CHAPTER 2
LITERATURE REVIEW

2.1 Introduction

According to Anderson, D. (2013), defining the scope of a study is a key element of developing a dissertation and for most researchers, existing literature will be crucial to help understand what has already been established in the discipline. By drawing upon both conceptual and empirical studies, students are also able to establish a theoretical framework for a study. Initially, a review of existing literature can provide a mapping of the territory within which to locate the current study and its contribution to the knowledge base. A review of previous studies can facilitate the development of the research problem and provide guidance in research design. By highlighting techniques which yield different types of data, a literature review can expose students to the alternative ways of tackling their own research problem. Overall, there is agreement that a review of literature ensures that the researcher appreciates the debates in a field, helping to develop an argument and an explanation of how they are extending existing knowledge.

The literature review for the current research is extensively done through various research papers and various books, Annual reports through RBI, NABARD, planning commission, etc.

2.2 Microfinance and Women Empowerment

Poverty is a crucial problem in all developing countries in the present day world. The poor are important group in every nation because the proportion of the poor in a population determines the potential for growth in that economy. It determines the potential of that economy for wealth accumulation (Hiatt S and Woodworth W, 2006). Countries with fewer poor grow faster than those with a large number of poor people. In Nigeria, the poor has been in the political centre of all policies, but it is very doubtful whether the poor have benefited much from anti poor policies of the
government in the country. Both the United Nations and the World Bank have recently made poverty eradication as a development priority (Hiatt S and Woodworth W, 2006).

The case for microfinance as a mechanism for poverty reduction is simple. If access to credit can be improved, the poor can get finance for productive activities that will allow income growth, provided there are no other binding constraints. This is a route out of poverty for the non-destitute chronic poor. For the transitory poor, who are vulnerable to fluctuations in income that bring them close to or below the poverty line, microfinance can provide credit at times of need and in some schemes, the opportunity of regular savings that a household can draw on. The avoidance of sharp declines in family expenditures by drawing on such credit or savings allows for "consumption smoothing". In practice, this distinction between the needs of the chronic and transitory poor for credit for "promotional" (i.e. generation of income) and "protectional" (consumption smoothing) purposes is over-simplified, since the chronic poor also have short-term needs to be met, due to income shortfalls or unexpected expenditures such as medical bills or social events like weddings or funerals. An interesting generalization that emerges from the microfinance and poverty literature is that, the poorest of the chronic poor (the core poor) also need money essentially for protection, given both the low and irregular nature of their income. This group, it is suggested, is too risk-averse to borrow for promotion (i.e. for investment in the future) and is therefore only a very limited beneficiary of microfinance schemes (Hulme & Mosley, 1996).

Modern India has laid down a path for the Women development activities which would be incredible for the growth of the country’s economy. As per the census survey 2001, around 9.2% of the household in India were headed by females of which, 35% lie below the poverty line. Further, the unorganized sector of the society is socially backward due to tradition bound system that is inherently set forth in the mindset of every individual. Due to this disadvantageous position, women’s access and participation in community development programs remain insufficient. Even
though the trends are gradually rising, the female literacy ratio is comparatively lower when compared to male literacy. According to the National Sample Survey Data of 1997, only the states of Kerala and Mizoram have approached female literacy rates with 90.86% and 88.80% respectively (Dheepa, T., & Barani, G., 2010).

Chowdhury, S. S., & Chowdhury, S. A. (2011), state that Empowerment is a multi-faceted, multi-dimensional and multi-layered concept. Women empowerment is a process in which women gain greater share of control over resources-material, human and intellectual (knowledge, information, ideas) and financial resources which leads to control over decision making in the home, community, society and nation. Women empowerment in India is lesser compared to western countries (Pretes, M., 2002). Women are treated as liabilities to the family and are never allowed to become an asset to the family even if they may have high potential (Shaw, J., 2004). There are many reasons for the lack of women empowerment. These are related to the social, cultural, economic and psychological factors (Sharma, E. K., 2011). These are eradicated with the help of various empowerment schemes like SHGs Swarnjayanti Gram Swarogar Yojana (SGSY), Micro Financing and Financial Inclusions in India (Premchander, 2003).

The empowerment of women has been widely acknowledged as an important goal in international health and development. The International Conference on Population and Development held in Cairo in 1994 and the 1995 Beijing Fourth World Conference on Women (as cited in Schuler, S., & Rottach, E. ,2010), underscored the role of women empowerment in shaping health outcomes and demographic processes. More than a decade has passed since these meetings, during which time, theoretical and empirical work on empowerment has expanded and policy interest endured. One of the UN Millennium Development Goals (MDG) is to ‘promote gender equality and empower women’. Many international bilateral and multilateral donors, such as the World Bank and the United Nations, now include women empowerment as an element in their health and development strategies. If women’s
empowerment truly is an important factor with the potential to influence health and social outcomes, then it should be possible to see the effects of empowerment extend over time and resonate across generations, especially within the family – yet, few studies have examined this (Schuler, S., & Rottach, E., 2010).

Batiwala (1999) is of the view that, less educated, rural women are likely to be loyal and faithful to their businesses and also in terms of repayment of credit. This is a reason why the microcredit institutions in Bangladesh have targeted women to provide loans. Of course, the ultimate objective for such a strategy is to alleviate women’s poverty in order to empower them. In Bangladesh, 94% of microcredit borrowers are women and the recovery rate of loans is 98%. Since the formation of the Grameen Bank, it has been channeling credit to women. It has also been proved from the literature that household consumption increases by 18% when lending to women compared to 11% when lending to men (S.R. Khandker, 1998). In this backdrop, it is worth examining empowering women in microcredit programmes. In terms of impact of microcredit on women empowerment, there exist different views as well. Some researchers are doubtful about the positive effects of microcredit programme towards such an empowerment, while most of the studies put forward a view that microcredit contributes towards women empowerment. Kabeer, N., (2001), have found that the Grameen Bank and Bangladesh Rural Advancement Committee (BRAC) have had significant positive effects on development and empowerment of women. They have found that microcredit has indeed reduced domestic violence in Bangladesh.

However, Goetz, Anne. M., and Rina Sengupta (1996), argue that there is an inverse relationship between the loan amount and control (used as proxy for empowerment). They have found that control on loans diminishes beyond a threshold level of membership. Montgomery et al. (1996) have also expressed some reservations about the empowering effect of microcredit programmes. They argue that, microcredit reinforces the existing gender discrimination and inequalities and contributes little to alter the social status of women.
Debates about finance and poverty-reduction have been shaped by changing conceptualizations of who the poor are and the nature of poverty. In Indian context during the early development decades (1950’s, 1960’s and 1970’s) the bulk of the poor were seen as the members of families headed by (male) small farmers. Their poverty could be overcome by subsidized agricultural credit that would raise productivity and incomes. From the early 1980’s a new image began to dominate thinking and action that the poor were mainly women (and their dependants), who coped with their situation by running microenterprises. Small business loans would permit them to expand (or establish) income generating activities, raise their income and socially empower them. Most recently, the poor have been conceptualized as a heterogeneous group of vulnerable households with complex livelihoods and varied needs (Kameswari, P., 2011). From such a perspective, microfinance is seen as a means for achieving household priorities (e.g. paying school fees, meeting funeral expenses), reducing vulnerability (e.g. a sudden drop in consumption, income or assets) and/or increasing income. It is this broader understanding of poverty that leads us to argue that ‘micro financial services’ is the concept that should involve external agents intervening in the area of finance for the poor (Matin, I., Hulme, D., & Rutherford, S (2002).

Microfinance refers to financial services – most commonly, loans, savings and insurance delivered in small denominations to poor clients who lack the collateral, credit history or other assets to enter the formal financial system. The MFI industry has long viewed its primary role as delivering loans to poor clients. If clients are able to pay back their loans and take out new ones, the story goes on as they keep getting economic and social benefits from them. Indeed, MFIs routinely report repayment rates of over 95 percent and today, there are 100 million people receiving microcredit loans from more than 3,000 institutions. Yet these metrics can hide how poorly an MFI’s clients are faring. MFIs often lend to groups, and so they do not report when individual clients within the group default. From the institution’s perspective, this makes sense as there is no default if the rest of the group repays the loan. But from the clients’ perspective, one person’s default means more suffering.
for everyone. Other group members are forced to make up the difference – often with great hardship. And the debtor, in turn, faces the wrath and sometimes violence of the other members. Some debtors have even resorted to suicide, as several highly publicized cases in Bangladesh reveal. Thus, high loan repayment rates do not necessarily indicate wealthier, happier clients. Pressure to achieve and ensure high repayment rates also leads many MFIs to neglect the truly poor. For instance, the Mexican government designed the Solidaridad program to provide loans to the poorest farmers in the country. Yet, a recent study found that less than half of the loans went to the poorest 40 percent of the population and more than 10 percent of the loans went to the wealthiest 20 percent of the population. A recent study of MFIs in 49 developing countries, show why, the banks serving the poorest borrowers had the highest average costs (Datar, S. M., Epstein, M. J., & Yuthas, K, (2009).

A better understanding of the financial service preferences and behaviors of the poor and poorest is needed to expand the scope of microfinance initiatives and address emerging concerns about microfinance and the poor and poorest (Morduch, 1998, et al).

The poor have many life cycle needs that can be anticipated (though the timing cannot accurately be predicted), which require that relatively large sums of money be amassed. These vary from region to region, but include child birth, education, marriage, home-building, old age, funeral expenses, festivals and the desire to bequeath a lump sum to heirs. The amount of cash needed to meet such expenses is much larger than can normally be found in the household. The anticipation of such outlays is a constant anxiety for many poor people.

Emergencies, that create a sudden and unanticipated need for a large sum of money, come in two forms—idiosyncratic and covariant. Idiosyncratic emergencies are ‘personal’ and include sickness or injury, the death of a bread-winner, the loss of employment and theft. Covariant ones include events such as war, floods, fires and cyclones and especially for slum dwellers the bulldozing of their homes by the
authorities. Each creates a sudden need for more cash than can normally be found at home. Finding a way to insure against such events could help hundreds of millions of poor people. The credit function of informal finance has received the most widespread attention, particularly, as a source of initial working capital for micro enterprises. Intermittent and sometimes reciprocal lending for businesses also takes place between households and can help smooth out short-term cash flow problems and ease longer-term credit constraints. This is important in financial markets for the small enterprises of the non-poor. The size of this market in India has been estimated to be equivalent to 13 to 25 per cent of total bank credit to industry (Ghate, P., Ballon, E., & Manalo, V., 1996).

The credit extended by intermittent lenders and group finance arrangements are essentially hybrid financial products, incorporating savings mobilization and insurance functions. This is important given that poor households tend to use these forms of financial services to a greater extent than the non-poor. The building up of small amounts of savings and innovative intermediation across a network (Rutherford, S., 1998) is the basis of the informal financial services that the poor predominantly use. The contribution of savings of the informal sector is often discussed in the context of deposit mobilization. However, when savings are viewed as deferred consumption, it is seen that the informal sector provides opportunities for saving, both through direct lending and intermediation. A large part of informal credit is from friends, relatives and neighbors, deferring current consumption to lend to others directly. In fact the bulk of rural investment consists of direct finance, with lenders using their own funds built up over a period of time.

Apart from the problems, the poor also have opportunities to invest in an existing or new business, to buy land or other productive assets, or to pay a bribe to get a permanent job. One opportunity, the setting up of a microenterprise or expanding an existing one, has recently attracted a lot of attention from the financial aid industry and from the new generation of microfinance institutions (MFIs) that work with the poor. There is a plethora of studies evidencing the failure of the formal financial
sector to serve the poor. The existence of capital market imperfections in the rural areas of developing countries has engaged the attention of economists, social scientists and policy makers for decades. Such failures stimulated the ‘new wave’ of microfinance and provided benchmarks against which the successes of these new ideas are assessed (Matin, I., Hulme, D., & Rutherford, S. (2002). Interestingly, the formal financial sector has in general shied away from drawing lessons from the microfinance revolution. Their approach to banking and financial service provision has remained largely unaltered. The reasons for this are not clear, but it could be skepticism about profitability (Montagnon, 1998), lack of pro-poor organizational values or simply a market niche, that has been shown to be better served by specialized microfinance institutions.

How do the poor get access to the lump sums that their life cycle needs, emergencies and opportunities demand? Apart from gifts or charity—which cannot be relied on—there are only three common methods. The first is to sell assets they already hold (or expect to hold); the second is to take a loan by mortgaging (or ‘pawning’) those assets. The third is to turn their many small savings into larger lump sums. The first method is the sale of assets which is usually a straightforward matter that does not ordinarily require any ‘financial services’. However, poor people sometimes sell, in advance, assets that they do not currently have but expect to hold in the future. The most common example is the advance sale of crops. These ‘advances’ are a form of financing, since the buyer provides, in effect, a loan secured against the yet-to-be harvested crop. The advance may be spent on financing the farming costs required to provide that crop. But they may equally be used on any of the other needs and opportunities identified earlier. The second method i.e. mortgage and pawn enables poor people to convert assets into cash and back again. It is the chance which is not always realized to regain the asset that distinguishes this second method from the first. As with the straightforward sale of assets, such services require the user to have a stock of wealth in the form of an asset (such as land or gold) of some sort. They allow the user to exploit their ownership of this stock of wealth by transforming it temporarily into cash. Whereas these first two methods require that the users have
assets, the third method enables poor people to convert their small savings into lump sums. The logic underpinning most of the recent innovation in microfinance starts from a set of assumptions about the financial service needs of the poor. The focus has been mostly on the design and institutionalization of a microcredit ‘template’—a delivery model that is believed to best answer those needs. Millions of poor households around the world now benefit from this model. However, more useful and varied financial products can be developed through a fuller understanding of the existing money managing efforts of the poor.

Matin, I., Hulme, D., & Rutherford, S. (2002), also state that demand for financial services from poor households calls for short-term and long-term credit lines for financing inputs and investments in both physical and human capital, and for provision of savings opportunities with different rewards and maturities. In general, the poorer the household the greater the need to use savings and credit as insurance substitutes.

The conventional provider categories of ‘informal’ and ‘formal’ have been complicated by the arrival of microfinance institutions (MFIs) that may be regarded as ‘semi-formal’ (World Bank, 1997). While the informal sector has commonly been viewed as unregistered sources of credit such as money lenders, pawnbrokers and traders, we also include savings services provided by Rotating Savings and Credit Associations (ROSCAs), Accumulating Savings and Credit Associations (ASCRAs) and deposit takers. Formal providers are those who are subject to the banking laws of the country of operation, provide conventional retail services to customers and engage in financial intermediation. Semi-formal providers are MFIs that are usually registered as NGOs or cooperatives and occasionally as banks with a special charter such as the Grameen Bank. This threefold categorization aids our analysis, but it should not obscure the dynamics by which informal providers become semi-formal (such as Rotating Savings and Credit Association( ROSCA) registered as chit funds in India) and MFIs convert from being semi-formal to formal (for example, PRODEM became BancoSol in Bolivia).
Informal providers are a heterogeneous group. More importantly, the distinction between informal providers and their users is often fuzzy since they are often one and the same. This commonly results in a relatively localized scale of financial intermediation. The conventional image of the informal provider is that of the moneylender. However, the range of informal providers and their provision is in fact far more diverse. The fuzziness of the savings-credit-insurance nexus is most evident in the informal sector.

**Figure 2.1 Informal finance**

![Diagram of informal finance sources](source: Ghate, et al 1996)

**2.2.1 Microfinance Programmes and Empowerment of Women**

The concept of giving very small loans to the poorest of the poor to help them establish businesses first emerged some 30 years ago. Since then, “microfinance” programs around the world have exploded. And they have proven very successful
and cost-effective. Repayment rates have increased, though it’s not necessarily an indicator of successful economic development. The original mission of microfinance was to bring business thinking to new places and people. Microfinance organizations don’t distinguish between the poor and the economically active poor; they distinguish between good risk and bad risk as a financial institution (Hemingway, M., 2004).

Microfinance programmes like the Self Help Bank Linkage Program in India have been increasingly promoted for their positive economic impact and the belief that they empower women. However, only a few studies rigorously examine the link between microfinance and women empowerment. In recent years, governmental and non-governmental organizations (NGOs) in developing countries have introduced microfinance programmes offering financial services to low income households, specifically targeting women. This was based on the premise that women in poor households are more likely to be credit constrained and hence less able to undertake income-earning activities. Access to credit has received even greater attention in the context of poverty reduction and women empowerment objectives (Swain Ranjula Bali and Maria Flora., 2008).

The interpretation of women empowerment and its measurement also varies across different studies. While this might take into account an important aspect of women empowerment, it still suffers from the arbitrary assignment of weights to variables used in constructing the indicator of women empowerment. Furthermore, most of these variables, as explained later in the article by Swain Ranjula Bali and Maria Flora., 2008 are ordinal in nature. For, they are based on qualitative responses that are categorical in nature. Therefore, assigning a numerical value to these categories and using that to construct an indicator is inappropriate.

Graham A N Wright, Deborah Kesente, Germina Semogere and Leonard Mutesasira, 1999, for instance, created an indicator called ‘Accounting knowledge’ that measures the probability that the changes associated with empowerment matter. Goetz, Anne.
M., and Rina Sengupta, 1996 made an important contribution through their qualitative and quantitative analysis to examine the complicated household dynamics and underlying notion of empowerment in the context of the household decision-making process. However, their index of Managerial Control to classify the borrowers into five categories ranging from no control to full control of the use of the loans has similar limitations. Empowering women is perhaps one of the most frequently cited social objectives of most microfinance programmes. The impact of microfinance on women empowerment however, is difficult to verify. Women empowerment is a multi-faceted concept and an ongoing process and defining it, is itself a challenging task. Moreover, women empowerment is not directly observable and therefore, needs to be measured cautiously and appropriately.

Women empowerment takes place when women challenge the existing norms and culture of the society to improve their well-being effectively. It measures empowerment as a latent variable. Unlike previous studies, the measurement model does not treat the latent variable as observed. The general structural model estimates the mean empowerment for 2000 and 2003, to measure the women empowerment of the SHG group, vis-à-vis the control group. Using the RML approach, the authors empirically examined the relation between the SHG participation and women’s empowerment. The results, which are robust, strongly indicate that SHG members are empowered by participating in this microfinance programme in the sense that they have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices (Swain Ranjula Bali and Maria Flora, 2008).

As the definition of women empowerment indicates, the empowerment process is a challenging task for any individual, let alone those members of the society that are not only socially repressed, but also economically weak. The economic empowerment of women may lead to their greater participation in decision making and bargaining power within the household. However, if the empowerment of women has to extend beyond the household towards greater participation and
decision making within the society, there is a need for greater education and awareness creation of both women and men within the society. One can expect that microfinance programmes that rely only on the provision of financial services can have a relatively limited impact on women empowerment.

De Aghion, B., & Morduch, J. (2000), state that Microfinance holds the promise of meeting both goals i.e. raise income of low income groups as well as broaden financial markets. Micro finance has been tied closely with the idea of group lending and joint liability; it was Mohammed Yunus’s genius to publicize his bank, the Grameen bank of Bangladesh with reference to contractual innovation.

People (including the poor) may save money as it goes out (keeping a few coins back from the housekeeping money) as well as when it comes in (deducting savings at source from wages or other income). Even the poorest have to spend money to buy basic items like food and clothing, and each time they do so there is the opportunity to save something, however tiny. Many poor housewives try to save in this way, even if their working husbands fail to save anything from their income. That they sometimes succeed is shown by their habit of lending each other small amounts of money (as well as small amounts of rice or kerosene or salt). This ‘reciprocal lending’ is very common and makes up the bulk of financial transactions for many poor people and demonstrates the poor’s capacity and willingness to save. (Sharma, M. L., Sharma, K. R., & Sharma, N. K., 2001).

Abbink, K., Irlenbusch, B., & Renner, E. (2006), state that Microfinance Institutions (MFIs) introduce financial institutions into rural areas in less developed countries, which are out of reach for the traditional banking system. In a typical microfinance scheme, borrowers with individual risky projects form groups that apply for small loans together. The whole group is liable, if one or more group members default. By spreading the risks of the individual projects, joint liability provides an insurance against individual project failures. Even if an individual project fails and some of the borrowers are unable to repay, the group as a whole might still be able to do so.
Unless the individual risks are perfectly correlated, the overall risk of involuntary non-repayment can be substantially lower than with individual borrowing. In this sense, joint liability serves as a substitute for collateral, which the poor normally cannot offer in order to back their loans. A further safeguard against default is the dynamic structure of micro credits, loans are given in small portions and follow-up loans are given subject to a good repayment history. By this, the MFI can incentivize borrowers to repay and retain control over the groups’ repayment performances. The paper also states that high interest rates in microfinance institutions do not necessarily induce willingness to repay loans or universal free-riding. Expensive credits may even enhance repayment discipline. On the other hand, the data in the paper also shows that even if group members are willing to repay, too expensive credits may nevertheless lead to a high risk of involuntary default. Despite their repayment discipline, group members in our high interest treatment, typically do not achieve long strings of follow-up loans. Thus, it has to be taken into account that loans need to be affordable after all.

As a young economics professor at Chittagong University in Bangladesh in 1976, Muhammad Yunus lent $27 out of his own pocket to a group of poor craftsmen in the nearby town of Jobra. To boost the impact of that small sum, Yunus volunteered to serve as guarantor on a larger loan from a traditional bank, kindling the idea for a village-based enterprise called the Grameen Project. It never occurred to the Professor that his gesture would inspire a whole category of lending and propel him to the top of a powerful financial institution. Today, Yunus runs Bangladesh's Grameen Bank, a leading advocate for the world's poor that has lent more than $5.1 billion to 5.3 million people. The bank is built on Yunus' conviction that poor people can be both reliable borrowers and avid entrepreneurs. It even includes a project called Struggling Members Program that serves 55,000 beggars. Under Yunus, Grameen has spread the idea of microcredit throughout Bangladesh, South Asia, and the rest of the developing world. In some cases, Yunus has been able to attract private capital to fund socially driven businesses. Grameen Phone, a for-profit telecom outfit, is 51% owned by Norway's
Nortel Networks Ltd. It works with the not-for-profit Grameen Telecom to provide bulk airtime for so-called village phones. Funded by loans to individual women, these systems—built from simple handsets and solar chargers—function as pay phones in many rural areas. Now the idea of a "village phone lady" is catching on, along with other low-cost, high-tech systems, in other parts of Asia and Africa. An energy enterprise, Grameen Shakti, sells around 1,500 home solar panel systems per month throughout rural Bangladesh and is growing 15% a year without subsidies, says Yunus (Gangemi, J., 2005).

Microcredit programs have a positive socioeconomic impact on the rural female borrowers of Bangladesh. In the last two decades, microcredit programs have been operated by Government Organizations (GOs) and non-governmental organizations (NGOs) in Bangladesh. The prime objective of these programs is to enhance the income-earning potential of female borrowers of rural families and empower them socially and economically. This program helped rural women working in paddy husking, poultry farming, petty trading (e.g., grocery), pond aquaculture, animal husbandry, weaving, garments, handicrafts, dairy farming, and plant nursery activities (which all tend to be home based in nature). Microcredit programs substantially contribute to the socioeconomic development of the rural women in this country. Studies show that the microcredit programs have created significant positive differences in the socioeconomic lives of the rural women in Bangladesh (Hashemi, S. M., Schuler, S. R. & Riley, A. P., 1996).

2.2.2 Microfinance – Global context

Microfinance developed in Asia and Latin America under very different ideological, political and economic conditions, leading to distinct differences in their microfinance industries. A brief look at the history of two of the most famous microfinance institutions (MFIs), the Grameen Bank in Bangladesh and Banco Sol in Bolivia, illustrates how the industry in the two regions differs. As discussed earlier in this literature, modern microfinance was a boom in Bangladesh in the 1970s, in the
aftermath of the country's war of independence, when Muhammad Yunus, an economics professor at the University of Chittagong, began an experimental project providing credit to the rural poor of Bangladesh. That experiment, driven by a strong sense of developmental idealism, developed into what is now the world's most famous MFI the Grameen Bank, and institutions that replicate its pioneering methodology world-wide. Microfinance in Latin America developed under quite different conditions. In Bolivia, a collapsing populist regime led to widespread unemployment. Banco Sol, a pioneering MFI in the region, developed to address the problem of urban unemployment and provide credit to the cash-strapped informal sector. The notion of commercial profitability was embraced relatively early in this approach. There is also a recent trend in the opposite direction—traditional banks becoming involved in microfinance in a variety of ways. In both regions there are examples of large state banks that have moved into microfinance, e.g. Banco Nacional de Costa Rica and BRI's Micro Business Division. Recently, there has been a similar trend in the private banking sector as well, Until it was closed in April 2004 for non-compliance with prudential regulation. Bank Dagang Bali (BDB) was an early example of commercial banking involvement in microfinance in Indonesia. Rural banks in the Philippines are the dominant providers of microfinance and the USAID-funded Microenterprise Access to Banking Services (MABS) programme aims to assist participating rural banks in expanding the services they provide to the micro-enterprise sector. Pakistan has established a number of private commercial banks that provide retail micro financial services. Malaysia, Nepal and Thailand also have programmes to encourage commercial banks involvement in microfinance. In Latin America, Banco Agricola Comercial (El Salvador), Banco del Desarrollo (Chile), Banco Wiese (Peru) and Banco Empresarial (Guatemala) are examples of private commercial banks that are involved in varying degrees with microfinance. Falling in between state involvement and private commercial initiatives is a programme in India started by the National Bank of Agriculture and Rural Development (NABARD), under which a number of private banks in India have become involved in microfinance. ICICI Bank in particular has experimented with some innovative approaches to microfinance involvement under the NABARD
programme. These trends place microfinance squarely within the conventional financial sector and raise important issues of governance and regulation in connection with the new institutions (Weiss, J., & Montgomery, H. A., 2009).

In principle, microfinance can relate to the chronic (non-destitute) poor and to the transitory poor in different ways. The condition of poverty has been interpreted conventionally as one of lack of access by poor households to the assets necessary for a higher standard of income or welfare, whether assets are thought of as human (access to education), natural (access to land), physical (access to infrastructure), social (access to networks obligations), or financial (access to credit) (World Bank, 2000). Lack of access to credit is readily understandable because of the absence of collateral that the poor can offer to conventional financial institutions, in addition to the various complexities and high costs involved for the institutions in dealing with large numbers of small, often illiterate borrowers. The poor have thus to rely on loans from money-lenders at high interest rates or from friends and family, whose supply of funds is limited. MFIs attempt to overcome these barriers through measures such as group lending and regular savings schemes as well as the establishment of close links between poor clients and staff of the institutions concerned. The range of possible relationships and mechanisms employed is very wide (Weiss, J., & Montgomery, H. A., 2009).

According to Datar, S. M., Epstein, M. J., & Yuthas, K., 2009), Micro finance may be one of the world’s most powerful new solutions to poverty, as well as to the wars, diseases, and suffering that poverty ignites, if it works. Supporters of microfinance contend that small loans fuel economic self-sufficiency. They point to the billions of dollars that microfinance institutions (MFIs) such as Grameen Bank, Acción International and Opportunity International (OI) have given to millions of small-time, impoverished entrepreneurs. They cite research showing that microloans increase household consumption, give women more clout in their communities, encourage the use of contraceptives and improve the nutrition of young children. Critics, in contrast, contend that the world’s most vulnerable people are often in no
position to take on the risks of entrepreneurship. They point to evidence showing that stable jobs in large industries, not volatile small businesses, lift people out of deprivation.

Karnani, A., 2007, state that microfinance clients have been known to scrimp on food, sell their furniture, borrow from loan sharks and take second jobs to pay off their loans; that husbands, sons, and fathers-in-law often take control of women’s loans; and that, overall, microfinance fails to find its way to the world’s poorest people. These two camps disagree partly because studies of microfinance are, indeed, inconclusive. MFIs vary so much in their missions, strategies, and tactics that assessing their overall impact – or comparing them to each other – is not yet possible. At a more prosaic level, MFIs usually operate in places where it is difficult to conduct research – places that are geographically isolated, politically unstable, technologically backward and educationally disadvantaged. But the largest barrier to understanding whether microfinance works, is that few MFIs have clearly articulated what it would mean for microfinance to work – let alone how it could work, for whom it could work, where it could work or when it could work. In other words, few MFIs have explicitly formulated their theory of change – that is, an explanation of how their activities could lead to their desired outcomes. Without a clear theory of change, these MFIs invest resources, launch programs and track outcomes that have little to do with their ultimate goals.

2.3 Self help groups and Women Empowerment

2.3.1 Self Help Groups

"Self-Help is a Trust, Belief and Conviction that the Community, no matter how backward, has resources that can be mobilized for meeting individual's local needs and that of the community for making local improvements and bringing about social change." SHG is group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members. They agree to save regularly
and convert their savings into a Common Fund known as the Group corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management. The group formation will keep in view the following broad guidelines: Generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20. The difficult areas have to be identified by the State Level Swarna Jayanti Gram Swarozgar Yojana (SGSY) Committee and the above relaxation in membership is permitted only in such areas. Generally all members, of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, up to a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living alongside with Below Poverty Line (BPL) families and if they are acceptable to the BPL members of the group. This will help the families of occupational groups like agricultural laborers, marginal farmers and artisans marginally above the poverty line or who may have been excluded from the BPL list to become members of the Self Help Group. However, the Above Poverty Line (APL) members will not be eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The BPL families must actively participate in the management and decision making, which should not ordinarily be entirely in the hands of APL families. Further, APL members of the Self Help Group shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group. The group should devise a code of conduct (Group management norms) to bind itself. This should be in the form of regular meetings (weekly or fortnightly), functioning in a democratic manner, allowing free exchange of views, participation by the members in the decision making process. The group should be able to draw up an agenda for each meeting and take up discussions as per the agenda (Vetrivel, S. C., & Mohanasundari, M. M., 2011).
Self Help Group (SHG) is a village-based financial intermediary usually composed of between 10-15 local women. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro credit. SHGs are member-based microfinance intermediaries inspired by external technical support that lie between informal financial market actors like moneylenders, collectors and formal actors like microfinance institutions and banks on the other. In Orissa, the organization of self-help groups, especially for microfinance and micro enterprise development programmes constitute a widely accepted development strategy for poverty reduction. This strategy is equally shared by government, commercial banks and civil society. SHGs have shown a limited effectiveness in terms of their impact on rural poverty and their long-term sustainability. The universal fascination with SHGs has also resulted in obscuring the potential roles of alternative institutions like co-operatives, private sectors, etc. in poverty removal. The possessiveness of some of the implementers has resulted in the development of SHGs as standalone organizations without having any meaningful interaction with other schemes or community based organizations. As a result of this, the SHG members have not been able to access substantial development funds, which could otherwise have been available to them. This article advocates that for SHGs to have a marked and sustained impact on poverty, it is necessary for them to adopt a more encompassing approach with various community-based organizations & programmes by laying far greater focus on processes, capacity building, convergence with various on-going programmes, etc (Tripathy, U., & Padhi, P.,2011).

The SHG bank linkage programme essentially involves banks providing a loan to what is considered a ‘mature’ SHG group. An SHG is a group of usually poor women, with an average size of about 15 members from a similar socio-economic background (Swain Ranjula Bali and Maria Flora., 2008).
Once the group is formed, its members are encouraged to make voluntary savings on a regular basis and to lend amongst its members in order to build financial discipline and gain financial experience. They wait for about six months to demonstrate their stability after which they are considered to be ‘mature’ and banks then make loans to the SHG in some multiple amounts of the total accumulated savings of the group members. The bank loans are given without any collateral and at market interest rates. The groups decide the terms of the loans to their members and make use of peer pressure to ensure timely repayments. The SHG bank linkage programme is characterized by high repayment rates (95%) and its members are predominantly women (90%) (NABARD, 2005).

The term SHG or ‘Self-Help Group’ has evolved and has taken a basic form of ASCA (Accumulating Saving and Credit Association) promoted by any of the government agencies, NGOs or banks. SHG can be distinguished by their origins and sources of funds. The classifications were made by carving the larger groups based on pre-existing NGO programs for thrift and credit or more broad-based activities or Bank linkage scheme as a part of integrated development program or through DRDA’s (District Rural Development Agencies) or as a component of various physical and social infrastructure projects. Group or Team effort is the successful mantra of the needy that rely on various approaches emphasizing social, collateral and cost-reducing effects. The concept of group formation is based on two categories namely:

(a) Groups that are primarily geared to deliver financial services provided by microfinance institutions (MFIs) to individual borrowers (such as the joint liability groups of Grameen and the NGO banks of Bangladesh)

(b) Groups that manage and lend their accumulated savings and externally leveraged funds to their members.

Even though the evolution of groups may stand on different strands, the characteristic features of SHGs are listed below:
- SHG is generally an economically homogeneous group formed through a process of self-selection based upon the affinity of its members.
- Most SHGs are women’s groups with membership ranging between 10 and 20. SHGs have well-defined rules and by-laws, hold regular meetings and maintain records and savings and credit discipline.
- SHGs are self-managed institutions characterized by participatory and collective decision making. All the SHGs promoted by NGO are organized for undertaking integrated development activities and the further improvement leads to larger cluster and multi-village federations for financial and non-financial activities (T. Dheepa & G. Barani, 2010).

Mukherjee, S., & Purkayastha, P. (2011), state that Self-Help Groups are the most contemporary modes for poverty eradication and women empowerment in India. Nonetheless most of the self-help groups suffer from huge accumulated inventories. They normally prepare papads, pickles or jute-made handicraft products of best quality possible even with their insufficiency in finance and infrastructure. Related studies reveal that these groups clearly lack in terms of cost-effective production, improvisation in the value-chain, diversification and value addition in the product lines, building up sustained brand loyalty, strong chain of distribution outlets, strong cooperative effort and so on. Nevertheless, it needs no mention that there are several models like SEWA, AMUL or Lijjat which started at a micro level and ended up as good business models due to their superiority in all the above mentioned criteria. In-depth interviews with the self help groups of Howrah and Hooghly districts of West Bengal, India showed that the SHG members have certain ideas and preferences regarding arrangement of finance, brand positioning strategy, promotion and distribution efforts, production and technical aspects and of course, pricing. Based on their feedback on these aspects and the practice of some successful Self-Help Groups, this paper analyses the problems and suggests recommendations for small self-help groups to overcome the hurdles in the feasibility and execution of their schemes.
Nagayya (2000) maintains that an informal arrangement for credit supply to the poor through SHGs is fast emerging as a promising tool for promoting income-generating enterprises. He has reviewed the initiatives taken at the national level keeping in view the institutional arrangements to support this programme for alleviation of poverty among the poor, with focus on women. He maintained that NABARD and SIDBI are playing a prominent role at various stages of implementation of this programme. There are other national level bodies also supporting NGOs and other associations, viz. Rastriya Mahila Kosh (RMK), Rashtriya Gramin Vikas Nidhi (RGVN), etc. He called for an imperative need to enlarge the coverage of SHGs in advance portfolio of banks as part of their corporate strategy, to recognize perceived benefits of SHGs financing in terms of reduced default risk and transaction costs. Development of the society is directly related with the Income Generation Capacity of its members with agriculture, as the key income generation activity, the entrepreneurship on farm and home can directly affect the income of a major chunk of our population. The growth of modernization processes such as industrialization, technical change; urbanization and migration further encourage it. Entrepreneurship on small scale is the only solution to the problems of unemployment and proper utilization of both human and non-human resources and improving the living condition of the poor masses (Venkata Ramana, C. C., Ramachandra Aryasri, A. A., & Nagayya, D. D., 2008).

Puhazhendhi, V., & Satyasai, K. J. S. (2001), in their paper attempted to evaluate the performance of SHGs with special reference to social and economic empowerment. Primary data collected with the help of structured questionnaire from 560 sample households in 223 SHGs functioning in 11 states representing four different regions across the country formed the basis of the study. The findings of the study revealed that the SHGs as institutional arrangement could positively contribute to the economic and social empowerment of rural poor and the impact on the later was more pronounced than on the former. Though there was no specific pattern in the performance of SHGs among different regions, the southern region could edge out other regions. The SHGs programme has been found more popular in the southern
region and its progress in other regions is quite low, thus signifying an uneven achievement among the regions. Older groups had relatively more positive features like better performance than younger groups.

Manimekalai, N. and G. Rajeswari (2000), in their paper highlighted that the provision of micro-finance by the NGOs to women SHGs has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization. Similarly, Sharma, M. L., Sharma, K. R., & Sharma, N. K. (2001), maintained that through SHGs, women empowerment is taking place. Their participation in the economic activities and decision-making at the household and society level is increasing and making the process of rural development participatory, democratic, sustainable and independent of subsidy, thus, micro-financing through SHGs is contributing to the development of rural people in a meaningful manner. Interestingly even others have attempted to study the size, composition, characteristics of rural self help groups, to examine their functions and the impact on generation of income and employment, to identify the major constraints and problems of the group and suggest measures for overcoming these problems. They suggested that the banks and other financial institutions and state governments should come forward to help the rural poor through the SHGs and provide liberalized credit facilities at cheaper rates of interest. The above studies simply demonstrate that SHG's are playing a vital role in extending micro-finance to the rural poor. The functioning of SHGs has been based on participatory mechanism and therefore the impact of SHGs on its members in terms of empowerment, accessibility to credit, socio-economic change, etc. has been found positive. Though there are a number of studies which are related to functioning of micro-finance but only a few studies have been taken so far to assess the impact of Women Self Help Groups on the socio-economic empowerment. In this context, this study is important to assess the impact of Women Self Help Groups on its members in terms of socio-economic empowerment in the state of Uttar Pradesh. The study findings may be
useful for policy imperatives and smooth functioning of SHGs. More benefits of SHGs may be obtained through proper functioning of these groups and extending of micro-finance to develop and promote micro-enterprises.

Dasgupta, R., (2005), in his paper on informal journey through Self Help Groups observed that micro-financing through informal group approach has effected quite a few benefits viz.: (i) savings mobilized by the poor; (ii) access to the required amount of credit by the poor; (iii) matching the demand and supply of credit structure and opening new market for Financial Institutions (FIs) ; (iv) reduction in transaction cost for both lenders and borrowers; (v) tremendous improvement in recovery; (vi) heralding a new realization of subsidies and corruption-less credit and (vii) remarkable empowerment of poor women. He stressed that SHGs should be considered as one of the best means to counter social and financial citizenship, not as an end in itself.

2.3.2 Women Empowerment

Empowerment is defined as a person’s capacity to make effective choices, that is, the capacity to transform choices to desired activities and outcomes. The extent or degree to which a person is empowered is influenced by personal agency (the capacity to make purposive choice) and opportunity structure (the institutional context in which choice is made). Asset endowments are used as indicators of agency. These assets may be psychological, informational, organizational, material, social, financial or human. Opportunity structure is measured by the presence and operation of formal and informal institutions, including the laws, regulatory frameworks and norms governing behavior (Pandian P and Eswaran S R, 2006). SHG is earmarked to be a successful strategy for empowerment of women thereby facilitating their awareness, knowledge, skills and use of technology (Dheepa, T., & Barani, G., 2010).
The evidence with respect to the impact on women’s status and well-being is mixed. Some studies have found positive results, including female empowerment and decreased violence against women (Amin, R., Becker, S., & Bayes, A., 1998). Other studies have cited unintended side effects of micro-credit, including increased violence against women, negative peer-pressure linked to loan repayment and emotional stress of females due to family-related conflicts (Chowdhury, S. S., & Chowdhury, S. A. 2011; Rahman, A., 1998). The extent of women’s empowerment is also unclear, as some authors have found that these initiatives have led to another form of domination over women, through the development of new hierarchies of power (Rahman, A. 1998). For example, Rahman stated that 60% of husbands were using loans secured by women. This means that even if household income increases and women are gaining new experiences with financial institutions, they are not acquiring new status or power within the family. The conflicting results of micro-credit on women’s status and well-being may be attributed, in part, to methodological variations (Kabeer, N., 2000). Some studies base their findings purely on statistical evidence, while others rely on qualitative approaches. Kabeer points out that a quantitative survey may determine an average reduction of violence, while ethnographic work may find increased violence within certain households. Differential impacts of credit schemes may also be related to the type of questions being addressed, those studies which have found positive impact usually focused on outcomes, while studies finding negative results focused on processes (Kabeer, N., 2000). Also, the underlying issues being addressed, such as autonomy and empowerment, are not always measured appropriately. Kabeer promotes a comprehensive approach, which includes the participation of female members in the evaluation process, combined with conceptual clarity and validity of the elements of study (Tripathy, U., & Padhi, P., 2011).

Dheepa, T., & Barani, G., 2010 states that an active and multidimensional process to recognize the full potential of the women which would increase the women’s ability to shape her and her community is women empowerment. Women empowerment and Gender Equality are identified to be key elements for achieving progress, which
is accepted as one of the eighth millennium goals agreed at New York Millennium Summit 2000 (Tandon, Snehalata, 2001). A transformation has happened in the term ‘Empowerment’ which enables women to have control over the circumstances of their lives and their well-being. This process not only envisions but helps to have control over their resources and ideology, greater self confidence and an inner transformation of one’s consciousness to overcome external affairs. With a focus to make a women to be independent and self-reliant, various policies and developmental programs were framed to equip the women with varied skill sets which would empower them in terms of social, economical, political, cultural and technological factors.

SHGs have been instrumental in empowering grass root women in several areas. Evidences from different regions revealed that there are positive improvements realized in terms of all the group members becoming literate; mitigating village disputes, improving health and education of children and keeping the village roads clean, giving exposure to all the members of the group to carry on the bank’s transactions, etc. It has helped in many other ways: in replacing money lenders, changing cropping pattern, increasing use of organic pesticides and fertilizers, creating seed banks; and creating a better awareness on nutrition, health and hygiene. It has also prompted the involvement of people in regular saving and internal lending, helped them initiate micro enterprises and manage lending schemes, avail government credit, operate savings accounts and community funds and maintain financial records. Besides, SHGs have been instrumental in people becoming environmentally conscious, using eco friendly toilets, constructing, using and repairing rainwater harvesting structures, participating in politics. Women have gained technical skills, basic principles of management and group building. These groups are also getting federated and as such, they help women of different regions to unite collectively for a common cause (Dheepa, T., & Barani, G., 2010).
2.4 Development of women entrepreneurs

For at least four decades since the Second World War, the onus of poverty eradication was placed on the state, as government policies and programs were viewed as appropriate strategies to address issues concerning poverty. But in recent years, attention has shifted away from macro models of state dominance to models that focus on people participation in tackling the menace of poverty. Entrepreneurship has regained its significance not only as a driver of economic growth, but also as a mechanism that can enable an escape from poverty. The emergence of the entrepreneur as a “change agent” in development and management literatures has coincided with a general disillusionment with state-dominated policies, which in turn have been associated with corruption and rent seeking behaviors that ceteris paribus increase the level of poverty (Goel, G., & Rishi, M., 2012).

An entrepreneur is a person who has possession over a new enterprise or venture and assumes full accountability for the inherent risks and outcome. The term is a lone word from French and was first defined by Irish economist Richard Cantillon, (as cited in Vierra, X., 2008), ‘A female entrepreneur is sometimes known as ‘entrepreneuse.’ However Entrepreneur in English is a term applied to type or personality who is willing to take upon herself or himself a new venture or enterprise and accepts full responsibility for outcome’ (Vierra, X., 2008).

Martinez, R. J. (2001), in his book on ‘Entrepreneurship’ stated that ‘entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who take the major risks in terms of equity, time and career commitment of providing value to some products or services. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skill and resources.’ The delivery of micro finance to the poor is smooth, effective and less costly if they are organized into SHGs. SHG is promoting micro enterprise through micro-credit
intervention. Micro enterprise is an effective instrument of social and economic development (Tripathy, U., & Padhi, P., 2011).

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 1990s (Tripathy, U., & Padhi, P., 2011).

Women entrepreneurs need to be lauded for their increased utilization of modern technology, increased investments, finding a niche in the export market, creating a sizable employment for others and setting the trend for other women entrepreneurs in the organized sector. While women entrepreneurs have demonstrated their potential, the fact remains that they are capable of contributing much more than what they already are. Women entrepreneurship needs to be studied separately for two main reasons. The first reason is that women entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and also by being different. They also provide the society with different solutions to management, organization and business problems as well as to the exploitation of entrepreneurial opportunities. The second reason is that the topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do (Datta, P., & Gailey, R., 2012).

Society’s interest in entrepreneurship mainly derives from an employment perspective. The entrepreneur is the one who creates new activities which, in turn, can generate new jobs. Society and politicians therefore pronounce the concept of growth to be an increased number of employees (Achtenhagen, L., Naldi, L., & Melin, L., 2010). Even if this is reasonable, a company’s primary mission is not to be a source of employment. They contribute to industrial development by being efficient and profitable. This is not to say that they have no ambitions for growth.
Many business owners use the term 'growth' synonymously with their development of the business and a change in value of the company can indicate growth. In the research context, the concept has a broader definition and academics are mainly looking to find instruments that can be used to identify and compare growth. They use measurements such as increased sales, increased number of employees or change in return on assets (Achtenhagen, L., Naldi, L., & Melin, L., 2010).

Although the majority of previous conventional research is based on a quantitative approach, this approach has received significant criticism. Achtenhagen, L., Naldi, L., & Melin, L., (2010), outline the difficulty of including all the different stakeholders views on growth and how this leads to an overly broad definition, legitimizing the question of, ‘do practitioners and scholars really talk about the same thing?’ Related concerns could be whether such a broad view could be measured quantitatively? Yet another question would be if it is relevant to use excessively aggregated yardsticks, such as sales, to capture growth for all stakeholders simultaneously.

McKelvie, A., & Wiklund, J. (2010), make the observation that growth studies are hard to accomplish for several reasons. Within the mainstream of research, where growth is quantitatively studied as an outcome, growth constitutes the dependent variable and the goal is to explain incremental growth and varying growth rates. Measurements such as changes in the number of employees, sales, assets, etc. are commonly used in this research. However, the research question in this field has been difficult to answer because it has not been possible to isolate factors that can explain growth on their own. McKelvie, A., & Wiklund, J. (2010), further identify at least five different explanations as to why the results of this approach are limited. They argue that the problem is based in the heterogeneity of the object and the following areas are identified (i) unit of analysis (ii) differences in modes of growth (iii) variation in growth rates over time (iv) indicators of growth and not taking account of differences in the willingness to grow.
Datta, P., & Gailey, R. (2012), in their article seeks to counteract the dearth of academic research on women entrepreneurial efforts by focusing attention on individual women owners of a five-decade old, women-run social enterprise in India called Lijjat. Lijjat was founded on the Gandhian Sarvodaya ideology of trusteeship, with its core principles of self-reliance, collective ownership, profit sharing and cooperation. Embedded in Lijjat as an institution, are a number of structural elements that appear to enhance women’s position and power within the context of Indian society. The field of entrepreneurship is increasing its theoretical focus on the unique contributions of women entrepreneurs to business and society (Welter, F., 2007). This increased attention is long overdue. Too often, entrepreneurial efforts by women have gone unnoticed, and their contributions have been underappreciated. In a way, this is because, women’s business ventures, particularly those in less developed countries, function more in the informal rather than formal economy. Consequently, a significant portion of women entrepreneurial efforts fail to garner sufficient media or political attention and are not addressed by academic researchers. Lack of recognition or attention, however, does not negate either the significant contribution that women’s entrepreneurial efforts have on wealth creation in economies around the globe or the positive impact women have made on social issues (Welter, F., 2007).

As a theoretical construct, ‘women empowerment’ often begins with an attempt to understand how and why women are oppressed. Carr, M., & Chen, M., 2004, outline three theoretical approaches to thinking about women’s powerlessness i.e. a system’s gendered approach, a single-domain (household or workplace) approach and a multiple-domain approach, which occurs sequentially or simultaneously. While the authors acknowledge the abundance of vigorous theoretical debate concerning women’s empowerment, they lament the paucity of field-level research useful to practitioners hoping to better understand why women are oppressed and, more importantly, offering some tools and techniques that can be used to strengthen and empower women. In the article on measuring women’s empowerment, Kabeer, N. (2000) suggests a key element of empowerment which is the ‘ability to make
choices’. Kabeer qualifies his argument by suggesting that there are three interrelated dimensions required for women to be empowered to make decisions in their lives: (1) access to resources, including preconditions; (2) agency, including process; and (3) achievements, including outcomes.

Kabeer’s three dimensions are useful in understanding the theoretical framework for this study. They are as stated below:

- **Access to Resources**- The preconditions faced by women in India are significant and reflect system-wide gender discrimination. Often women’s access to resources, particularly jobs in the formal economy, is limited due to cultural conditions that subordinate the role of women. A more direct single-domain condition in India contributing to the subordination of women, particularly among women of poorer socio-economic means, is a lack of macro-technical skills developed in school or vocational training (PAL, S., & GHOSH, S., 2012). Often, girls are prevented from participating in skills-based education by family choice or by social norms. Not having specific skills can prevent many women from venturing into starting self-employed businesses. Yet, if a woman begins an individual entrepreneurial activity, the cultural gender dynamics in India may mean that she has to do a double shift of work and family while still not being allowed to acquire resources without a man’s approval (Calás, M. B., Smircich, L., & Bourne, K. A., 2009).

- **Agency**- Indeed, Calás et al. (2009) argue that having women gain access to resources does not guarantee social change. Even if an Indian woman is given access to resources, cultural conditions may hinder her from being able to make her own decisions regarding vocational pursuits. Patriarchal sanctions/domination can indirectly foster employment barriers for women. If a father or a husband does not want his daughter/wife gaining certain skills or starting her own business, a woman can find it difficult to launch her own business. This culturally embedded male dependency limits a woman’s agency and prevents her from pursuing economic opportunities and personal capabilities.
This issue of agency also highlights the challenges that exist in measuring women’s empowerment. Calás et al. (2009) offers an important distinction between increasing a woman’s social opportunities or choices and ensuring that a woman really is able to make her own choices. As Kabeer, N. (2000) notes, the process in utilizing one’s agency is equally as important as having agency. Consequently, significant consideration must be paid to women’s perceptions of control over their own decisions.

- **Achievements** - As noted, Kabeer, N., (2000) suggests that real achievements or outcomes are a critical factor for understanding women empowerment. One challenge of measuring specific outcomes for women’s empowerment is that community power dynamics are always evolving. Hence, the definition of what constitutes empowerment can change over time and from one location to another. As definitions change, it becomes more difficult to track meaningful quantifiable longitudinal data that contain comparable data points. To aid in the process of measuring long-term achievements in women’s empowerment, qualitative data can be a rich, informative resource.

Eradicating poverty does not depend on repaying one’s loans, it depends on creating a successful business. Yet too few MFIs focus on helping their clients use their loans to create successful businesses. Some that have shifted to a client-centered approach appear to have had more success. Beyond financial services, most MFIs offer basic loan repayment training. Generally the training is limited to emphasizing the importance of repaying the loan and of applying the loan to the business, rather than spending it on personal needs. Yet clients often face health emergencies and family crisis and also want to spend some of the loan proceeds on education. And so MFIs need to give clients more training in financial literacy and money management so that they can better meet both their business and personal needs. At present, MFIs do very little of this. Moreover, mastering loan management does not lead to generating profits. Just because clients use a loan to stock more inventories, for example, does not mean that they will be able to sell the goods at a profit. And just because they sell goods at a profit does not mean that they can generate enough profits to support
household needs, business reinvestments and loan repayments – sometimes at interest rates as high as 60 percent per year. Yet that is exactly what most MFIs and clients presume (Datar, S. M., Epstein, M. J., & Yuthas, K., 2009).

Davis, P. (2013), states that it has been thoroughly documented that women entrepreneurs face considerable discrimination, prejudice and sexual stereotyping throughout the world. The World Bank (2011), for example, recently documented that it is much harder for women entrepreneurs than their male counterparts to secure finance to start a business. In some patriarchal cultures, women have fewer legal rights, which limit their ability to run a business and the nature of the businesses they can run (Jamali, D., 2009). In some countries, women must rely on their spouse to enable their venture because women lack property rights and their own resources. Even in liberal, secular, developed democracies such as France and Sweden, where strong anti-discrimination laws exist, women entrepreneurs report high levels of sexism and stereotyping that impede their businesses (Bitange Ndemo, U., of Surrey, & Fides Wanjiku Maina, 2007).

Apart from learning and professional development being critical to business operation and growth, it can be a powerful weapon against discrimination and ignorance. The absence of formal and informal learning for women entrepreneurs serves only to inhibit their ability to counter the discrimination they face. Informal learning such as professional networking, for example, would assist women entrepreneurs to support and advise one another when experiencing business-related discrimination. In the absence of education, there is only ignorance and surely this contributes to the ongoing prejudice women entrepreneurs encounter. Women entrepreneurs are not uneducated; in most countries they are better educated than male entrepreneurs (Cowling, M., & Taylor, M., 2001). It is the lack of development training as they operate and attempt to grow their businesses that is limiting their advancement. It would seem that training for business women is simply not given a high enough priority.
Bliss, R.T. and Garratt, N.L., (2001), has suggested that women entrepreneurs do not have any special training needs; that there is no difference between the business training required by men and women. Carter, S., and S. Marlow (2007), however, argue that women entrepreneurs do have different and specific training needs based upon the prevalence of sexist attitudes, discrimination and prejudice they encounter as businesswomen. Further, women often must balance self-employment with child rearing and domestic work. Women are also treated differently under law in some countries and women tend also to operate businesses in different industries than men. Almost all studies on women entrepreneurs, wherever they have been conducted, highlight the scarcity of business skills, training and vocational education for women (Cardon, M. S., J. Wincent, J. Singh, and M. Drnovsek, 2009). These papers conclude that the training is desired and needed and that if available, it would have a positive impact on women-owned businesses and their success. For example, vocational training for women entrepreneurs in Oman is virtually non-existent. Women in the country have twice the illiteracy rate as men and comprise just 9.7 per cent of the workforce as a result (Gerard, M., & Rahma, A., 2003). In Ethiopia too, a study found that the biggest barrier to women entrepreneurial success was the lack of technical and business skills training (Singh, G., & Belwal, R., 2008). In Ghana, a study found that most women entrepreneurs in businesses were demanding vocational and technical training but only 8 per cent had received any formal vocational or technical skills training (Dzisi, 2008). In Russia, Izyumov, A., & Razumnova, I., 2000 discovered that lack of business skills and training prevented women from launching a business. This was demonstrated through a trial training program.

Women entrepreneurs also have fewer informal learning and development opportunities than men. Informal learning is typically tacit, incidental, unmanaged, unstructured and often secondary to the activity the learner is engaged in. Informal learning has no pre-determined or specific outcomes and knowledge gained is often unexpected. Entrepreneurial informal learning opportunities commonly derive from participation in collegial networks and business associations. Informal learning
through networks and associations has been found to increase opportunities for identifying new business, business growth and identifying new markets (Naser, K., Mohammed, W. R., & Nuseibeh, R., 2009). There are a number of reasons why women have few opportunities for accessing networks and associations. First, women tend to have little social capital and this limits the size, value and level of their networks (Gonzalez-Alvarez and Solis-Rodriguez, 2011; McIntosh and Islam, 2010). Women’s networks are far more likely to be dominated by family and friends and not reach higher levels of politics and business (Naser et al., 2009). Second, many business associations are dominated by men who push their own interests and exclude women (Dechant and Al Lamky, 2005), so many women do not bother with formal associations. In many countries there are no established business associations for women and their freedom to associate in many societies is restricted by a patriarchal culture and societal norms (Jamali, D., 2009). It has also been noted by several authors that women entrepreneurs tend not to network as confidently or effectively as their male counterparts and sometimes actually avoid networking (Dechant and Al Lamky, 2005).

There is a need for a better qualitative understanding of business growth among women. In recent years, women’s entrepreneurship has markedly increased all around the world (de Bruin, A., Brush, C. G., & Welter, F., 2006). However, a much lower percentage of women start businesses when compared to men. In Sweden, women’s share of the total amount of new business creation is only one third. That being said, various studies indicate that women are under-represented, with regard to operating and growing a company (Morris, P., 2006). A general view is that only a few small businesses achieve growth or even have aspirations to grow, and that women entrepreneurs do not show the same growth as men (Leitch, C., Hill, F., & Neergaard, H., 2010). Obviously, one could study the reasons for this discrepancy. However, research could also ask and consider the possibility that this result may be different if growth is understood from a qualitative perspective, where growth is considered to be something that could be analyzed using progress in strategic building blocks, that align entrepreneur’s goals and motivators with achieving these
aspirations. As such, growth may not necessarily be an increase in sales or in profits – growth could be more meaningful to study when taking account of goal progress and qualitative considerations.

Shiralashetti, A. S., 2010, states that the economic progress of India depends on the productivity of both male and female workforce. However, in India women were confined within the four walls of their house and were dominated by males. Of late, there has been tremendous progress in the social and cultural environment in India. Women are now participating in all productive activities and are at par with men. No doubt, the SHG movement in India has been working in the right direction, but it is necessary to empower more and more women in social, cultural, economic, political and legal matters, for the interest of the family in particular and the nation in general.

Availability of opportunities for self employment through micro lending has positively affected the lives of the rural dwellers. According to Anand, 2008, micro lending has facilitated the development of small businesses. It has enhanced the emergence and consolidation of new entrants to businesses. This has helped to revive the rural economy by creating avenues for self employment. Moreover, according to Anand, 2008, small scale enterprises in rural communities can easily adapt to local market and local sources of raw materials. Gaertner, W., & Schwettmann, L., 2007, argued that rural poverty cannot be meaningfully addressed unless provisions are made to promote self employment. He lauded the operations of micro lending machinery for its role in combating rural poverty by stimulating self employment. Through this, business development consciousness among rural dwellers has been activated.

2.5 Gap Analysis
The Analysis of above literature brings across certain limitations of literature. There are certain shortcomings and gaps, which have been identified by the researcher. The given literature studies women empowerment. As per Shaw, J., 2004, women are treated as liabilities to the family and are never allowed to become an asset to the
family even if they may have high potential and Sharma, E. K., 2011, who state that there are many reasons for the lack of women empowerment. These are related to the social, cultural, economic and psychological factors. In both the cases, they do not explain the role of Self Help Groups in empowering women. It is therefore important to study what benefit factors attract women to join SHG and make them empowered. Swain Ranjula Bali and Maria Flora (2008), state that women in poor households are more likely to be credit constrained and hence less able to undertake income-earning activities. Access to credit has received even greater attention in the context of poverty reduction and women’s empowerment objectives. Therefore it is important to study the contribution of SHG in developing entrepreneurial qualities among women. SHGs get access to credit facilities through various sources which is not otherwise possible for women. The current research study also tries to find out which institutional credit source is widely available to these women e.g., nationalized banks, co-operative banks, Microfinance institutions (MFIs), etc.

The available literature fails to identify whether family support and peer group pressure plays a role in encouraging women to join SHG and also start up their own businesses and become entrepreneurs. Available literature mainly stresses on role played by NGOs, government, etc in encouraging women to join SHG.

Tripathy, U., & Padhi, P. (2011), advocates that the SHG members have not been able to access substantial development funds and for SHGs to have a marked and sustained impact on poverty, it is necessary for them to adopt a more encompassing approach with various community-based organizations & programmes by laying far greater focus on processes, capacity building, convergence with various on-going programmes, etc. Therefore, it becomes important to study whether SHG women get any formal or vocational training from any NGO, government organization, which can train them in business development activities, marketing linkages, etc. and also educate them regarding various government schemes and development funds available.
The available literature talks about importance of SHG, income generation, empowerment of SHG women but does not study whether it provided other benefits like building self respect, getting financial and social support, asset building, etc, therefore it becomes important to study all these factors.

The current study also tries to understand whether women in SHG trust each other in financial matters and whether they feel empowered socially or not, which is not studied otherwise.

The current study also tries to find out whether women develop any entrepreneurial qualities after joining Self Help Group, whether they like working in teams, etc.

Calás et al. (2009) state that Patriarchal sanctions/domination can indirectly foster employment barriers for women. If a father or a husband does not want his daughter/wife gaining certain skills or starting her own business, a woman can find it difficult to launch her own business. This culturally embedded male dependency limits women and prevents her from pursuing economic opportunities and personal capabilities. It therefore becomes necessary to study the family support which the woman gets and how it plays a role in her life.