Chapter II

Review of Literature and Conceptual Framework of the Study

2.1 Introduction

Microfinance intervention, probably, is the most controversial topic of discussion in the development parlance of the last decades of twentieth century and the beginning decades of the twenty first century. The controversy is about the perceived results of the intervention. There are different views about the results of the intervention world over. The following section is for a review of the literature on the impacts of microfinance intervention in various countries.

As Bangladesh is recognized as the birth place of modern microfinance, so is the contribution to research outputs on the topic - Microfinance - caught the attention in Bangladesh because, like everywhere in the developing economies, here also, many of the developmental attempts based on formal credit delivery systems failed to deliver goods on account of high transaction costs, low efficiency, and low coverage (Khandker & Chowdhury, 1996). The earlier attempts to usher in development, though slow in pace, through the growth of industrial sector failed to deliver goods in alleviating rural poverty. Thus, the efforts of policy makers were reoriented towards a novel credit program which will, presumably, enable the rural women to undertake productive enterprises, and thus improve their life status. The institutional support for such endeavors that were widely recognized as micro credit programs was provided mainly by the BRAC, the GB and other nongovernmental and governmental organisations. The special feature of those targeted credit programs was a delivery mechanism based on group liability of a comparatively small group of rural women. Such programs were soon acclaimed as having resulted in bringing down the proportion of the poor since the early 1980’s (Task Forces on Bangladesh Development Strategies, 1991) and subsequently known as microfinance programs. As stated in the first Chapter, many of the research results have been questioned on the grounds of methodological robustness as well as on the results claimed to have been achieved. Besides the allegations of Self Selection into the programme, various studies have brought out opposite results.
2.2 Studies alluding to positive results

Earliest research studies on the impact of microfinance were centred on the pioneering institutions like the GB and the BRAC. The late 80’s and the 90’s were the periods of widely cited and quoted impact studies in Bangladesh. The clientele of the GB, the BRAC, and many other Microfinance providers’ were subject to impact assessment studies by experts. In two successive studies of the effectiveness of the targeted credit program of the GB in 1988, Hossain (1988a; 1988b) came out with all glorifications for the program. The author concludes with the warning about the chances for exaggeration of the results due to the self selection of better educated and younger participants into the program. In other words, inability to ensure a hundred percent error free control group is cited as the limitation of the study. However, the author states that it may not be universally possible for such intervention to be implemented where labour is surplus with little opportunity cost and can be transformed into commodities and services by investing small amount of capital.

The well known supporters of microfinance, Khandker, Pitt and Chowdhury, came out with several research papers which were the outputs of the research project RPO 676 - 59 "Credit Programs for the Poor: Household and Intra household Impacts and Program Sustainability”. The data for the project evaluation came from a quasi experimental survey conducted in the year 1991/92 in 87 villages of 29 thanas of rural Bangladesh. The survey was designed in such a way that 24 thanas had at least one program and 5 had none. The papers produced from the evaluations of the program impacts were centred on various aspects of microfinance and testified to its positive effects. For example, Khandker and Chowdhury assessed the changes in the welfare of the participants of three large targeted credit programs selected for the project, namely the Bangladesh Rural Advance Committee (BRAC), the GB, and Bangladesh Rural Development Board's Rural Development Program (BRDB RD -12). They, after comparing participants with non-participants, concluded that these programs could play an important role in lessening poverty and sustaining household welfare on a long-term basis. The analysis showed two interesting things about the program participation: First, the participants had risen above the poverty line in a span of five years and had attained economic graduation in eight years. Secondly, the program beneficiaries were capable of achieving a structural shift from traditional farm activities to non-farm activities (Khandker & Chowdhury, 1996). Subsequently, Khandker (1998), in his book “Fighting Poverty with Microfinance” and in a paper co authored by him with Pitt (1998) “The Impact of Group-Based Credit Programs on Poor”, Households in Bangladesh: Does
the Gender of Participants Matter?” came out with the conclusion that every additional taka lent to a woman by the three Bangladeshi programs such as the GB, the BRAC, and RD-12 resulted in an additional 0.18 taka to annual household expenditures - an 18 percent return to income from borrowing. Besides, the paper (mentioned as coauthored) estimated the impact of participation by gender in the three programs on women’s and men’s labour supply, children’s schooling, and assets. The authors concluded that credit provided to women was more likely to influence these behaviors than the credit provided to men. Khandker, Hussain and Zahed (1998) estimated the village level impact of the microcredit programs with the same data and concluded that providing credit in a non traditional way had positive impacts on income, production, and employment, particularly in the rural non-farm sector and had caused an increase in wage levels.

Another set of study outputs details about the contraceptive behavior of the program participants. Khandker and Latif (1994) suggest that the program of the BRAC and the GB has a positive impact on the contraceptive use among the participants.

Again, Pitt and Khandker (2002) based on the data of 1991/92 survey, examined the effect of group-based credit used to finance self-employment by landless households in Bangladesh on the seasonal pattern of household consumption and male and female labour supply and argues that an important motivation for credit program participation is the need to smooth the seasonal pattern of consumption and male labour supply. In an extended work, Pitt, Khandker, Chowdhury and Millimet (2003) updates the above results by examining whether the size of the effects of the program on child health depends on the sex of the participants and the gender of the child. Interestingly, it is found that the targeted intentions of the intervention are better achieved if the credit is directed towards women.

The findings by Pitt and Khandker, however, remain open for debate. One of the most vociferous critics of the concept of microfinance, Morduch (1998), in his widely cited paper, argued that the exogenous eligibility rule based on landholdings was frequently violated because program officers were likely to bend the rules in unobservable ways. He found that 20 to 30 percent of the borrowers owned more land than the half-acre maximum requirement for the program, thus clearly opening up the ways for Self Selection. Further, when the comparison was restricted only to those participants who met the restrictions, average consumption in the villages with access to microfinance was less than the controls with both the difference and difference-in-differences methods. This, according to him, is
suggestive of substantial mis-targeting of program funds. In a reply to Morduch, Pitt (1999) took pains to blunt systematically all the five criticisms of Morduch. He argued that it was because of misunderstanding of the methods adopted by Pitt and Khandker and the incorrect methodology employed that Morduch could obtain his new evidence. He stated that there was no violation of rule of half acre land because the credit programs were making adjustments for land quality in determining the eligibility standards of a household, and the participating households owning more than halves an acre of total land at the time of the survey had less land values. Nonetheless, the data set mentioned above and the arguments seem to be more popular than the criticisms. Using the Pitt-Khandker data, McKernan (2002), finds that self selection among the participants of the credit programme of GB has overestimated the programme results. He states that households which are likely to make more profit from entrepreneurial activity join GB’s credit programmes. He also has employed econometric methods to deal with the issue of Self Selection.

There were other contemporary microcredit programs in Bangladesh; and other authors subjected them to impact study. Based on the data collected in mid-1995 survey of 3564 married women under age 50 from program as well as non program villages of five NGOs of Bangladesh – ASA, RDRS, DCI, CDA and VERC - Amin, Li and Ahmed (1996) came out with evidence that the participants in the program used more contraceptives for they wanted to keep smaller families than women who did participate or lived outside the program areas.

The same data set formed the basis for a number of subsequent papers which came out with varied conclusions on a host of topics. Amin and Li (1997) found that the NGO credit members as well as those who resided in the NGO program area were higher adopters of child immunization than those of non-members and the infant and child mortality rate was lower than those of non-members due to this higher adoption of immunization. Besides, the study also found that even among their poorest credit-members of rural Bangladesh, the NGO programs had been able to attain an immunization level comparable to that of the national average. Amin, Becker and Bayes (1998), in another paper based on the same data set, hypothesized that participation in credit and credit related activities by NGO credit members led to greater empowerment compared to non credit members, and that the duration of credit membership was positively associated with women’s empowerment. Also individual non credit members who lived within a credit program village were likely to be
more empowered than non members in the control areas owing to the diffusion effect of the credit program from the credit members to non members within a credit program village.

Much earlier than Khandker and Pitt, Chowdhury came out with the comparative conclusions of the outcomes of the programs of the GB, the BRAC and Bangladesh Rural Development Board's Rural Development Program (BRDB RD-12); a number of other studies were conducted by the BRAC on different aspects of RDP’s impact on participants. For example, Ahmed (1988), in a study on economic empowerment of the poor participants of credit program, found significant improvement in income and other household variables of the participants over those of non participants. Chowdhury, Mahmud and Abed (1991) also showed that per capita income was 26 percent higher and employment creation was 19 percent higher for programme households than those of control households. Households participating in the program had higher levels of assets and household goods.

The first comprehensive impact study of the RDP of the BRAC, which is designated as the Impact Assessment Study–I (IAS-I), was undertaken in 1993-94 (Mustafa et al., 1996) using four broad indicators, viz: (a) vulnerability to seasonality (b) well-being as per material aspect, (c) development of VOs as institutions and (d) changes in the lives of women. The methodology of the study included both 'before and after' and ‘with and without analyses’. The sampling is randomly done after developing the profiles of 225 villages, of which 150 were RDP villages and 75 were villages where presence of RDP is not found (for the purpose of finding comparison households). The findings, among other things, include positive impact of RDP on material wellbeing of its member households. One of the drawbacks that can be mentioned about the study is that it does not measure poverty and its related aspects. As a sequel to the first impact study, IAS-II (Second Impact Assessment Study of RDP) was carried out in 1996-97 by the team led by Husain (1998). Apart from the research questions of the first impact study, an additional dimension was added in the new one. It focused on the poverty reduction properties of the program. For this purpose, poverty and its correlates were measured. The findings of the study accounts for Self Selection into the programme by the BRAC members who joined in the year 1993, who were endowed comparatively better than older members. Among other variables influencing self selection of the participants in the programme, were the position of the participants as heads of the households, belonging to households which have their heads as entrepreneurs and more vibrant macro settings to which some of the participants belong. The study findings showed that RDP inputs had significant positive impacts on the socio-economic aspects of well
being of the participants. It also brought out the reasons for drop out of members as loss in activities financed by the programme and resultant inability to repay loan regularly.

Amin, Majumder and Tuhin (2011), in another paper, survey and compare the microfinance program between the GB and the ASA in Bangladesh and arrive at that the ASA outperforms the GB significantly in all the three welfare measure used. The authors argue that the emphasis of ASA on human capital development and skill training is the reason for their superior performance compared to other microcredit programs operating in Bangladesh.

Using the same details of data used by Schuler and Hashemi, in a more recent study, Schuler, Hashemi and Riley (1997) assess the impact of participation in the credit programmes of the BRAC and GB on contraceptive use after accounting for the length of membership in order to control for selection bias. Here also the authors have acknowledged that the variable of duration of membership in the credit programme may not fully eliminate the chances for Self Selection.

Later, Zaman (1999) taking consumption data from 1072 households shows that the largest effect on poverty arises when a moderate-poor BRAC loanee borrows more than 10000 taka ($200) in cumulative loans. The positive outcomes are the result of reduced vulnerability as evidenced by strengthened crisis coping capabilities and building assets. In the same year, the performance of Rural Development Program (RDP) of the BRAC and the Thana Resource Development and Employment Program (TRDEP) of the Government of Bangladesh were compared (Montgomery, Bhattacharya & Hulme 2005) and arrived at the conclusion that credit had promotional impact for some and a protectional impact for others, and the better-off amongst the poor benefited more from credit than the poorer. They also argued that credit could pose severe risk for the extremely poor.

After a subsequent survey of 1798 households in 1998/99, which together with the earlier household survey data of 1991/92 constituted panel data, the team comprising Khandker and Pitt (1998) produced research papers showing the effects of microfinance. In the first output they jointly examined the level of saturation of microfinance and the externalities generated. Besides, they also examined whether the estimated impacts of microfinance found earlier with cross-section data analysis could be supported using an alternative method. And it was found that village had reached a saturation point for microfinance loans and that the long-term effect of microfinance was declining. The author sought to control Self Selection by randomly allocating the participants in group based credit programmes to target and control.
groups. Subsequently another article by Khandker (2005) based on the same household panel data also testified to almost similar results as that of the earlier paper which used the same set of panel data. The paper addressed the questions whether household and individual factors such as land and education influenced a household’s demand for a loan in microfinance schemes, whether microfinance reduces poverty and, if so, what the limits of poverty reduction through microfinance were, whether it produced spillover effects, whether the program benefited households beyond those that participate, and, finally, what the aggregate poverty effect of microfinance was on poverty reduction. Khandker found that the total increase on household consumption from each additional 100 taka of credit to women was 20.5 taka, 4.2 from current borrowing (1998-99) and 16.3 taka from past borrowing (1991-92), showing diminishing marginal returns over time. Comparing poverty rates in 1991-92 and 1998-99, he also found that moderate poverty headcount in program villages declined by 17 percent; 18 percent in program areas and 13 percent in non-program areas. Among program participants who had been members since 1991-92, poverty declined by more than 20 percent. He estimated that more than half of this reduction was directly attributable to microfinance.

Using the same data set, Chemin (2008) used the technique of “statistical matching” to compare participants in microfinance with matched individuals in untreated villages. He claims that it helps in adjusting pre-treatment characteristics between treatment groups and non-treatment groups. He found that microfinance participants spent, on average, 3 percent more than similar non-participants. Pitt, Khandker, and Cartwright (2005) also, using the same set of panel data examined the effects of men’s and women’s participation in group based micro credit programs on various indicators of women’s empowerment. The results showed that women’s participation in microcredit programs helped to increase their empowerment when considering the variables like household decision making, access to financial and economic resources, benefits of social networks, greater bargaining power vis-a-vis their husbands, and freedom of mobility.

Based on the data of 888 rural women (aging between 15 or above in 1991–92) taken from the 1991/92 and 1998/99 panel, Khandker, Koolwal and Sinha (2008) examined the impacts of their participation in group-based credit programs in rural Bangladesh. The results showed that young women had a higher demand for credit than older women. Young women’s borrowing significantly improved household per capita expenditure. In addition, their borrowing reduced fertility. Contrary to findings from previous studies, it was found
that the program participation had no impact on children’s schooling or women’s labour supply. The time invariant unobserved heterogeneity factors that might affect selection into the programme are sought to be smoothed out by fixed effects least squares estimation.

Kaboski and Townsend (2005), using a structural model built upon household and institution level cross sectional data collected in 1997 from a major microcredit initiative in Thailand - the Thai Million Baht Village Fund program - conclude that consumption increased as a result of the credit program, but cannot detect any effect on average investment. Besides, they also find that institutions, particularly those with good policies, can promote asset growth, consumption smoothing and occupational mobility, and can decrease moneylender reliance.

Islam (2011), with the data collected from four rounds of surveys conducted during period from 1997-98 to 2004-05 by the Bangladesh Institute of Development Studies (BDIS) and Palli Karma-Sahayak Foundation (PKSF, Rural Employment Support Foundation) arrives at the conclusion that long term participation in microfinance programme can help households proportionately more than what they can attain through short term participation. It is also concluded that graduation from poverty requires longer-term participation. The selection bias is sought to be handled by employing evaluation strategies based on econometric methods and by double-difference (DD) approach and fixed effects model. The basis of dealing with the self selection bias is panel data

Khandker (2012), in a study based on longitudinal data collected over a period of 7 years from 297 GB groups since their inceptions and claimed to be free from estimation bias including Self Selection, suggests that in a group-lending scheme, the default incentive varies according to groups as well as individuals, because those with the same default preferences tend to select into groups to satisfy joint liability requirements. And, the pattern of repayment behaviour is likely to be as good as individual behaviour, which also results in self selection of individuals to form groups with similar individuals. The authors seek to deal with self selection of beneficiaries in forming groups of similar individuals by keeping the group under longitudinal pattern of data collection over a period of seven years.

Quite a few studies have been conducted in various other countries outside Bangladesh which have produced evidence for positive impacts. Microfinance has become the buzzword of developmental intervention in many of the developing world and studies undertaken in
different parts testified to the success of the program. The following section reviews such studies.

Hulme and Mosley (1996) – the editors of the second volume of the trilogy “Finance against Poverty” - combine the results of the work undertaken by various authors across seven countries in three continents and underscores the positive impacts of the program on the borrowers. Mosley (2005 & 2005a) in his contributions to the above volume about the microfinance impacts in Bolivia, and Indonesia respectively gives a picture of the performance of the borrowers. In Bolivia 91 percent of the clients of Bancosol experienced an increase in income, the impact being more pronounced in the case of lower income group borrowers. The Indonesian study of the borrowers of the three major lending programs, viz., KUPEDES by BRI and the BKK and the KURK systems operated by the Development Banks of, respectively, Central and East Java claims that only 4.17 percent of KUPEDES borrowers are left below the poverty line after an average three years of program participation. Other contributions which are the results of the studies conducted in Bangladesh (study of the impact on the members of the TRDEP and members of the RDP of the BRAC) by Montgomery, Bhattacharya and Hulme (2005) in Sri Lanka by Hulme, Montgomery and Bhattacharya (1996), and by Buckley (2005 and 2005a) in Kenya and in Malawi respectively testify to increase in income, accumulation of household as well as business assets.

Mosely and Hulme (1998), in a research report estimating the impact of 13 microfinance institutions in seven developing countries on poverty and other target variables, reported that the income of the households as result of lending increased at a decreasing rate. They also reported that lending to the poorest guaranteed only low rate of impact on household income, while a policy of lending to not so poor ensured greater levels of impact. A later study by Mosely (2001) in Bolivia arrived at almost similar conclusions with the exception that he also mentioned that microfinance might also augment vulnerability.

Hossain and Diaz (1999) studied 133 sample household borrowers of Centre for Agriculture and Rural Development (CARD) in Philippines by comparing older borrowers to newer borrowers and found out that productive capital as well as the ability to finance expansion from borrowers’ own funds increased with the number of loans taken from CARD. Income from older borrowers’ microenterprises was 3.5 times higher than newer borrowers’ enterprises, and older borrowers also increased income from other sources.
In western Guatemala, Wydick (2001), after tracking the progress of 239 participants over a period of five years from 1994 to 1999, has come out with mixed results for the program. In the second round of survey conducted in 1999, it is found that a majority of the enterprises that availed credit started showing declining trend in enterprise employment generation after peaking in employment creation in the initial stages of access to credit. Other findings include higher stability for female enterprises, more allocation of female enterprise profits to family welfare rather than reinvestment in business.

Studies, undertaken by various authors in other parts of the world also strongly allude to the impacts of microfinance on the household well being. For example, Tsilikounas (2000) in Bosnia; Barnes et. al (2001) and Lakwo (2006) in Uganda; Dunn and Arbuckle (2001) and Tedeschi (2008) who undertook a quasi-experimental analyses in Peru (of which Tadeschi went for econometric tools for dealing with various biases like program placement and self-selection on a panel data collected in two rounds in the years 1997 and 1999); Dunn and Tvrkovic (2004) in Bosnia and Herzegovina (BiH); Kondo (2007) in an evaluation study in Philippines based on quasi experimental methodology; again Todd (2000) in Philippines; and Berhane, and Gardebroek (2011) in Ethiopia in Tanzania all came out with positive impacts of the microfinance on the beneficiaries.

Karlan and Zinman (2007) undertook a randomized control experiment in Philippines and found that microfinance consumer loans randomly granted to marginal applicants relaxing criteria appeared to be profitable for the lender and benefited the borrowers in the form of increased employment, reduced hunger, and reduced poverty.

The study undertaken by Joseph Kimos Adeji and Thankom Arun, (2009) in 2007 in Ghana taking two groups of respondents consisting of 231 clients of SAT (Sinai Aba Trust) and 305 non-clients residing in the same areas where SAT operates noted that program placement played an important role in determining the category of clients reached by SAT. It found that financial sustainability concerns pursued by SAT prompted it to shift the attention from the very poor households to the less poor.

What is likely to be the impacts of micro credit on economic indicators of borrowers having different income levels? Rahman, Rafiq and Momen (2009), addressed the question in the study using primary data from borrowers of GB and the BRAC and argues that even though micro credit is effective in raising the economic status of borrowers in general, it is more
pronounced in the case of higher income borrowers as compared to lower income and middle income borrowers.


The study undertaken by Joseph Kimos Adeji and Thankom Arun, (2009) from February to June 2007 in Ghana covering two groups of respondents, made up of 231 clients of SAT (Sinai Aba Trust) and 305 non-clients residing in the same operational areas of SAT noted that program placement had an important role in deciding the category of clients served by SAT, since nearly all its branches were located in urban areas. The study found that the requirement of financial sustainability of SAT persuaded it to grant financial assistance to less poor households rather than very poor. Thus, programme placement had a role in determining the success of the microfinance programme.

Duvendack (2010), in his doctoral thesis, addressed the methodological robustness of the two most famous impact evaluations of microfinance undertaken in Bangladesh and in India by Pitt and Khandhker (1998) and by Chen and Snodgrass (2001) respectively. In India the impact evaluation was done on behalf of United States Agency for International Development (USAID) on SEWA Bank. The endeavour was undertaken with a view to contributing to the methodological framework for the use of quantitative techniques in impact evaluation. Existing panel data were reanalyzed using more advanced econometric techniques and a number of inconsistencies were brought out. And, he was unable to provide convincing evidence of impact.

Other impacts: In addition to the wider positive impacts attributed to microfinance, supporters of the mechanism allude to many other impacts of microfinance. It is acclaimed on account of its capacity to make the female participants more economically independent, which in turn causes more long-term nutrition benefits to adult female household members (Hazarika & Khasnobis 2008), more investments in human resources like investment in
education of children (Wydid, 1999) and better health of children, nutrition and education (Fletschner & Kenney 2011; Maldonado, 2003), better access to medical care and income smoothing that guard against household crisis (Todd, 2000), reduced child labor (Dehejia & Roberta, 2002), higher rates of use of contraceptives (Steele, Amin, & Naved, 1998), reduced childhood mortality (Rahman, Davanzo & Sutradhar; Chowdhury & Bhuiya, 2004), significantly increased personal expenditure including expenditure on food (Dupas & Robinson, 2013), increase in business profitability (Edgecomb & Garber, 1998); and housing improvements (accumulation of assets and consumer durables) (McIntosh, Villaran, & Wydick, 2011). Dunn and Arbuckle (2001) and Woller and Parsons (2002) claim that program impacts have spilled over to non participants in the program villages. Besides, studies have shown that access to credit has resulted in an overall reduction in violence against women. Educated participants are less likely to be subject to violence (Dreze & Sen, 1995 and Schuler, Hashemi, Riley, & Akhter, 1996) even in male dominated patriarchal societies like that of Bangladesh.

Studies have shown the interrelationship between microfinance and social capital. Ismawan (2002), for example, explain the relationship between economic intermediation through microfinance program on existing social capital and conclude that microfinance helps building social capital to enhance degree of information sharing, democratic participation, collective decision making and sustainable development. Anderson, Leigh, Laura Locker and Rachel Nugent (2002) claim that microcredit has positive impact on Common Pool Resources and Social Capital. Mayoux (2001) has indicated about the social capital which is the basis of virtuous spirals of microfinance. Sanyal (2009) enquires into whether grouping socially isolated women into microfinance groups promote women’s social capital and normative influence and conclude that microfinance groups improve their individual agency and facilitate their collective empowerment by enhancing social capital and endowing them with normative influence. Feigenberg, Field, Pande, Rigol and Sarkar (2014), in an experimental study which examines the potential benefits of participants in empowerment, come out with the results that participation in the program results in enhanced social capital among the participants; the new entrants benefiting more than the existing members. De Quindt, Fetzter, and Ghatak (2012) have also held a similar view about microfinance and social capital. They further argue that even though for profit lenders of microfinance charge higher interests rates with a view to exploiting the social capital of the clients, the clients still prefer such joint liability contracts to individual contracts. Cassar and Wydick (2010)
also argue, on the basis of an international study, in favour of the social capital in microfinance lending which encourages joint liability contracts rather than the individual contracts.

Karlan, D and Valdivia M (2011), uses randomized control trial in order to measure the marginal impact of adding business training to a Peruvian group lending program for female micro entrepreneurs. Treatment groups received thirty to sixty minute entrepreneurship training sessions during their normal weekly or monthly banking meeting over a period of one to two years. Control groups remained as they were before, meeting at the same frequency but solely for making loan and savings payments. It is found that the treatment led to improvements in knowledge of business and revenues.

There are quite a few studies which have challenged the basic tenets of microfinance: for example, while considering the feature of group lending the opinions that benefits of training are available only to leaders of the groups (Mercado, 1999), that group lending shifts the costs of peer monitoring and the risks attached to it to the cosigner, and increases transaction cost because of the obligations to participate in meetings (Stiglitz, 1990; Gonzales-Vega, Schreiner, Rodriguez-Meza & Meyer, 1997; Diagne 1997), that genuine borrowers may be scared away by the excessive pressure of repayment involved in schemes under group lending (Gine & Karlan 2008), that the members may be subject to ex ante or ex post pressures of repayment, which ultimately ruins the benefits of microfinance (Besley & Coate 1995), that there are chances for free riding and strategic default (Kono, 2006), and that there is chance for assortative matching among members (Anne, 1996) are worth mentioning.

One of the often challenged convictions of the supporters of microfinance is its property of poverty reduction. It is argued that it fails to reach the most vulnerable of the poor (Amin, Rai, & Ropa, 2003; Navajas, Schreiner, Meyer, Gonzalez-vega, & Rodriguez-meza 2000; Zeller & Sharma 1998). Servon (1997), in a study of three MFIs in the US, argues that they served those at the margin of the mainstream economy, not the very poor. Bhatt, Painter and Tang, (1999) and Sanders (2002) also provide evidence in support of the argument that microfinance is not a suitable intervention for countries like the United States. Hickson (2002) alleges that what the poorest require is welfare programs. Among the reasons cited for the exclusion of the poorest are the self selection bias arising out of the high opportunity cost of participation, insistence on regular savings and contributions which often are not
within the perspective of the lowest segment of the poor (Weinberger & Jutting 2001; Barnes, Morris, & Gaile, 1999; Weiss, Montgomery & Kurmanalieva 2003), lack of appropriate financial products and services Meyer (2002). Any form of credit- microfinance including- is not scale neutral, therefore, it benefits the better off households more than the worse off, besides posing severe risk for the poorer households. (Montgomery, Bhattacharya, & Hulme, 2005)

2.3 Studies showing negative impacts of microfinance

The simplest theory behind microfinance intervention is based on the assumption that the borrower, who is necessarily poor and constrained by paucity of capital or the high marginal cost of credit as compared to the marginal returns from a hypothetical income generating activity, can be the real owner of the income generating activity that will eventually result in increased output and income, and, thereby, enhanced living standards. However, the seemingly golden pathway of welfare through microfinance is not as real as it appears – the critics claim. Ehlers and Main (1998), in an analysis of the micro enterprises development program in a highly respected urban centre for women in the US, argue that the microfinance assistance is more detrimental and problematic than advocates believe, because of the tendency among the entrepreneurs to choose small scale, undercapitalized and barely profitable pink collar businesses which suit to their gender specific household roles and inappropriate microfinance training. Mallick (2002) criticizes the program on the grounds that almost all the Microcredit programs subsist on subsidies provided by governments or their aid agencies, which are likely to be withdrawn or cut back on account of the policy priorities. They often bring greater violence and class division to communities, while favoured groups gain patronage to enhance their position. The offering of money to a select few is bound to create jealousy, anxiety in the indebted, and community conflict. Schreiner and Woller (2003) argue that microfinance intervention is not suitable to countries like United States of America where abundant wage jobs and a safety net weaken the push toward self-employment and even small ventures are complex and must comply with regulations, pay taxes, and compete in global markets.

Kabeer (2005) has stated that opinions on the impact of microfinance have been divided between two groups; those who see it as a “magic bullet” for empowerment of the poor in various dimensions and those who are dismissive of its abilities as a panacea for under development. There are many works which substantiate the argument of the second group.
Karnani, (2007) is of the opinion that a society which is seriously confronting the issue of poverty must invest in labour intensive industries by reallocating the investment away from microfinance, because the high rates of interest, the comparatively uneconomical scale of operation and, lack of entrepreneurial skills of borrowers make the poor poorer rather than wealthier. Dichter (2007) also expresses similar opinion, for, according to him most of the poor lack entrepreneurship which is regarded as a prerequisite for microfinance to deliver results. Bateman and Chang (2009) are more severe in their criticism of microfinance. They state that microfinance may ultimately constitute a new and very powerful institutional barrier to sustainable poverty reduction. Rogaly (1996) argues that the over emphasis on micro financial services may result in diminishing the chance of introducing other flexible financial services to the very poor.

Many of the reviews of the impact studies (Stewart, Rooyen, Dickson, Majoro, & Wet, 2010; Copestake & Williams, 2011) have not been able to conclude categorically about the average impacts on poverty reduction even though there is evidence of more positive impact on intermediate indicators like business activity, profitability and ownership of assets.

In short, almost all the positive impacts of microfinance have been denounced by the critics of the concept. The following section deals with the studies that have come out with evidence and arguments against microfinance intervention. One of the claims of microfinance is that it reduces poverty. But there are claims that microfinance, if at all produces positive impacts, favours not the poorest but rather the not so poor who have most assets, the most years of school, the most skills and experience, the strongest support networks, and have one or more wage jobs (Schreiner 1999; Navajas, Schreiner, Meyer, Gonzalez-Vega & Rodriguez-meza,1996).

Goetz and Sen Gupta (1996) assessed the effects of gendered division of labour in households and the actual control over the loan availed from the credit programs and arrived at the following: When credit is invested in conventional women’s activities, gender role ascriptions are not challenged, and the increase in welfare to the household may be minimal, because it is virtually impossible to challenge the gendered division of labour at household level in matriarchal societies. It is also found that, when the husbands are unable to repay the loans, the wives are compelled to make the repayment out of the expenditure savings made by them, thus jeopardizing the daily consumption resources within households. It is
argued that full or significant control could be found only in 37 per cent of the cases, while 22 per cent were unable to give any details of loan use.

Rahman, (1999), from the data collected from the rural community of Bangladesh in the year 1994-95, shows that, to ensure timely repayment of the loan, the bank workers and borrowing peers inflict an intense pressure on women clients, thus diluting the ideology of microfinance, to maintain programmatic success, as a result of which, they are forced to maintain their regular payment schedules through a process of loan recycling which considerably increases the liability on the individual households, increases tension and frustration among household members, produces new forms of dominance over women and increases violence in society.

Study results are also there which show that micro finance interventions adversely affect the schooling of children, especially girls, for chances are more that they will be taken out of schools to work for their parents involved in microcredit programs (Islam & Choe, 2013).

2.4 Studies alluding to inconclusive evidence

Generally, studies sponsored by ADB at different times have come out with arguments that the intervention has not fully realized the envisaged goals. The studies, by and large, argue that the intervention, even though successful in enhancing certain economic variables of the participants, has not been successful in reaching out to the poorest of the poor. The institute puts up evidence from both research endeavours and reviews of existing notable impact attempts across various countries. Amin, Rai and Topa, (2001), in a panel study of 229 households in Bangladesh, conclude that the microfinance intervention has been successful in reaching the poor, but not successful in reaching out the vulnerable. Meyer (2002), by summarizing the key studies in microfinance and the data relevant for the region of Asia, argue that microfinance has been successful in achieving impressive results, especially with regard to outreach in countries like Bangladesh and Indonesia, but what remains questionable is the financial sustainability and its ability to pull out the poorest from poverty. Besides, Weiss, Montgomery and Kurmanalieva (2003), in a review of the evidence so far available, conclude that whilst micro finance clearly may have had positive impacts on poverty, it is unlikely to be a simple panacea for reaching the core poor. In an evaluation study (Kondo, 2007) conducted in Bangladesh, Philippines and Uzbekistan with a view to assessing the extent to which the ADB financed microfinance programs helps reduce the level of poverty of the rural households and improve the economic status of the
womenfolk, opine that microfinance is not the most appropriate intervention to target the poorest of the poor, though it produces consistent mild positive impacts on income, ensures availability of quicker and cheaper loans, enhances recognition of women in household decision making spheres like making major expenditure, ensures acquisition of more skills, expands their network of friends and support system and generates cash savings.

Desai, Johnson and Tarozzi (2011), in a randomized control experiment in Ethiopia, find little evidence of impact of micro-credit operations on households’ economic activities.

Copestake and Williams (2011), in a review of various impact studies, argue that there is insufficient evidence for encouraging impact of microfinance and that microfinance cannot be relied upon to deliver sustained income growth on its own. They further argue that it does not reduce poverty rates, and that it can be harmful to a significant minority of those who receive microfinance.

Studies conducted in various parts of India also have concluded that the evidence provided from the results of the intervention is not sufficient to support the positive outcomes of the programme. Chen and Snodgrass (2001), in a study carried out under the AIMS project assessed the impact of micro financial services rendered to very poor women in Ahmadabad by SEWA Bank - a Cooperative Bank that operates in Ahmadabad. The methodology involved a panel data collected in 1998 and early 2000 from a selection of three sub groups of working class, who were very poor. The per capita income was below the World Bank’s dollar-a-day poverty line and the other only slightly better off. The distribution of the three sub groups was as follows; one group was of current borrowers and the second group of those who were savers only and did not have loans outstanding in SEWA Bank, while the third group was a control group of comparable nonmembers of SEWA. The income of the borrowers was over 25 percent greater than that of savers, and 56 percent higher than non-participants’. Savers, too, enjoyed household income 24 percent greater than that of non-participants. These findings indicated that microfinance - credit or savings - could be quite effective. Besides, it was also found that women who borrowed repeatedly over an extended period benefited most.

Garikipati (2008), using panel data collected in 2001 and in 2003 from two drought prone villages (Vepur and Guddimalakapura, of the Mahabubnagar district in Andhra Pradesh) argues that participation in Self Help Group scheme and access to credit need not result in empowerment, if the loans are diverted to other purposes outside the control of the
participants, especially in situations where they lack co-ownership of family’s productive assets. In such a situation, the household might benefit, but the woman herself is likely to see further deepening of the ‘gender resource divide’ between her and her husband. From the same set of data (2011), the author conclude that only women from wealthier families who have ownership over productive assets are capable of spending more time on self employment, therefore to derive benefits. The author concedes the chances of Self Selection into the programme by those who have a sufficient number of households belonging to the same cast in the neighbourhood, because only such individuals can jointly decide whether to join the group or not. Selection bias is sought to be dealt with by collecting panel data during two years 2001 and 2003.

Deininger and Liu (2009), in the year 2004, compares the empowerment impact on the new and the old women participants of a CDD (Community Driven Development) program channelized through SHGs in the State of Andhra Pradesh through a survey involving more than 6000 households. The comparison of empowerment effects of new members with those of older members is done with a view to controlling for the influence of Self Selection. They examine the impact of the program on three sub groups, viz., newly joined participants under the program, members of the SHGs which are subsequently converted into program groups from the membership of some other programmes and non participants. The new members are those who were not members of the programme when it started but joined within a period of 3 years of starting the programme. The findings suggest positive spillover effects on non participants also, supporting the argument that the program’s institutional structure avoided elite capture. That there is no increase in asset formation indicates that the economic impact is mainly through consumption smoothing. As a corollary to the above, the long term economic impacts are also analyzed. It is concluded that economic effects are limited to those who are more entrepreneurial.

Bali Swain and Floro (2010), by using cross sectional SHG rural household data collected from five Indian States in 2003, investigate whether participation SHG microfinance program helps reducing household vulnerability. The empirical results show that vulnerability is not significantly different among SHG member households as compared to those who are non participants (control groups) even though member households are poorer than non members. On the basis of the same set of data, Swain and Varghese (2010) examined the impact of training on SHGs. The study led to the conclusion that the training positively impacts on asset creation and not income. For income generation, other factors
like marketable goods infrastructure etc are required. The usual problems related to the sample data like the possibility for selection bias and chances of attrition are dealt with by selecting participant groups as treatment groups and non participant groups as control groups.

Husain, Mukherjee and Dutt (2012), based on the survey conducted in six municipalities of west Bengal, tested the extent of the effect the programme of microfinance by comparing empowerment statuses of newly joined and older members of SHGs. He argues that, encouraged by the drive of ensuring high success rates, the municipality officials target those who are more likely to repay loan, those who have already participated in economic activities and are already empowered to some extent. The authors also argue that the program has not succeeded in challenging the traditional social structures. The authors seek to control Self Selection bias by selecting comparatively new members, i.e. who have been in the programme for not more than six months, and comparing their level of empowerment at the time of the enquiry with that of the older members, who joined the programme earlier. The logic is that if only the programme effect prevailed among the members, the older members will be more empowered as compared to the new members and there will be no self selection.

The studies mentioned above argue for empowerment in various spheres of life of participants such as intra household decision making, enhancement of income, coping with shocks, education and health of children, contraceptive use, and reduction of poverty. Nonetheless, the review of literature on microfinance as poverty intervention has shown diametrically opposite results; results which testify to the positive impacts and at the same time supports negativity, while still some others hesitate neither to support or to denounce on the grounds of inconclusive evidence. It is here in this setting that a methodologically different evaluation in a different setting like that of the State of Kerala is warranted.

2.5 Conceptual Framework of the Study

Academicians differ on the construct of empowerment. It is one of the most disputed concepts used while interpreting the benefits of poverty interventions. It is, therefore, important to state clearly what the concept means for the present study. Broadly speaking, the present conceptual framework is about assessing ‘what is’ in the program of SHG Bank Linkage that can change gender based relationships, norms and structures at the levels in which the participants of the programme interact such as Household Level, Organisational
Level and Socio Political Level. There is clear rationale for doing so. SHG Bank Linkage Program, which is founded on the prospects of poverty intervention of Micro Finance, seeks to intervene in the state of poverty through the empowerment of the participants – mainly women participants–in different domains of personal as well as organised and socio political life. Coming to the ‘specifics’, a framework must justify more specific individual objectives of the enquiry. The specific objectives include the assessment of the empowerment status of the participants.

Literature on Conceptualization of empowerment lacks consensus on both definition of empowerment and the procedure adopted for conceptualization. One of the main reasons why there is no consensus is the variation in the terminology used to describe the construct. For example, for Dyson and Moore (1983), Basu and Basu (1991) and Jeejeebhoy and Sathar (2001) conceptualisation is about measuring ‘autonomy’, while for Gage (1995) and Tzannatos (1999), it is a matter of ‘agency’ and ‘status’. Women’s land rights (Quisumbing, Ellen Payongayong, Aidoo, & Otsuka, 1999), domestic economic power (Mason 1998) and bargaining power (Hoddinott & Haddad 1995; Beegle, Frankenberg & Thomas, 1998; Quisumbing & de la Briere 2000) also form part of the terminology. ‘Power’ (Agarwal 1997; Beegle, Frankenberg & Thomas, 1998; Pulerwitz, Gortmaker & DeJong, 2000), ‘patriarchy’ (Malhotra, Vanneman, & Kishor 1995), ‘gender equality’ (World Bank 2001& 2001) also are found in the literature denoting empowerment. Besides, in several of the works centring on empowerment, the line of demarcation between the terms is very thin. Many authors use some of the above mentioned terms interchangeably; for example, Mason (1998) and Mason and Smith (2000), treat empowerment, autonomy, and gender stratification interchangeably. Similarly, for a number of studies, getting empowered or gaining autonomy is gaining control of one’s own life (Chambers, 1993; Page & Czuba, 1999; Jejeebhoy, 2000; Bsnath, 2001). On the contrary, for Malhotra & Mather (1997), Govindasamy and Malhotra (1996) and Kabeer (1998), empowerment is achieved through interdependence.

Besides the fact that the expression empowerment is used to encompass a variety of interconnected terms, it eludes a clear definition (Batliwala, 1993). Zimmermann and Rappoport (1988) express the fear that asserting a single definition of empowerment may be against the very idea of empowerment. Rappaport (1984) and Zimmerman (1990) are of the opinion that conceptualization of empowerment requires context specific interdisciplinary perceptions. Generally, empowerment has been recognized as women’s ability to control her
own destiny under conditions of antagonism of others (Mason & Smith, 2003) as the enhancement of ‘agency’, which is defined by Sen (1984) ‘as what a person is free to do and achieve in pursuit of whatever goals or values he or she regards as important’ and involves the ability to make strategic choices in life under circumstances where this ability was earlier denied to them (Alkire, 2005; Kabeer, 2001), as the ability of an individual or group to make choices that can influence the desired outcomes (Alspop, Bertelsen & Holland, 2006; Mayoux, 2000), as the expansion of assets and capabilities of the poor (Grootaert, 2003; Narayanan, 2002 & 2005) so that individuals and groups can influence and hold the institutions that affect them accountable (Malhotra, 2005), as the change occurring at micro aspects of life (attitude, feelings and skills), interface (participation and action immediately around the individual) and macro (beliefs, action and effects) levels (Albertyn, 2005), as the capacity to challenge and change institutionalized norms perpetrating power imbalances (Wallerstein, 2006), as both process and outcome encompassing the dimensions of economic, human and social and political and cultural dimensions (Luttrell and Quiroz, 2009), and as capacity building leading to better decision making power (Appleyard, 2002; Waller, 2014). Empowerment is understood from a social perspective by Bartlet (2004), Bennet, (2002) and Friedmann (1992). They argue that it is based on social mobilization; helping the poor and socially excluded to realize the chances of gaining power through collective action.

2.5.1 Definition of Empowerment

In addition to the above disagreements, theorists from various branches of studies have defined empowerment in different ways. For example, political scientists regard empowerment as the enhanced status of the disadvantaged, including women in the society (Gallway & Bernasek, 2004), whereas, for Freire (1973) - an expert from the field of education - empowering is liberating the oppressed by educating them about social inequality. In the field of health studies, WHO (1986) recognized empowerment as the reason for very idea of trying to enhance health facilities. Grace (1991) argues that empowerment is the response of the demand for better control over the health of a community as a whole. Gibson (1995) finds that empowerment is developing knowledge, competence, and confidence to make the voices of the disempowered heard.

From the above, it follows that the definition of empowerment bears an element of context specificity for ensuring its operationalisation, therefore, formulating an empowerment
concept singularly for the current purpose is necessary. The perceptions about the construct and explanations given vary according to the domains where the enquiry on empowerment is initiated. Incorporation of multitude of terms and interpretations in the construct has not restrained on viewing the idea of empowerment as multidimensional. It is recognized multidimensional in as much as that it takes place in psychological, economic, social, political, and other domains a person comes to have interfaces with. The changes in these domains may be manifest in the levels such as individual, group, and community (Hur, 2006). Malhotra and Schuler (2005) have recognized various domains such as economic, socio–cultural, familial/interpersonal, legal, political, and psychological dimensions occurring at household, community and still broader arenas. Anyway, it can be, at the outset, argued that evaluation from the perspective of empowerment necessitates a clear definition of the term. For the purpose of the present framework, the construct of empowerment is defined as a process and outcome evolved from women’s participation in a poverty reduction program which enables them to take decisions and make choices on their own in various domains of life with which they come into interfaces in a setting where previously such privilege used to be denied.

The definition of the term entails the following aspects: First, empowerment is a process as well as an outcome. Secondly, empowerment is relevant in circumstances where the subjects were previously denied of the privileges of empowerment, i.e. they were disempowered in the beginning (Kabeer, 2001). Viewed from the perspective of initial disempowerment, it is understood that the level of initial disempowerment or empowerment, for that matter, depends on the person’s status defined by her class or caste, ethnicity, relative wealth, age, family position, level of education etc. and any analysis of women’s power or lack of it has to take cognizance of these other factors as argued by Mosedale (2005) and Malhotra and Schuler (2005). Presence of differences in the levels of empowerment of the participants at the initial stages of entry into a poverty reduction program like SBLP also implies that there always is a possibility that some of the participants who are at a higher level of empowerment compared to their counterparts in the program may self select into the program. Thirdly, empowerment has a definite pathway and assumes its final shape, which is the outcome of the process, as a result of members passing through various phases/levels. The levels at which empowerment takes shape are Household Level, Organisational level and Socio Political Level. Also, these levels are interlinked in such a way that the advancement in one level encourages a positive result in the other levels also. Fourthly,
Recognition of empowerment as an outcome at the end entails that the construct has to be understood as a holistic consequence of the (positive) changes in the three interconnected levels explained here such as Household Level, Organisational Level and Socio Political Level.

2.5.2 The process of empowerment

Authors view empowerment as a process resulting in an outcome. Now follows a short review of the literature built upon the same argument. Rappaport (1984) sees empowerment as a process by which individuals, communities and organisations attain capabilities to exercise control over their lives. She has not made distinction between individuals and groups while discussing empowerment of ‘people’. Wallerstein (1992) recognizes empowerment in a broader perspective. For her, empowerment is a social-action process that recognizes the role of people, organisations, and communities in ensuring better individual and community control, political efficacy and improved social justice. There are certain attempts to distinguish between individual empowerment and empowerment of collective nature. Rissel (1994) distinguishes that individual empowerment is mainly psychological empowerment, whereas, if viewed as an outcome at a group level, it has necessarily to be a collective phenomenon resulting from individual psychological empowerment. According to Stromquist (1995), empowerment is a process which enables the women to realize the potential of hers and finally makes her capable of analyzing the ambience in political and social terms. She further argues that the concept involves two components: psychological and economic. She opines that the psychological component has to be strengthened by economic component. According to her, empowerment cannot be inculcated among the beneficiaries but can be attained only by the beneficiaries themselves. Jo Rowlands considers it to be a process involving three dimensions - personal dimension, dimension of close relationships and dimension of collectiveness. The outcomes of empowerment are the results of continuous interaction of the variables of the dimensions with one another so that the whole process leads people to perceive them as able and entitled to make choices (Rowlands, 1997). Eyben, Kabeer and Cornwall (2008) see empowerment as a process which changes the feeling of who one is vis a vis the social institutions that determine one’s identity. For them, empowerment is an end state that can be reached and judged as having been accomplished at the final stage of the process (outcome). For Narayan (2002) empowerment is the expansion of assets and competencies of the poor to, negotiate with, participate in, influence, control, and hold accountable the institutions that
affect their lives. Here, the assets include material assets (physical and financial) and inherent qualities in people that enable them to use their assets in different ways. Expansion of the capabilities involves a process of the enhancement of the life enhancing skills.

From the above, it is evident that there is a consensus among the various authors with regard to the basic nature of the construct. They view it as a process centering on individual psychological levels, though some others take it as progressing towards much broader arenas like societal and national levels. However, it is not clear where actually the process is set off. And, no definite pathway for empowerment has been identified. Blanchard, Carlos and Randolph (2001) have identified a pathway for the empowerment process. But, the pathway is taken to be based on a different and broader foundation of an organisational structure. According to them, the members, after becoming a part of a well structured organisation, gets shifted to higher levels of empowerment as a collective entity; they do not propose an assessment methodology for measurement of empowerment at individual level.

Under the present case, the changes in the levels of empowerment of individuals are considered and membership in an organisation (an SHG for that matter) is taken to be a facilitating factor; therefore, the question addressed is how far the membership in an SHG has resulted in empowerment of members at various levels of their interactions such as Organisational Level itself, Household Level and the broader Socio Political Level. Acceptance of the above distinction necessitates a statement regarding the perceived pathway of empowerment in the framework.

Conceptually, empowerment progresses as a process through various levels along a definite pathway and delivers outcomes at all the levels; therefore, measurement of empowerment at each level is possible. Pathway of empowerment denotes the conceptual linkages among the various levels at which individuals’ empowerment materializes. This framework examines empowerment at the three levels of its occurrence along with the linkages and interactions among them. Existing literature on the pathway of empowerment can be viewed from two perspectives; (1) perspective relating to the conceptual framework on empowerment in general and (2) perspective that is specifically related to the microfinance interventions.

With regard to the first outlook, there is no consensus among authors. However, authors concur in as much as that empowerment is multilevel construct (Epstein, 1982; Gutierrez, 1990; Keleher, 2010; Schulz & Israel, 1991; Shultz, Israel, Zimmerman & Checkoway, 1995) and that empowerment is best measured at different levels, but do not agree upon the
mode of inter linkages between the various levels such as Household Level, Organisational Level, Community/Socio Political Level. The first notes of empowerment, according to Keleher, are visible among the individuals at the household level, whereas, for Gutierrez (1990), the changes do not occur according to a definite sequence, but happen concurrently and contribute to improving one another. For Schulz and Israel (1991) and Shultz, Israel, Zimmerman, and Checkoway (1995), it is the efforts mediated by an intermediary that help people to be empowered as a result of their activities at the community or organisational levels. Kiefer (1984) views empowerment mainly as a psychological change, which takes the course in four different but interrelated stages. The four stages are designated as the entry stage where initial exploration of authority and power takes place, the advancement stage, where interpersonal relationship is built up, the incorporation stage which is for development of various skills for organizing and politicizing, and commitment stage whereby the envisaged social actions are committed into reality. One point at which the construct of empowerment is differentially treated is with regard to its scope. Kiefer considered the concept of empowerment to be beginning at the individual level and spreading to various higher stages of individual empowerment, whereas the other authors framed the construct as progressing from individual level to advanced levels of empowerment such as organisational level, societal level and even to the national level.

2.5.2.1 Empowerment at the Household Level (HHE)

According to the second perspective, which is related to microfinance interventions, Household Level is the pivotal level at which the benefits of empowerment is to be manifest most effectively. The present framework is based on this argument. Studies conducted in various parts of the world have recognized this fact. For example, Barnes, Keogh and Nemarundwe (2001), in an assessment of Zambuko Trust (Zambuko) in Zimbabwe; Carolyn (1996) in the evaluation study conducted in India, and Dunn and Arbuckle (2001), in an impact evaluation in Peru, have seen the primary position of Household Level - where changes are to be identified by the improvements in household economic status - in the pathway of empowerment. AIIMs studies also have followed similar frameworks in other works conducted in various countries; for example, Barnes, Gaile, and Kimbombo (2001) in Uganda, Todd (2000) in Philippines and Tsilikounas (2000) in Bosnia and Herzegovina. Besides, authors argue that micro enterprises financed by microfinance (italics added) exist as part of a larger portfolio of household economic activities, and decisions relating to enterprises cannot be taken isolating them from households (Sebstad, Neill, Barnes, & Chen
therefore, as a logical corollary, the primary position of household level in the process of empowerment is presumed (italics added). The second argument in support of the importance of Household Level is based on the role of women in households. It is recognized that household and inter familial relations are the primary arena where the first notes of disempowerment occurs due to the subordinate position of women (Malhotra & Schuler, 2005). The position of women who are confined to domestic chores and not contributing directly to the economic well being of the family is further worsened because they are likely to have still less bargaining power in the household (Acharya & Bennett, 1982; Rahman, 1986; Sen 1981, 1990); therefore, it is only logical that any intervention for enhancing the empowerment of women should take cognizance of its implications at the household level and be directed towards changing the power relations first at that level (italics added) (Batliwala 1994; Bisnath 2001; Kabeer 2001; Kelleher, 2010; Sen & Grown 1987). Improvement in the contribution to the economic domain of the household and the resultant empowerment should successfully pave the way for further empowerment of the individuals at various domains of personal empowerment and other further levels of empowerment like Organisational, Social and Political.

In short, in the present framework, it is taken that the first notes of empowerment at the Household Level become visible among the individuals who have contributed to the household economic domain from the earnings of the IGAs undertaken after the membership in SHGs, therefore, it can also be argued that empowerment process is generated from the activities in the SHGs, which are the organisations in the present context. In other words, it is the Organisational Level that primarily radiates empowerment to other levels; only that it is the Household Level that is the pivotal Level of empowerment for the participants. It is so because, the empowerment process that helps the women to realise the potentials of hers requires the backing of economic advancement, which, in turn, psychologically arms her with more self respect and the courage to assert herself in household decision making (Stromquist, 1995). Improved and assertive roles of the Participants of the SBLP in the households, on the other hand, will definitely help them to make their presence in the Organisational Level as well as the final Socio Political Level. The explanation for this argument in the Conceptualization is that household is the primary arena where there is the highest likelihood for a woman to face conflicts among the different cooperative relationships which are necessitated by her roles as daughter/ in law, wife and mother. Empowerment benefits manifested in this primary arena will definitely be reflected
in her transactions at the Organisational Level of SHGs, thus making the Organisational Level as the genesis of empowerment, which also receives empowerment benefits from Household Level. In other words, it is taken that the process empowerment set off from the economic advancement earned from the Organisational Level contributes to other levels and progresses and matures through Socio Political Level in a highly interactive way. As a corollary to accepting the above argument, it is also conceptualized that each of the above two levels gets benefits from the final level – Socio Political Level as well.

2.5.2.2 Empowerment at the Organisational Level (OGE)

Enhanced economic role of women at household level is a recognized prerequisite in well accepted interpretations of empowerment. If one goes through the various interpretations of empowerment, it can be seen that the very essence of the construct lies in the economic aspect of one’s life. For example, in the two seemingly similar approaches to empowerment by Kabeer (1999) and by Narayanan (2002), and in many other interpretations, such an understanding is clear. Kabeer establishes the construct of empowerment on the idea of power generated from the possession and enhancement of endowments such as agency and resources representing the psychological and physical resources of individuals. Narayanan’s assets and capabilities approach advocates that empowerment has necessarily to reinvigorate the psychological status of the persons concerned. It goes without saying that psychological status can be invigorated by the command over economic resources. In addition to the above explanations, many views concur on the economic aspects of empowerment. Zimmerman & Rappaport’s (1988) ability to respond effectively in public domains, Kari & Michel’s, (1991) capacity to act collectively, Wallerstein’s (1992) political efficacy and sense of social justice and Rowland’s (1997) psychological changes of individuals, all start off from the betterment in the economic domain of one’s life. In short, economic enhancement opens up the door for changing the power relations at the household because independent sources to meet one’s basic needs mean chances for exercising meaningful choices (Kabeer, 1999; Rappaport, 1987), circumventing economic inequities, which according to Lerner (1986), is the basic source of powerlessness, and improving bargaining power (Bhatty, 1980). Further, Sen (1981 & 1990) and Sudarsan (2003) have argued that the outcome of bargaining at the household will depend on the magnitude of her/his contribution to the household economy.

Given the importance of economic status of an individual, the point is about the genesis of economic enhancement paving the way for Household Level empowerment. Enhancement
in the economic domain of the participants of SBLP is achieved by virtue of the income from the IGAs financed by the SBLP. SHGs being the basic form of organisations with which the participants of the SBLP have interfaces, it can be stated that it is the Organisational Level that paves the way for empowerment of the participants of SBLP. Importance of Organisational Level facilitated by SHGs is further emphasized by virtue of the chances for development of interpersonal and community level skills (Kieffer, 1984) and for overcoming the issues of limited resources and marginalization of the poor in the society (Narayan, 2002). Moreover, according to the logic upheld by Stromquist (1995), for empowerment to be effective, it is necessary that persons must come outside households, participate in activities centred on some kind of organisations, and develop a sense of independence.

2.5.2.3 Empowerment at the Socio Political Level (SPE)

Empowerment at the Socio Political level is comprehended in the present study in a perspective which is different from the established viewpoints on the construct. Earlier attempts at assessing empowerment at this level are taken from the point of view of whether a society as a whole group is empowered or not and whether the members of the group are capable of addressing a perceived social problem as a result of aroused group consciousness. For example, according to Bachrach & Zautra, (1985), social empowerment is manifest in the attempts to cope with community stressors. Community stressors refer to the problems of a particular area such as noise pollution, or problems arising out of excessive alcohol consumption, whose solution requires collective action. In the model proposed by Swift and Levin (1987), a person after being individually empowered, becomes a part of a group of likeminded persons and develops a feeling of comradeship. Ultimately, the group as a whole reaches such a level as to address adverse social conditions causing powerlessness. Authors, in general, insist on the individual empowerment and interactions at the group level as a prerequisite for empowerment at the broader socio political level. Interaction within groups helps them to realize how critically the social and political structures affect them. This critical consciousness enables them to challenge adverse social structures as a group (Florin & Wandersman, 1990; Kieffer, 1984). From the above, it is clear that the membership in an organisation and the sense of collectivity are the prerequisites for socio political empowerment which is manifest in acting against community stressors.
On the contrary, in the present framework, the question addressed is whether the individuals are now capable of coming out of the household, interacting in the society, perceiving the broader issues at the societal level and challenging the predefined power relations in household as well as in social relations, and, ultimately at the political level, from an individual perspective. The idea of collectively acting against any social issues has not been taken into account, for such issues do not exist universally in the areas sample for investigation. According to the present framework, socio political empowerment is the process of making one capable of initiating steps to challenge the established attitude of the society in such a way that her place within it is recognized according to the terms she prefers instead of the manner in which the hitherto adverse patriarchal norms dictate. The extent to which an individual can have the freedom to define her social interactions is mainly defined by the power relations established in the household and within the society. Even in advanced societies like that of Kerala the norms are not very widely different. Outside the household, she is not expected to assert herself, which, most likely, will be viewed as jeopardizing the social respectability of the family and its male members. But, by this time, her economic role in the household has helped her to redefine her status at the household and she is capable of asserting her place in the society as well. The point of enquiry in the present framework, therefore, is how far the participants in the program of SHGs have been able to assert themselves outside the household in the broader arena of the society, where awareness of the political mechanism governing her also is a matter of empowerment. Once her presence in the society is recognized by others, and is capable of recognising the nuances of political issues related to governance, she can be regarded as empowered at the Socio Political Level. It is aptly recognised in the framework that empowerment at the Socio Political Level is the final level of empowerment an individual can attain. It is claimed that the goal of empowerment is political empowerment (Friedmann, 1992; Johnson, 1992; Young, 1993). The claim is based on the argument that personal empowerment at the other levels alone cannot result in effective transformation of gender relations in favour of the disempowered.

Improvement in the governance by way of participation by all in the process of governance is critical for delivering the fruits of development in a better way. Of course, there is great degree of decentralization and attempts to bring the system of governance more transparent in a country where democracy prevails. Theoretically, all citizens are entitled to equal opportunities. They are supposed to participate and contribute in political affairs irrespective
of gender, race and other elements separating one from another. Nonetheless, existence of a system of governance based on democracy does not itself guarantee effective participation by all. It is true that, in a broader sense, democracies provide opportunities for better civil rights, free flow of information and participation in the system of governance by all and accountability by the government. However, as stated by Narayanan (2005), democracies do not always function in the most ideal manner, because there always is a chance for it being affected by the influence of financial clout of big business houses and patron-client relations. Even though prevalence of a system of governance free from the above anomalies is taken for granted or certain allowance for wrongful prevalence of elements in the system is given, democratically governed system reflects only the supply side, whereas the demand side has to be gauged by the extent to which the public are aware of the incidents taking place in the social and public domains. It is always the poor and the marginalized ones among the womenfolk that are excluded from the various enforcement mechanisms available in the system because of illiteracy, restrictions on mobility, cultural dictates, time or poverty, therefore, the construct of empowerment at the socio political level calls for attempts to raise the level of participation of the poor in the system of governance as well. Participation in the group activities is presumed to make the poor critically aware of how political institutions function and affect them and their groups (Rissel, 1994). Evaluation of empowerment at this stage is thus conceptualized to examine how far the membership in SHGs has contributed to raise this critical consciousness among the members. Here also the recognition at the broader Socio Political Level enables a woman to further her status both at the Household Level as well as the Organisational Level and also the Socio Political Level to be enriched by the enhancements at both of the previous levels.

As a generally accepted practice, one becomes concerned about how far the women are now part of the governance. Participating in the election mechanism by exercising franchise is almost universal in this part of the world. Awareness of the political turnouts and merely casting votes in favor of a particular political party are different matters. The usual query as to whether the respondents have voted in the last general election has been avoided. Instead, questions to check the general political awareness of the respondents have been included. Pervading information to the lowest levels among the poor leads to empowerment inasmuch as that they are now aware who are designated to govern them. Based on the above reasoning, questions to measure the extent to which the respondents are up to date with regard to the major events taking place around them have been included in the schedule.
2.5.2.4 Empowerment at the Composite Level (IE)

At the end, since empowerment is taken to be an outcome, it is finalized as a holistic average of the respective empowerment statuses of Respondents at various interconnected levels of empowerment such as Household Level, Organisational Level and Socio Political Level.

2.6 Operationalization of the framework

Operationalization of the framework requires specifying the following points:

2.6.1 Progressive linkage of levels of empowerment

Recognition of empowerment as a process entails understanding it as having a progressive conceptual linkage between various levels of empowerment, which is suggestive of the fact that a change at one level will be linked to changes at other levels as was propagated by Shultz, Israel, Zimmerman, and Checkoway (1995). For example, it is understood in line with the argument by Sen (2000) that a positive change in the earning power of women, economic role outside the realm of household, and property rights positively contribute to enhancing the bargaining power and add force to their voice primarily at the household level, which, in turn, augments their agency. Improved agency will ultimately make the participants more visible in the closer as well as the wider circles of social life including political realms. In other words, the fundamental force propelling empowerment is the positive change in the economic dimension resulting from the income changes generated from the participation in IGAs established after participating in SBLP. Positive changes in economic dimension of a participant’s life are measured through the variables such as changes in Standard of Living by Consumption, assets holdings and Income Levels. Besides, the progression of empowerment from the first level to subsequent levels gives measurable output at each level, and in the framework an attempt has been made to measure the empowerment status at each level.

2.6.2 Whether empowerment an end in itself or a means to an end

A researcher has to specify whether empowerment is construed as an end in itself or as a means to an end, or both (Khwaja, 2005). Narayan (2002) is of the opinion that empowerment of the poor is an end in itself and is also critical for development effectiveness. In the present study, the construct is recognised as an end in itself and is safely assumed that the status of welfare will be manifest through the indicators chosen.
2.6.3 Unit of measurement

Authors have specified various units of measurement. For example, Malhotra and Shuler (2005) suggest different levels of analysis when the units of measurement vary such as household, community, regional, national and global. Bartlett (2004) argue for village, sub district and national levels while Holland and Brook (2005) and Narayan (2005) propose national, intermediary and local levels; and individual, household, group, community, local, national and global levels respectively as units of measurement. The focus of the present study on the individual level of empowerment and not concerned about collective agency. The study has been built upon the premise that individual level is more important than the other levels concerned with collective agency. Besides, the type of survey and sampling are for individual level rather than collective level.

2.6.4 Minimum period of experience

For any perceptible changes in the levels of achievement of the participants to occur, a time period of minimum two years after joining the program is essential, for many of the notable impact evaluations (for example, Alexander, 2001; Khandker, 2005) were able to detect significant changes in the income of the clients over a two-year period. It is deemed to be a good time-frame because it would allow the program effects to surface and avoid the chances for attrition to threaten the analysis. For the current purpose also, SHGs and members having at least two years of continuous existence and membership have been subject to study.

2.6.5 Random assignment of respondents to treatment and control groups

Distinguishing the effects of the intervention from the other possible simultaneous influences like changes in macro economic factors is cited by Smulovitz and Walton (2005) as one of the classic evaluation problems to be tackled during evaluation process. They state that the theoretical solution for this problem is the random assignment of the participants to treatment and control groups, thereby attaining the results of controlled experiments. However, they acknowledge that it is rarely possible in research field. And, in the present study, such an attempt has not been made.

2.6.6 Whether intrinsic or instrumental

According to Smulovitz and Walton (2005) empowerment has both intrinsic and instrumental value. Attaining more power over one’s own life is taken to be of intrinsic
value, whereas its chance of being instrument of other aspects of development as instrumental value. The current study focuses only on the intrinsic value of empowerment and it does not delve into the other aspect.

2.6.7 Benchmark for the comparison of empowerment status

The fact that empowerment is an ongoing process makes it necessary to understand it in a relative sense, i.e., people are empowered or disempowered relative to themselves at some previous time or to others (Mosedale, 2005). Such a viewpoint is also based on the argument of Kabeer (1999) that the notion of empowerment is inextricably associated with disempowerment, therefore, comparing the initial status with the status at the time of the study is justified. Recognition of these arguments involves the comparison of the status of the participants with some standards. The only disagreement is about the benchmark for comparison. Malhotra and Shuler (2005) state that the most ideal method of capturing the process of empowerment is taking it on across at least two points of time making use of longitudinal data. The impracticability of taking longitudinal data lies in the prohibitive costs and the time involved. In longitudinal studies, the measurement is done by comparing the status of the participants at the time of joining the program with the status at the time of the study as is done in Amin, Becker and Bayes (1998); Amin and Naved (1998); Rahman, and DaVanzo (1997) and Steele, Schuler and Hashemi (1994). Bolnick and Nelson (1990), on the other hand, advocates the method of reflexive comparison as is adopted in the study conducted to measure the economic impact of Indonesia’s KIKIKMKP programme on account of the constraints of cost and time. This method has the advantage of recognizing the construct of empowerment as a continuum. There is still another methodology which involves comparison of the empowerment outcomes of the participants with those of appropriate non-participants. Selection of the comparison groups in the present case becomes difficult because SHG Bank Linkage Program is a poverty reduction intervention introduced as a part of the nationwide policy and it is a program in which coverage is full. It is argued that, under such a situation, basing the study on quasi experimental design called reflexive comparison involving the construction of the counterfactual on the basis of the situation of program participants before the program, instead of control group formulations, is the suitable option. Thus, the program is evaluated on a quasi experimental design based on a counterfactual developed on the basis of the situation of the participants before becoming the part of the program (‘before’ and ‘after’ comparison). Besides, a comparison group of members who are Self Selected into the programme has been identified. There is,
however, a major drawback with this method: the situation of program participants before and after the intervention may change owing to reasons independent of the program (Klugman, 2002) and it is not taken into account in the study.

Reflexive comparison entails that the survey of the data is based on self perception of the respondents; as such, it is susceptible to the problem of adaptive preferences (that is, constantly deprived people may not comprehend the extent of their deprivation). In other words, the reported data may be subject to the level of preferences of the respondents, because agency is always a matter of perception, and if the perceptions are distorted, the reported data will necessarily have to bear with the distortions. Of the three types of information suggested by Petesch, Smulovitz and Walton (2005) for empowerment evaluation such as factors influencing capacities of individuals to act as agents, exercise of agency and the influence it has on institutions, the information collected in the present study centres on the extent to which the participants have been able to exercise agency.

2.6.8 Whether quantitative or qualitative aspects

The survey seeks to bring out both quantitative and qualitative aspects based on the reflections of the participants.

2.6.9 Nature of indicators

Selection of Indicators used for the study is necessary, because the study is about the changes in the determinants of empowerment of individual participants through various levels. It is concerned with measurement of agency at each of these levels. And, measurement also involves a significant level of multidimensionality, therefore, as stated by Kishor (2000), Estudillo, Quisumbing, and Otsuka (2001), Malhotra, A. and Shuler, S. R. (2002), more than one variable is required for measurement of the agency at each level. The measurement is usually accomplished either by direct indicators or by proxies. But, with regard to the nature of indicators, there is no consensus. Narayan (2005) argues that, since empowerment is a latent phenomenon, its presence has to be deduced through its action or its outcomes. This argument renders that the measurement can be accomplished by observing the changes in the variables through proxies. Proxies are the shortcuts which allow simplifying the complexities of measurement arising on account of enormity of costs or length of period involved. The survey uses appropriate indicators and proxies.

According to Narayanan (2005), selection of suitable indicators to measure empowerment is to be based on: the choice between intrinsic or instrumental aspects;
context specificity or universality of indicators, the decision as to include psychological determinants, the suitable unit of analysis, causality and to include quantitative or qualitative data. This section deals with these issues and a list of indicators are finalized for the study in order to address the key questions stated in the study presented here.

2.6.10 Intrinsic or Instrumental

The researcher has also to state whether the study attempts to measure changes that happen due to intrinsic or instrumental aspects. In other words, one of the questions to be addressed by the researcher is whether to measure empowerment aspects the respondents regard or, on the other hand, measure the powers they really have. For example, a woman may have to take control of the household affairs since she was widowed or separated. In this case she may wish that there were someone to share the burden of life and also the decision making responsibilities. The survey in the present case has measured only the ‘agency’ that she enjoys and can be subject to valuation. In other words, the survey has disregarded the other aspect of agency mentioned by Sen (1994), which emerged out of the compulsive surroundings in which an individual is to live. Here, attempt is made to measure those powers that are valuable and such possible subjective views of a respondent regarding her agency as is likely in the case of a widow are not taken into account.

2.6.11 Context specificity of indicators

Context specificity of indicators is an indisputable requirement to be taken care of while finalizing indicators (Wallerstein, 2006; Zimmerman, 1990). It is well recognized that the status of women differs depending upon the class, race, colonial history and the position of the country in the global economic order (Bisnath, 2001); therefore, the relevance of indicators does not transcend time or place (Nussbaum, 2000). For example, till the late 1990’s use of contraceptives among the women of Bangladesh was regarded as indicative of empowerment, but by the first decade of twenty-first century contraceptive use became so popular that over half of all married were familiar with the use and more than three quarters have used it at one time or another (Malhotra & Schuler, 2005). Once behaviour becomes the accepted norm, there is little reason to expect that it would be influenced by an individual actor’s level of empowerment. That is why in a five country study described in the World Bank Policy Research Working Paper by Alsop and Heinsohn (2005), the team designated for each country independently decided the levels of empowerment and the
indicators and variables. Schuler, Hashemi and Pandit (1995), in a study of empowerment of the clients of SEWA Bank in India, modified the domains of empowerment employed in Bangladesh. Choice of the indicators is also influenced both by change in time and by the geographical, cultural and economic diversity of contexts. The circumstances of the state of Kerala, for that matter, do not find similarities with those of Bangladesh of the last century, where, since boys were deemed to be better labour market investments (Pal, 1999), there was bias towards boys while allocating food articles (Behrman 1988); where, due to the tendency among children to go for economically rewarding work instead of attending schools (Choudhury, 2011), influencing decision on the schooling of children or deciding on her own by a woman was regarded as indicative of the level of her autonomy; and where adult males got larger share of food articles by virtue of their involvement in labour intensive activities requiring physical sturdiness (Pitt, Rosenzweig & Hassan, 1990). In Kerala, schooling of children has become mandatory due to several reasons. Strong Government interference against child labor, residential nucleation of families, general awareness among the parents of the long term benefits of investment in education to the extent of taking education of children as the only manifestation of their hopes bestowed on their children, etc. have made enrolling children in school a natural step in grooming them for the future. A say in deciding the type of school selected for the child may be a point of self expression for the women in Kerala where school education is classified according to the amount that can be invested and the medium of instruction chosen. However, among the participants of microfinance program like SHG Bank Linkage, such a question is meaningless because of the heavy monetary considerations involved in selecting the type of education on the basis of syllabi or medium of instruction. Considering the above facts it is decided in line with the arguments of (Mosedale, 2005) that the analysis of women’s position should be based on the realities of their lives rather than on certain generalized assumptions (Mosedale, 2005). And, the variables and indicators have been finalized accordingly based on the argument put up by (Bisnath, 2001) that the subordination of women differs depending on their class, race, colonial history and the social and economic position in the international order. Context specificity is not limited to the matter of choice of suitable indicators only. The interactions of the program with the context of the study also change according to the socio political contexts (Smulovitz & Walton, 2005), hence, even if an average effect of the program influence can be identified, the variations across the distinct contexts (districts in the present case), which is of equal importance, need not be susceptible to exact attribution. As a result, the study has not framed the conceptual basis to
disentangle the influence of the socio political contexts of each of the sample areas on the program effects.

2.6.12 Instrument of data collection

Instrument of data collection has to be specified. The collection of data is done through a pre tested questionnaire; however, information collected through discussion with the respondents has also been made use of. The data are mainly quantitative, but it has been recognized that information collected on qualitative and participatory aspects are also necessary as advocated by Malena and Heinrich, (2005).

2.6.13 Level of indicators

The level of indicators chosen depends on the purpose and scope of the study. For example, Malhotra and Shuler (2005) have suggested a pattern of measurement involving household, community, regional, national and global levels of analysis whereas proposal of empowerment of Bartlet (2004) involves measurements at village, sub district and national levels. According to Narayan (2005) measurement of empowerment involves individual, household, group, community, local, national and global levels. The present study focuses mainly on the individual level empowerment beginning with the economic changes as a result of the participation in IGAs financed by microfinance sources and spreading over to organisational, social and political spheres. Indicators have been finalized after considering certain facts; first, as stated by Sen (2000), women’s earning power, background endowments like education, rights over individual and joint assets, interactions (outside) home etc. positively contribute to women’s agency, therefore, while deciding on the indicators, the primary emphasis is on the indicators showing personal improvements. Secondly, it is argued that a single indicator is not usually sufficient to measure a specific dimension of empowerment (Kishor 2000; Estudillo, Quisumbing & Otsuka, 2001); therefore, selection of appropriate indicators may involve a host of different factors.

The study employs a number of indicators to measure the socio economic background of the respondents and their family. These background indicators include the age (in years), marital status, religion, caste, level of education, number of members in the family, geographical location of the residence – whether in municipality, panchayath or corporation etc. A woman’s circumstances like class, caste, age, marital status, health and education, have important bearing on the extent to which microfinance intervention can cause positive changes in their lives (Ackerly, 1995; Goetz & Sen Gupta, 1996; Hashemi, Schuler, & Riley,
1996; Mosedale, 2005). For example, women who are single (divorced, separated or widowed) will have more control over loan use than women who are spinsters, newly married or young. And, in the present study, such background characteristics are relevant in as much as to determine the initial empowerment status of the respondents. Initial status with regard to the empowerment level and fallback position determine whether the respondents were actually self selecting into the program.

2.7 Variables employed in the conceptualisation and measurement of empowerment

2.7.1 Variables for measuring Standard of Living (EcoE)

Generally, the positive changes in the household expenditure for consumption and enhancements in assets are indicative of economic empowerment, because changes in them testify to changes in standards of living. Niraula and Lawoti (1998) use assets at the household level for measuring economic empowerment. Authors have framed their own methods of measuring the changes in levels of living. For example, Deaton (1997) in the questionnaire designed for household survey of ‘The Living Standards Measurement Study (LSMS)’ and Deaton and Zaidi (1999) and Deaton and Muellbauer (1980), in their respective works, included questions on several variables including the expenditure on food durable goods expenditures, assets and inventories. Deutsch & Silber (2005); Schreiner (2010) and Zeller (2005) have included the indicators like the facilities available in houses including materials used in the construction of houses, household amenities like TV sets, and accumulated assets for measuring the changes in the standards of living of people. Edig, Schwarze and Zeller(2013), Johannsen (2006) and Johannsen and Zeller (2006), in addition to the above indicators, use access to communication, demographic characteristics, ownership status of houses, materials used for the construction of houses and ownership of assets including farm assets, land, household amenities and domesticated animals. Barnes et al., (2001) make use of the structure of houses and amenities like number of rooms in order to measure the changes in the standard of living. There are other views also, e.g., Little (1997) recommends the use of net worth of assets (assets minus liabilities) to give further insights into the levels of poverty of microfinance participants. In Asian microfinance institutions’ studies the proxies employed to study the welfare status include household durables, farm assets and housing characteristics (Deutsch & Silber, 2005; Filmer & Prichett, 2001). In the present case, changes in the income, improvements in the household amenities like cell phones, TV sets, changes in the type of housing facilities etc have been employed as the indicators for assessing the changes in the standards of living. For standard
of living the indicators used are ownership category of dwelling places, facility for bath, availability of drinking water, and different types of household appliances both at the time of entry into the programme and at the time of the enquiry. A perceptible advancement in these variables is taken to be an improvement in the Standard of Living. Ownership of dwelling place is categorized as hut, tiled house and concrete building. Facilities for bath, drinking water are also categorized into different categories. Availability of HH appliances at the time of entry and at the time of study is also noted. Based on the improvement in these facilities scores were assigned to each factor and the total score indicating the presence of improvement in the standard of living is arrived. For bathing facility and type of ownership of house, the scores given range from -2 to +2. For the availability of drinking water score ranges from -3 to +3. For household appliances, the scores given range from -9 to +9. A positive score is given wherever there is one step improvement in any of the variables concerned. For example, if the respondent moves from hut to concrete building the score to his credit will be +2 and it will be -2 if it happens in the reverse order. With the present method of scoring for these facilities the sum of actual scores that may be earned by a respondent may range from -5 to +11. A Respondent whose cumulative score earned for the indicators mentioned above is equal to or more than the median value of 3, she is taken to have improved the Standard of Living, hence attained economic empowerment.

2.7.2 Variables for measuring Empowerment at the Household Level (HHE)

Empowerment status of Respondents at the Household Level is measured by using the decision making variables. Decision making ability is a manifestation of agency and power of the decision maker. Ashe and Parrott (2001) have taken it to be indicative of empowerment. It is argued that participation in various domains of decision areas both within the household and outside the household decisional areas enhances the sense of empowerment of the participants (Kieffer, 1984; Zimmerman & Rappaport, 1988). Decision making as a variable in the study of empowerment becomes all the more important because, as stated by Kabeer (1999), in poor households, the chances for womenfolk to participate in decision making process are very thin. The patriarchal structure of the family gives many more privileges to men and their decisions are more likely to prevail even though they do not enjoy any better status than women in accessing resources in public domain. In the present case, in order to be taken as indicative of empowerment, a program participant has to have more than just being a participant in the decision making. As is claimed by Csazar (2005), empowerment is understood to be taking place only if (a) an option for making
choice exists (b) if the option is used, and (c) desired outcome is achieved as a result of the choice. Questions have been framed in order to check whether there is any chance for the womenfolk to influence the household decision making. Context specificity is another point to be taken into account. The proxies used for measuring the decision making authority of women in household differ in studies under different contexts. Steele, Amin, and Naved (1998) measure the extent of the role of the participants in the decision making by assessing their roles in matters like acquisition of assets, borrowing or lending of money, care for their self and in decisions in matters related to children. Hashemi, Schuler and Riley (1996), in a study of assessing the empowering features of microfinance programs, employed eight indicators to measure the involvement of women in decision-making. Country level studies undertaken in different parts of the world have utilized various indicators and proxies for measuring decision making capabilities. The typical decisions adopted to measure empowerment at household level in various countries are household budget, food prepared, visits to various places, health and education to children, use of contraceptives in Egypt (Kishor, 1997); purchase of food articles, major household items and jewellery, decisions about the education of children and treatments to children in case they fall ill in India (Jejeebhoy, 1997); purchases of household articles and assets like land, freedom for the wife to work and earn, spending of husbands’ income, number of children to have, use of family planning methods, children’s education and marriage etc. in Nigeria (Kritz, Makinwa & Gurak ,1997); freedom of wife to work outside household, major purchases and the number of children to have in Zimbabwe (Becker, 1997); freedom of wife to work outside, the type of food to buy, transactions at market and number of children to have in Nepal (Morgan & Niraula, 1995; Niraula & Lawoti); type of food and its quantity, sale of agricultural products in Iran (Razavi, 1992), purchase of food, number of children to have, their education and marriage, major and daily household purchases, work outside, dealing with livestock and purchase of jewellery in Pakistan (Sathar & Kazi, 1997); and freedom to make small and large consumer purchases, leasing of land, dealing with livestock and purchase of major assets (Hashemi, Schuler & Riley,1996) and education of children, household purchases, health care and visits to relatives and friends (Cleland, Phillips, Amin, & Kamal,1994) in Bangladesh. Facts derived from the literature specified above confirm that an improvement in the participation in decision making testifies to empowerment at personal domain and enhancement of agency. The uncertainty is only with regard to identifying the type of decisions and the degree of influence by the womenfolk that can be regarded as empowerment, for these vary according to contexts. The context specificity of the indicators
relevant for decision making capability is more pronounced than in the case of any other dimensions, for example, the areas of decision making identified as dominated by men by Shresta, Post and Levitt (1998) such as family planning and sending daughters to school are not relevant in the setting of Kerala. The element of decision making was considered from two levels; Economic and Non Economic Levels. At the economic level, control over spending of participants’ income and usage of loans, decision regarding personal expenses, daily expenses, expenses for children and Investments at the household level are considered, while at the non economic level, ability to convince the spouse and change in the level of support earned from other members in the family are taken into account. Control over loan taken from microfinance sources has been recognized as an important indicator of empowerment. Results of various studies (Ackerly's, 1995; Montgomery, Bhattacharya, and Hulme, 2005; Sen Gupta, 1996) have shown that the fact that the loan is taken by women does not, by default, guarantee its use and control by them. Study by Goetz and Sen Gupta (1996) shows that only in 37 per cent of the cases, the takers of loan had full control over the loans taken, whereas in a study conducted in Indonesia, Panjaitan - Drioadisuryo and Cloud (1999) found that only 12 out of 121 clients reported that there was an increase in income. Other clients reported that there was no increase in income because their husbands controlled their loans. In the present case, such an eventuality was sought to be assessed by the question who decided the use of loan. Control over the income of the respondents enabling them to make purchases of their choices was taken to be indicator of empowerment by Hashemi, Schuler and Riley (1996). The respondents were asked who took decision regarding the use of income earned from the IGA. A meaningful assessment of empowerment is made by asking questions whether the participants involve in influencing the decision making variables such as usage of loan, income earned by self, decisions regarding the requirements of children.

2.7.3 Empowerment at Organisational Level (OGE)

The whole construct requires measurement at two distinctive phases: at the empowering process phase, *(whether the organisation is an empowering organisation)* and at the second and final phase where empowerment is an outcome, *(how far the process is effective)*. The process is empowering, if the characteristics of well-balanced organisational functioning are present. The organisational functioning is taken to be well balanced and empowering if it is according to the essential rules of democratic intra organisational relations characterized by sharing information and power among members (Oakley, 2001) which itself is empowering
(Alsop, Bertelsen & Holland, 2006; Israel, Checkoway, Schulz & Zimmerman, 1994) and attempts in the direction of capacity building (Oakley, 2001). Capacity building is important because, as stated by Wandersman (1981), the skills learned during the stint of group membership help them to adapt to other situations. The democratic nature of the management is assessed by two direct questions. The first question bears two alternatives as answers such as the decisions are democratically managed and otherwise. The second question relates to the availability of loans from the group. The responses were categorized as (1) very easy and just, (2) easy and just, (3) no opinion, (4) not easy and just and (5) very difficult and unjust. And, the attempts in the direction of capacity building are appraised by the response to the questions as to whether the members had undergone any training on the IGAs and whether they found it to be effective. Both democratic functioning and capacity building denote the supply side of organisational empowerment; the demand side by the extent to which the members fruitfully make use of it. The demand side is measured by the variable of intensity of participation (in Meetings). Intensity of participation is measured because studies show that women’s participation in group meetings have enabled them to be more courageous and outgoing (Amin, Becker, & Bayes, 1998; Hashemi, Schuler & Riley, 1996; Kabeer, 1998), thus empowering them at personal and social levels. Participation in meetings promotes personal empowerment because, as stated by Hashemi, Schuler and Riley (1996), such meetings raise the critical consciousness of the participants (Batliwala, 1994). Participation in group meetings positively change certain behavioral and thus empowerment aspects. For example, Amin, Hill and Li, (1995) and Schuler, Hashemi and Riley (1997) find that the participation in group meetings has enabled the members to change their attitudes to fertility behaviours and personal autonomy. According to Hashemi, Schuler and Riley, (1996) and Kabeer (1998) the group based weekly meetings helped the participants to get over the fear of outside world. However, as regards most suitable indicator to measure participation, there is no unanimity of opinion. Narayan (2005) is of the opinion that attendance in meetings is indicative of empowerment, only if the decisions taken in the meetings reflect the priorities of the poor. On the contrary, if the attendance in the meetings is compulsory, it cannot be taken to be indicative of influencing the decisions, therefore, as a proxy of empowerment. Alternatively, intensity of participation has been measured by the number of times loan received (Amin, Hill & Li, 1995) and participation in the group meetings. Considering the above points, the number of number times loans availed is taken as the proxy for participation, because attendance in meeting is almost
compulsory for the members of SHGs. And, the more the number of times loans are taken, the higher the participation in the group activities and empowerment. Once the organisational functioning is according to democratic principles, the attempts towards capacity building are accepted and the members fruitfully make use of the organisational features, the outcome of the process of empowerment should come as it is - a host of empowered members who together constitute an empowered organisation. It takes place in the following way: when an individual joins an organisation like SHG, which can very well be taken as the necessary mediating structure between individuals and larger collectivity (for example, the society at large) proposed by Florin and Wandersman (1984), it supports the personal development process (Kieffer, 1984). The personal development at the organisational level will be manifest in the ability of the individuals to utilize fruitfully the opportunity structures in the society and in their collective sense. Opportunity structures are the formal and informal institutional ambience which are either facilitating or preventing effective actions to enhance well being of the poor (Narayan, 2005). Considering the chances for making use of the opportunity structures is important because, as argued by Drez and Sen, (1989), established conventions rather than the legally enforceable rights usually govern intra household relations and, in turn, the chances for choices (italics added). Such conventions and practices (as in the case of purdah) may hinder the chances for women making use of opportunity structures like banking facilities existing in the contexts. Thus, the question addressed is whether the allegiance to the affinity groups - SHGs in this case - has meaningfully contributed to choosing and acting upon opportunity structures constituted by the institutional facilities like that of a bank. And, if so it is taken to be indicative of empowerment. Finally, a group of individuals empowered by the organisational process attains ‘collective empowerment’ and jointly constitutes an empowered organisation. As argued by Rowland (1997), attaining the ‘collective empowerment’ is the sequel of personal empowerment (personal empowerment attained at the household level and as a result of being the part of an organisation). In other words, the final point to be addressed is whether the group of individuals has a collective sense – a conviction that they are standing not only for their individual self but for the group as well. In order to check this point, the question asked is whether the respondent is capable of solving the problems faced by the SHG. The other variables identified are to reveal the skill of the members in organising the activities of the group. They are: ability to organise group meetings of SHGS, to deliver speech, and to deal with banking transactions. The Respondents are also asked about how they manage various sources of loans.
2.7.4 Empowerment at Socio Political Level (SPE)

Empowerment at the Socio Political Level is to be comprehended differently in a study of the results of microfinance in the setting similar to that of Kerala. Earlier attempts at assessing empowerment at this level are addressed from the point of view of whether a society is empowered or not as a whole group and whether the members of the group are capable of addressing a perceived problem as a result of aroused group consciousness like the illicit liquor trade which is detrimental to the healthy family atmosphere. The mechanism of the process of empowerment at this level is explained by Swift and Levin (1987). A person, after being individually empowered, becomes a part of a group of likeminded persons and develops a feeling of comradeship. Ultimately, the group as a whole reaches such a level as to address adverse social conditions causing powerlessness. Authors, in general, insist on the individual empowerment and interactions at the group level as a prerequisite for the social empowerment. The mechanism advocated by them works out as follows: psychologically empowered individuals join self help groups and now have membership in wider social networks which provide support for further personal development through participation in activities of group/organisation. Interaction with the group helps them to realize how critically the social and political structures affect them. This critical consciousness enables them to challenge adverse social structures. On the contrary, in the present framework, the question addressed is whether the individuals are now capable of coming out of the household, interacting in the society, perceiving the broader issues at the societal level and challenging the predefined power relations from an individual perspective; not from group perspective. The idea of collectively acting against any social issues has not been taken into account, for such issues do not exist universally in the setting of Kerala. According to the present framework, Socio Political Level empowerment is the process of making one capable of initiating steps to challenge the established attitude of the society in such a way that her place within it is recognized according to the terms she prefers instead of the manner in which the hitherto adverse patriarchal norms dictate. The extent to which an individual can have the freedom to define her social interactions is mainly defined by the power relations established in the household and within the society. Even in advanced societies like that of Kerala the norms are not very widely different. Outside the household she is not expected to assert herself publically, which, most likely, will be viewed as jeopardizing the social respectability of the family and its male members. But, by this time, her economic role in the household has helped her to
redefine her status at the household and she is capable of asserting her place in the society as well. The point of enquiry in the present framework is how far the participants in the program of microfinance have been able to assert themselves outside the household in the broader arena of the society. Besides, it is also enquired whether the Respondents are taking the opportunities of perceiving the political developments taking place in the domain of public governance. Once her presence in the society is recognized by others and is sufficiently aware of the developments – social as well as political, she can be regarded as empowered at Socio Political Level. Table 2.1 shows the variables and indicators used in the analysis of the objectives based on primary data.

Table 2.1 Conceptual Framework of the Study for Analysing Primary Data

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Objective</th>
<th>Variables</th>
<th>Indicators</th>
<th>Indices</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To identify the Socio Economic background of the participants in SBLP in Kerala</td>
<td>Social and Economic variables</td>
<td>Age, domicile, Caste, Sex, Education, income level etc.</td>
<td>Level of Education of the Respondents, Membership in other Networks, Fallback position of the Respondents, Self Decision Income Level classified into APL or BPL, and Entrepreneurial Status of the HH.</td>
<td>Classified Respondents into empowered or not empowered</td>
</tr>
<tr>
<td>2</td>
<td>To develop a framework for assessing Self Selection and also assess the extent of Self Selection among the participants of the SBLP.</td>
<td>Fallback position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>To assess the empowerment status of the Participants of the SBLP in Kerala</td>
<td>Economic Empowerment</td>
<td>Standard of Living</td>
<td></td>
<td>Classified Respondents into empowered or not empowered</td>
</tr>
<tr>
<td></td>
<td>Household Level</td>
<td>Household Decision making variables</td>
<td></td>
<td>Index of Empowerment at HH Level</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organisational Level</td>
<td>Availability of loans from the SHG, Training received, ability to handle organisational matters, to handle banking transactions, to speak in public, other sources of loans, sources available in case SHG does not give loans, purposes for which loans are used etc.</td>
<td></td>
<td>Index of Empowerment at Organisational Level</td>
<td>Classified Respondents into empowered or not empowered</td>
</tr>
<tr>
<td></td>
<td>Socio Political Level</td>
<td>Ability to help others to solve personal/family/other issues, to bring out a common issue, to travel alone to a destination outside the home district, to deal with strangers and to protest against an act of injustice.</td>
<td></td>
<td>Index of Empowerment at Socio Political Level</td>
<td>Classified Respondents into empowered or not empowered</td>
</tr>
<tr>
<td></td>
<td>Composite level</td>
<td>The variables mentioned for other levels</td>
<td></td>
<td>Index of Empowerment at Composite Level</td>
<td>Classified Respondents into empowered or not empowered</td>
</tr>
<tr>
<td></td>
<td>Self Esteem</td>
<td>Variables indicating the self perception of the Respondents about their empowerment achievements at various levels</td>
<td></td>
<td>Index of Self Esteem</td>
<td>Classified Respondents with Self Esteem and not</td>
</tr>
<tr>
<td>4</td>
<td>To ascertain whether there is difference between empowerment levels of Self Selected participants and others.</td>
<td></td>
<td></td>
<td>Comparison of empowerment levels for two groups such as Self Selected ones and Not Self Selected ones</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>To determine whether there are differences among the participants from different settings of the macro circumstances in which they live.</td>
<td>Variables indicating the self perception of the Respondents about their empowerment achievements at various levels</td>
<td></td>
<td>Comparison of empowerment levels for Respondents from the three districts</td>
<td></td>
</tr>
</tbody>
</table>
2.8 Conclusion

What is measured has to be linked to a conceptually sound and robust causal framework that explains and logically support the concepts specified. The framework discussed above has attempted to articulate the logic behind the proposed framework of assessment of the benefits of microfinance intervention in special setting like that of the State of Kerala. In order to determine whether changes are the result of programme, the framework of assessment was drawn up with three basic principles in mind. First, empowerment is recognized as a process as well as outcome, and the changes are assessed over time (before/after criterion). Second, evaluation framework should be such that the level of empowerment of the respondents should be compared with that of those who are self selected into the programme. Third element of the methodology for the measurement takes cognize of the need for both quantitative and qualitative data. The measurement methodology has mandatorily to be context specific. It need not be emphasized that the presently discussed framework is not universally replicable; as the standard of gender equity found here may not be commonly found elsewhere. The case of Kerala shows that poverty need not always bring in gender inequity as a necessary sequel; hence the special regard for the framework for measuring the benefits of a poverty reduction intervention uniquely designed for dealing with poverty by empowering women. In addition, while designing the framework, it has to be conceded that the level of initial disempowerment or empowerment for that matter, differs according to the person’s status defined by her class or caste, ethnicity, relative wealth, age, family position, level of education etc. and any analysis of women’s power or lack of it has to take cognizance of these other factors as is argued by Mosedale (2005) and Malhotra and Schuler (2005). The framework is designed after taking cognizance of this fact. It is taken for granted that the implementation of the program of microfinance itself sets off the process of empowerment; the only remaining part is the outcomes which are supposed to be manifest in the various behavioral and physical endowments of the participants after a minimum required period of membership in the program.

The ultimate aim of empowering program is to bestow the beneficiaries with a feeling of better control over their own lives which they previously lacked. In other words, it is a state to be experienced at the psychological level; therefore, the framework has been built upon the attitude that this feeling may occur (at varying degrees, of course) at any level recognized for the purpose of this framework. In other words, it is accepted that the
participants need not necessarily go through all the levels at which empowerment occurs. An enhancement in the decision making capacity or better recognized space in homes and/or in the wider society plus an increased level of living and control of resources are the suitable outcomes for measurement.

It is taken for granted that each level of empowerment recognized in the framework receives and gives out empowerment benefits to other levels, therefore, empowerment is recognized as a holistic concept involving the totality of benefits received from all the levels simultaneously.

The framework refers to individuals and not to empowerment as group phenomena. Longitudinal studies and experimental designs may take away the drawbacks of the present framework, but the time and cost will be prohibitive. Besides, an exact experimental design in social science fields leaves much more to wish for.
References


