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## WOMEN EMPOWERMENT THROUGH MICRO FINANCE: WITH REFERENCE TO GULBARGA DISTRICT

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### ABSTRACT

*Poverty and unemployment are the major problems of any under developed countries, to which India is no exception. In India, at the end of ninth five year plan 26.1% of the population was living below poverty line. In the rural area 27.1% of the population was living under poverty. The overall unemployment rate is estimated to 7.32%. The female unemployment rate is 8.5%. The rate of growth of women unemployment in the rural area is 9.8%. This is because of the low growth rate of new and productive employment. In the end of IX plan the rate of growth of implemented various schemes to reduce poverty and to promote the gainful employment. But the more attractive scheme with less effort (finance) is 'Self Help Group'. It is a tool to remove poverty and improve the rural development. The Micro credit-SHGs model has got tremendous attention in recent years. Micro credit is an alternative source of credit for the poor who earlier were considered as non-bankable. This system not only provides credit, most important input for development, to the poorer section of the society, but also aimed for their capacity building. It has also been observed that group lending has distinct advantage in the form of excellent recovery rate and improvement in income level. The phenomenon growth of SHGs indicates that the weaker sections of the society are also capable to sharpen their micro-entrepreneurial skills with the help of their own savings and additional bank credit, as needed. At this point, micro credit-SHG integration could be the way out for overall rural development vis-à-vis poverty alleviation. Hence, in this paper an attempt has been made to understand the, structure and significance of micro finance for the women empowerment in general.*

**Keywords:** Women Empowerment, Micro Finance, Gulbarga District.

### INTRODUCTION

Throughout history and in many societies including India, gender inequality was part and parcel of an accepted male-dominated culture. Atrocities and discrimination are the two major problems, which the Indian women face in the present day society. The traditional mentalities of India assume that the place of women is

mainly concentrated to the household activities like kitchen work and upbringing of the children. They have been considered as the sex object and inferior to the men in different spheres of knowledge. The 'Sati Pratha', 'Pardah System', 'Child Marriage', 'Dowry System', etc. have been some form of atrocities and discriminatory attitudes against the women. Even after fifty eight years of Indian independence, women are still one of the most powerless and marginalized sections of Indian society. The 2001 Census shows that the sex ratio for India is 933, which is lowest in the world. Percentage of female literacy is 54.16 (2001 Census) against male literacy of 75.85 per cent. In India, women's representation in Parliament and in the State Assemblies has never beyond 8 and 10 per cent respectively. Most of the working women remain outside the organized sector. A mere 2.3 per cent women are administrators and managers, 20.5 per cent professional and the technical workers all of whom collectively earn 25 per cent of the shared income. Violence against women is on the rise.

The democratic process in India created the awareness among the women about their plightful condition. The principle of gender equality is enshrined in the Indian Constitution in its Preamble, Fundamental Rights, Fundamental Duties and Directive Principles. The Constitution not only grants equality to women, but also empowers the state to adopt measures of positive discrimination in favour of women. The 73<sup>rd</sup> and 74<sup>th</sup> Amendments (1993) to the Constitution of India provided for reservation of seats (at least one-third) in the local bodies of Panchayats and Municipalities for women. Another Constitutional Amendment (84<sup>th</sup> Constitutional Amendment Act 1998) reserving 33 per cent seats in Parliament and State Legislatures is in the pipeline.

The Indian Government has passed various legislations to safeguard Constitutional rights to women. These legislative measures include, the Hindu Marriage Act (1955), The Hindu Succession Act (1956), Dowry Prohibition Act (1961), Medical Termination of Pregnancy Act (1971), Equal Remuneration Act (1976), Child Marriage Restraint Act (1976), Immoral Trafficking (Prevention) Act (1986) and finally Pre-natal Diagnostic Technique (Regulation and Prevention of Measure) Act (1994) etc.

Apart from these, various welfare measures have been taken up by the Government from time to time to empower to the women. They are, the support to Training for - Employment Programme (1987), Mahila Samridhi Yojana (1993), the Rashtriya Mahila Kosh (1992-93), Indira Mahila Yojana (1995), DWACRA Plan (1997) and Balika Samridhi Yojana (1997). On 12<sup>th</sup> July, 2001, the Mahila Samridhi Yojana and Indira Mahila Yojana have been merged into the integrated self-help group programme i.e., Swayam Siddha. The Government of India in 1953 established a Central Social Welfare Board with a nation-wide programme for grants-in-aid for women, children and under-privileged group. A separate department of women and child development was set up

at the Centre in 1985 to give a distinct identity and provide a nodal point on matters relating to women's development. National Commission on women was created by an Act of Parliament in 1992. Besides these, India has also ratified various international conventions and human rights

In recent years there have been explicit moves to increase women's political participation. The Women's reservation policy bill is however a very sad story as it is repeatedly being scuttled in parliament. In the Panchayati Raj system, however, women have been given representation as a sign of political empowerment. There are many elected women representatives at the village council level. However, their power is restricted, as it the men who wield all the authority. Their decisions are often over-ruled by the government machinery. It is crucial to train and give real power to these women leaders so that they can catalyst change in their villages regarding women. All this shows that the process of gender equality and women's empowerment still has a long way to go and may even have become more difficult in the recent years.

The main reason for the contradiction is that, targeted schemes tend to have only limited impact when the basic thrust of development is not reaching an average woman, making her life more fragile and vulnerable. To make a positive change basic infrastructure should be provided in every village and city. To begin with, providing safe drinking water supply and better sanitation not only directly improves the lives and health of women, but also reduces their workload in terms of provisioning and ensuring such facilities. An access to affordable cooking fuel reduces the need to travel long distances in search of fuel wood. Improved transport connecting villages with each other and with towns can also directly improve living conditions as well as unpaid labour time spent in transporting household items. It can also lead to access to a wider range of goods and services plus a better access to health facilities. Expenditure on food subsidy and better provisions for public distribution services directly affects the lives of women and girl children in terms of adequate nutrition. The patterns of resource mobilization by government also have significant effects on women that are usually not recognized. When taxes are regressive and fall disproportionately on items of mass consumption, once again these tend to affect women more. This is not only because the consumption of such items may be curtailed but also because the provisioning of such items is frequently considered to be the responsibility of the women of the household. Also credit policies reduce the flow of credit to small-scale enterprises thus reducing the employment opportunities for women. There is a need to have women-friendly economic policies that can enhance their social and economic position and make them self-reliant.

The emancipation of women is not a simple matter. It requires the attitudinal change of the husband, other family members and society as a whole to the women. The community consciousness and bureaucratic efforts are integral parts of the implementation of the programmes. The first and foremost priority should be given to the education of women, which is the grassroot problem. The struggle for gender justice will be slow, strenuous and protracted, as the change cannot be brought about easily. It has to be fought at emotional, cognitive and action levels. The struggle has to be carried on within caste, class, race, religion, everywhere in which man-woman relationships figure and matter.

## **MICROFINANCE AND WOMEN EMPOWERMENT**

A majority of microfinance programs target women with the explicit goal of empowering them. However, their underlying premises are different. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged. Others believe that investing in women's capabilities empowers them to make choices, which is valuable in itself, and also contributes to greater economic growth and development. Another motivation is the evidence from literature that shows that an increase in woman's resources result in higher well-being of the family, especially children. Finally, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers thereby contributing to their financial viability. A more feminist point of view stresses that access to financial resources presents an opportunity for greater empowerment of women. Though many agree that women empowerment is an important development objective for microfinance programs, it is still unclear what women empowerment means.

In an insightful reflection on the measurement of women's empowerment, Kabeer (1999) explains that women's empowerment refers to the process by which those who have been denied the ability to make strategic life choices acquire such ability. This ability to exercise choice incorporates three inter-related dimensions: resources which include access to and future claims to both material and social resources; agency which includes the process of decision-making, negotiation, deception and manipulation; and achievements that are the well-being outcomes.

Given the complexity of defining women empowerment it is not surprising that only a few empirical studies have tried to examine the impact of microfinance on women empowerment. Most of these studies suffer from bias due to the endogenous nature of the program participation and unobserved household, individual and area characteristics. The unavailability of appropriate data that includes comparable control and treatment groups

is a further constraint. The interpretation of women empowerment and its measurement also varies across different studies. Most researchers construct an index/indicator of women empowerment. Ackerly (1995) creates an indicator, "Accounting Knowledge", to measure the probability that the changes associated with empowerment intervene. Goetz and Sen Gupta (1996) build an index of Managerial Control in order to classify the borrowers into five categories ranging from no control (no knowledge of the use of the loan or no contribution in terms of labour to the financed activity) to full control of the use of the loan (full control over the entire productive process, including marketing).

In another study, Hashemi, Schuler and Riley (1996) investigate the change in women empowerment with the help of an ethnographic study and quantitative survey. The analysis uses 1,300 women sample data to measure the effects of Grameen Bank and Bangladesh Rural Advancement Committee. They create an empowerment indicator build on the following eight criterions: mobility, economic security, ability to make small purchases, large purchases, involvement in major household decisions, and relative freedom from domination by the family, political and legal awareness, participation in public protests and political campaigns.

Measuring women empowerment by constructing indices is an inappropriate technique as it allows the use of arbitrary weights. ...Most researchers, for instance, will agree that impact of a women's decision to buy cooking oil for the family is different in nature from her participation in a decision to buy a piece of land. Both these decisions have different implications and magnitude of impact on her empowerment. As such giving equal weight age to both these decisions does not make sense. At the same time suggesting an arbitrary weight for these decisions is also inappropriate, as it is not for the researchers to decide the factor by which the latter decision contributes more to women empowerment.

In a comprehensive study, Pitt et al. (2006), use Item Response Theory (IRT), where the element of analysis is the whole pattern of a set of binary indicators that proxy for woman's autonomy, decision-making power, and participation in household and societal decision making. They find that credit programs lead to women taking a greater role in household decision making, having greater access to financial and economic resources, having greater access to financial and economic resources, having greater social networks, more bargaining power vis-à-vis their husbands and having greater freedom of mobility.

Additional services like training, awareness raising workshops and other activities over and above the minimalist (financial services only) microfinance approach are also an important determinant of the degree of its



impact on the empowerment process of women. Holvoet (2005) finds in her study of women in rural Kenya that in direct bank-borrower minimal credit, women do not gain much in terms of decision-making power within the household. However, when loans are channeled through women's groups and are combined with more investment in social intermediation, substantial shifts in decision-making patterns is observed. This involves a remarkable shift in norm-following and male decision-making towards more bargaining and sole female decision-making within the household. She finds that the effects are even more striking when women have been members of a group for a longer period and especially when greater emphasis has been laid on genuine social intermediation. Social group intermediation had further gradually transformed groups into actors of local institutional change.

Another issue that needs further investigation is whether without change in the macro environment, does microfinance reinforce women's traditional roles or does it promote gender equality? A woman's practical needs are closely linked to the socially defined gender roles, responsibilities, and social structures, which contribute to a tension between meeting women's practical needs in the short-term and promoting long-term strategic change. By helping women meet their practical needs and increase their efficacy in their traditional roles, microfinance may in fact help women to gain respect and achieve more in their socially defined roles, which in turn may lead to increased esteem and self-confidence. Therefore, as Cheston and Kuhn (2002) argue increased self-confidence does not automatically lead to empowerment, it may contribute decisively to a woman's ability and willingness to challenge the social injustices and discriminatory systems that they face. This implies that as women become financially better-off their self confidence and bargaining power within the household increases and this indirectly leads to their empowerment. Finally, given that empowerment is a process the impact of the microfinance program may take a long time before it is significantly reflected on the observable measures of women empowerment.

It therefore defines women empowerment as the process in which women challenge the existing norms and culture of the society in which they live to effectively improve their well-being. A distinction is made between the outcomes that lead to greater efficiency within the existing norms, development of the community and outcomes that can be directly interpreted as women empowerment.

As argued in Bali Swain (2007) not all activities that lead to an increase in well-being of a woman are necessarily empowering in themselves. For instance, activities like improvement in nutrition of children, lead to greater efficiency in the woman's role in the household but it also falls within the existing role of the women within the prevailing norms of the society. When a woman is better able to perform such activities, it leads to an



increase in her self-confidence and feeling of well being. This might create conditions leading to woman empowerment, but are not empowering on their own. Similarly, Community Driven Development activities, undertake under the initiatives of the SHGs – for instance, solving drinking water problems in the village, reduces the demand on a woman's time while leading to better health of all household members, particularly children. However, most of these activities are for the welfare of the household (including women) or the community at large but are not directly empowering as they re-in force the existing gender roles within the society. According to our definition, the truly empowering activities are those that reflect the changes that women have effectively made to better their lives by resisting the existing norms of the society. Thus, for instance, if a woman offers greater resistance to any form of abuse from her husband or family, we consider her more empowered as she is trying to improve her wellbeing by asserting herself.

How does then microfinance lead to women empowerment? This is essentially through two mechanisms direct and indirect empowerment effects. The direct empowerment through microfinance takes place, when women become members of a group and/or when they are exposed to training or workshops leading to greater awareness creation. Microfinance also leads to increase in women empowerment through indirect channels. In a collective decision making model, Browning and Chiappori (1998) show that if behaviour in the household is Pareto efficient, the household's objective function takes the form of a weighted sum of individual utilities. The individual weights can represent the bargaining power of the female members in the household relative to the male household members, in determining the intra household allocation of resources. In the literature it is assumed that by increasing the relative value of female time and her money income, the weight and hence the bargaining power of the female members can be increased within the household. This 'weight' may also be altered by social pressure. The weight parameter may thus reflect the women's power within the household decision making and maybe one index of women empowerment.

### **MICRO FINANCE WHOLESALERS:**

There are half-a-dozen apex institutions providing funds and capacity-building support for MF through various MFIs. Under various schemes they provide bulk loans to retail NGO-MFIs and other emerging forms of microfinance institutions (MFIs) such as financial cooperatives, mutually aided cooperative thrift societies (MACTS), and federations of SHGs. A similar approach to NABARD's bank linkage using NGOs/MFIs as intermediaries (model III in section 2.2.1 above) has also been adopted by other bulk lending institutions such as the Small Industries Bank of India (SIDBI), Rashtriya Mahila Kosh (RMK), Housing and Finance Development

Corporation (HDFC), Housing and Urban Development Corporation (HUDCO), Rashtriya Grameen Vikas Nidhi (RGVN) and Friends of Women's World Banking (FWWB).

## **EMPOWERING ASPECTS OF SELF-HELP MICRO CREDIT SCHEMES**

Self-help groups intermediated by micro-credit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge (Zaman, 2001). Several recent assessment studies have also generally reported positive impacts (Simanowitz and Walker, 2002).

Impact assessment studies point to asset creation as one of the main indicators, measurable by empirical data. From field visits done by the author, and from various documented sources, it would appear that financial services, especially micro-credit, provided to self-help groups have brought about an increase in household income. For example, the 2000 United Nations Common Country Assessment for Bangladesh felt that micro-credit had lessened the severity of poverty and helped to increase total income per household by 29 per cent. A World Bank study found that a 10 per cent increase in borrowing had led to an increase in women's non-land assets by 2 per cent for loans from the Grameen Bank and 1.2 per cent for loans from the Bangladesh Rural Advancement Committee (BRAC) (World Bank, 1998).

In India, micro-credit studies done on groups dealing with dairy farming have noted positive profit levels and short payback periods for loans (Lalitha and Nagarajan, 2002). Earnings generated from such undertakings have been instrumental in increasing the physical well-being of the household, often through better nutrition and sanitation. The household's asset base has also been enhanced by the addition of jewellery (a portable asset), improved housing and land purchase in some cases.

Studies in several countries point out that loans are sometimes used for consumption smoothing, not production. It has been pointed out that the poor often have short-term liquidity needs (frequently requiring lump-sum payments), which would normally be met by usurious moneylenders if other financial sources such as micro-credit were not available. Sudden and debilitating shocks can force poor households into disempowering situations of distress. During the Asian economic crisis, self-help micro-credit groups served as important cushions and safety nets. A high proportion of the funds made available for self-help micro-credit schemes were

utilized by women, enabling them to meet the subsistence needs of their families during those difficult economic times (ESCAP, 2002). Many self-help programmes have also incorporated elements of savings, which can be used for purposes such as health insurance and emergency loans, thereby serving as private safety nets.

Another set of indicators, which are more intrinsic, revolves around changing gender relations within the household. In the field studies undertaken for the IFAD gender mainstreaming review, women who generated increased income through self-help schemes reported that they had gained greater respect within the household, often with perceptible attitudinal change. Men have been reported to offer little resistance towards the enhanced economic activity of women because such activities were seen as contributing to household well-being. Men and older children have also been reported to be helping with household duties and with the income-generating activity. In Bangladesh, women showed a good deal of empowerment in their capacity to articulate their needs and in their receptivity to new ideas. More impressive was the emergence of women's groups as a dynamic, articulate constituency. These first-hand observations and in-depth interviews appear to validate the findings of other studies.

One important indicator of empowerment is the ability to make decisions within the household. On this issue, in the field studies conducted under the IFAD gender mainstreaming review, many women interviewed indicated that they could decide on spending their own income, although men were often consulted. In some countries, where mobility outside the home is often restricted, women have reported increased mobility, simply having to inform male heads of households instead of soliciting their permission.

In the realm of self-confidence and self-esteem, the feedback from the IFAD gender mainstreaming review has been very positive. Reports indicate that women are more able to articulate their views and were able to command attention and respect within the household, and often within the community. Increased self-confidence was especially pronounced when women had been exposed to training on women's rights and social and political issues.

Thus, in this twenty-first century, we must take along an active people-centred and growth-oriented poverty alleviation strategy – a strategy which seems to incorporate women's aspirations, dynamism and involvement. It is envisaged that self-help groups will play a vital role in such strategy. But there is a need for structural orientation of the groups to suit the requirements of new business. Micro credit movement has to be viewed from a long-term perspective under SHG framework, which underlines the need for a deliberate policy

implication in favour of assurance in terms of technology back-up, product market and human resource development. Hence, there is a need for the development of an innovative and diversified micro-finance sector, which will make a real contribution to women empowerment.

## CONCLUSION

The challenge for the future is to merge qualitative and quantitative methods in order to get over their respective deficiencies: the problem of generalization with one approach contrasted to the predicament of capturing all the various aspects of empowerment especially the relational, perceptual and cognitive dimensions. It may also be required to carry out this appraisal over a large area and across different programs, in order to identify strategies to support women's empowerment and transformation in gender relations. Another enduring challenge would be to build a comprehensive framework for measuring the multidimensional facets of empowerment that can be applied to get credible comparisons across different milieus, while at the same time being flexible enough to allow modifications in accordance with variations in culture and context.

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