayment by the way of multiple borrowing, cutting household expenditures and taking help from the family members.

Some 303 (94.68%) respondent states that, they have a safe place for saving which was denied before. Only 17 (5.32%) respondents said that, they have a fear of loss of saving, if any of the member defaults payment, the group savings will be taken against credit. This is the greatest drawback of the Microfinance programme which must be taken care.

Majority of the groups does not maintain their records by themselves. Though they have educated members in their group, they hire or take some other persons help to maintain group registers and who is paid honorarium by the group.

Most of the credit was being taken for household consumption purpose, agricultural activity, small business, allied activities, construction/repair of
house. The SHG members took a number of loans since the loans are cheap and obtainable at the doorstep.

- In spite of regular repayment of loan along with interest and regular saving by the members the formed group corpus will not be sufficient to meet the credit needs of all the members and enlarged the working fund of the group.

- Some 92% of the respondents don’t have income generating activities and some have dropped in the middle. Those respondents, who have IGAs, earn very less per month. And the reasons stated for the dropping of IGA may be different, but the overall impression is that, the problem of market for the goods and heavy competition among the members are important.

- The number of livestock, household articles, and consumer durables has gone up. Very less members have purchased any land after joining the SHG.

- The data obtained from the field has not shown much difference in the credit usage, by the respondents before and after joining the Microfinance programme. As poor women have limited access to credit, she has to manage the portfolio of credit utilization by considering the priorities of the household rather than on individual interest.

- It is clearly observed in the field, that the microcredit due to its small size becomes more convenient for meeting the immediate consumption needs. Because the requirement of the amount for production and investment purpose is large in size which cannot be met with small amount of credit with recurring repayment.

- As the training is more technical in nature and require more sophisticated skills, participants are not happy with the training. Respondents attend the training programme for the certificates, on the basis of which the SHG members are able to get more credit from bank.

- There is no clear evidence of access to employment after joining the Microfinance programme from the field. Respondents have not benefited from the programme in terms of employment.
No considerable change was observed in decision making, after joining Microfinance programme. 123 (38.43%) respondents said that they have experienced moderate change in decision making. And 185 (57.81%) have experienced no change in decision making.

It is evident from the FGDs and by the field observation that, the respondents have very limited choice to make decisions on economic activities and act on it. They were not allowed to take-up any activity of their choice.

Possession of ownership of the property gives economic independence and strength to poor women. As 98% of respondents have reported male headed family system, the ownership of productive assets will be under the control of male member of the family.

No considerable change is observed in the matters of economic plans for future. A positive impact can be seen in the changing the perception of family members towards the respondents after joining the programme. In the matter of acceptance of leadership and other responsibility of the group, respondents have not shown any interest.

7.3 Suggestion

- Education is an important variable for women empowerment. Capacity building through education is crucial in order to improve physical and economic well being. Adult Literacy Programmes should be implemented strictly in order to make the adult female as literates, so that empowering women becomes easy.

- The amount of loan provided to the SHG members is very small, which is not sufficient to meet the credit needs of the poor. The size of the loan availed decides the economic activity of the poor. Government should instruct the banks to increase the loan amount.

- The unrealistic weekly repayment schedule from SKDRDP imposes burden on the borrowers since it may not match with their cash flows or it may not be possible in times of crises. Most clients find monthly repayments to be more convenient. By going for monthly recoveries instead of weekly recoveries the
MFIs can get cut back on their operational costs. So it can be beneficiary for both MFIs and to the borrowers.

- NGOs, research centers and academic institutions could be engaged as facilitators in the process of self-help group formation so that every SHGs work properly and effectively.

- Government should help in empowering the poor, simply by handing over the responsibility to the banking institutions; it cannot deviate from the basic duty of facilitating for a welfare state. It should help the poor in removing economic, cultural and psychological barriers to transform them from being passive recipients of government programmes to active participants and managers of the MFP. It should consider MFP as part of social infrastructure like schools and health centers. The Government should invest in the development of the programme which could be helpful in mobilizing, organizing and educating the women of poor and marginalized sections of the country.

- Men dominance in boards of directors of MFIs, in senior management, in program design, and as loan officers shows that women and men are not equally involved in critical areas of decision making including setting the vision, defining the client target population, and designing products and services. Appointing women’s in policy making and in supervisions helps in effective working of MFPs. As women can understand the problems and needs of women better than men.

- Power is deeply rooted in our social systems, so improving our social conditions by discussion of women’s rights, community problems, politics, and common family problems we can foster a sense of solidarity that can empower women both as individuals and as a group.
From the field study it is clear that almost all the members seeking for bank loans stated untrue reasons. All of the loans were officially applied for the purpose of conducting of IGAs, buying income generating assets like livestock, agricultural machinery, for working capital etc., But in reality more than 90 percent of the coated reasons were fake and loans were actually used for consumption purposes not for income generating purposes. Strict policies should be framed in order to curb such a tendency among members and borrowers. Effective monitoring mechanisms should be set in place either by the DWCD or with help of NGOs. The monitoring authority and the lending banks should ensure that these loans are used for stated economic purpose or not. Only in such a situation micro-finance is an effective tool for economic independence of women.

Policy should be formed for involvement of marginalized or deprived section of the society in the process of empowerment designed for poorest of the poor.

Trainings provided to SHG members should be suitable to the local available resources and backed up with employment opportunities.

The study ultimately suggests that, though micro-finance provided through StreeShakti and SKDRDP has helped the poor in availing easy formal credit, but there is a need to improve the process of empowerment and take up IGAs both at individual and group level in the study area.

On the part of Governmental organizations, the study suggests that there is need to improve the relations between the government and NGOs so that they can interact supportively as well as collaborate effectively to achieve the success of SHG activities and helps in the graduation of SHGs. The NABARD initiated SHG 2 project which is running under the supervision of SKDRDP and MYRDA should be extended to the Gadag district also.

Microfinance cannot be a substitution for Govt. led development programmes like employment generation, health, education etc., more employment opportunities must be created for women. The over all suggestion for economic empowerment is to provide regular employment opportunities to women which provides desired regular income to the women.
7.4 Conclusion

Microfinance programme is implemented to infuse economic independence in the lives of poor woman; access to formal credit will ultimately help the poor in economic activity and in earning income out of such activity. But the findings of the study are contrary to the general notion of Microfinance programme. As a small amount of money, Microcredit has failed to meet the huge task of economic empowerment of women. The study ascertain without a shadow of doubt that, microfinance has helped in the financial inclusion of poor women, but role of Microfinance as an empowerment tool is not proved. Women empowerment depends on two main factors, available external facilities and internal strength. Credit alone is not a sufficient factor which helps women to take-up economic activity and thereby becoming economically independent. A famous Chinese saying which goes like this, ‘Give a man a fish to serve him for a day and teach a man to fish to serve him for life’. Similarly, microfinance is just providing a fish to the poor women in terms of easy credit, but it has failed to teach her to earn income by her own. Women are seen as little more than a instrument to get money. Poor women have remained just a medium through which credit flows in to the family and nothing more than that.