

Evidence from the self help group  
bank linkage programme in India

# Microfinance and Women's Empowerment



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## Executive Summary

Access to microfinance has demonstrated an important role in achieving many of the Millennium Development Goals, which have a central place in the Swedish Policy for Global Development, adopted by the Swedish Parliament in 2003. This policy has also brought gender equality into the centre of Sida's mission to promote and create conditions for poverty reduction, which was explicitly presented in Sida's policy Promoting Gender Equality in Development Work (2005). Given that a majority of microfinance programmes target women with the explicit goal of empowering them, this paper investigates the impact of microfinance on women's empowerment. Empowerment of women is defined as the process in which women challenge the existing norms and culture to effectively improve their well-being. A distinction is therefore made between outcomes that lead to greater efficiency within existing norms, community-driven development and outcomes that can be directly interpreted as women's empowerment. Taking the case of the Self Help Group (SHG) bank linkage programme in India, this paper examines the evidence from a multi-level survey, which includes a quantitative database along with interviews, focus group discussions and case studies.

The results show a definite economic impact on households, with increases in income and decline in vulnerability. The data further reveals significant impact on SHG households in terms of control, management ability, self-confidence, change in behaviour and decision-making. Apart from social empowerment, the SHG households also demonstrate greater awareness and participation in local politics. However, the impact is not reflected in certain key decisions, which would – according to this paper – be true evidence of women's empowerment. For instance, no significant changes are observed in the decision-making power of women in the field of adopting family planning measures or buying and selling of land.

Major strides have been made by the SHG bank linkage programme in the direction of women's empowerment, but there is still some way to go before these efforts can be translated into outcomes. It would therefore be safe to infer that the minimal microfinance approach might lead to an increase in self-confidence, decision-making and control – thereby acting as a catalyst – but it does not empower women by itself. For microfinance to show an impact on women's empowerment, it needs to be supplemented by microfinance 'plus' or other non-financial services, like training, awareness creation programmes, education, etc. These can empower women to effectively improve their positions within the household,

community and society, and not just make them more efficient in their roles defined within the existing norms. This paper also discusses the importance of sustainability, maintaining the quality of the SHGs and supporting them if such programmes are to show a long-term impact.

# 1. Introduction

Albert Einstein once said, “The significant problems we face cannot be solved by the same level of thinking that created them”. He might not have been talking about women’s empowerment, but the quote is just as relevant in explaining the strict interpretation of women’s empowerment used in this paper. The main objective is to investigate the impact of microfinance, in particular the Self Help Group bank linkage programme, on women’s empowerment. In the South Asian context, women’s empowerment is interpreted as a process in which women challenge the existing norms and culture in order to effectively improve their well-being. This is especially interesting, given the importance of the access to financial services – especially microfinance – in Sida’s key strategy document “Perspectives on Poverty” (2002) and Sida’s policy Promoting Gender Equality in Development Work (2005).

Access to microfinance is also recognised as an important strategy in achieving the Millennium Development Goals (MDGs), which have a central place in the Swedish Policy for Global Development. Traditionally, about 90% or more of microfinance clients are women. Hence, microfinance is increasingly seen as an important tool in achieving the MDG three to promote gender equality and empower women. As Sida’s Guidelines on Microfinance (2004) emphasize, access to financial services (microfinance), such as savings, credit, money transfers and insurance, contributes to expanding poor people’s choices and improves their ability to respond to opportunities. It helps reduce vulnerability by providing a steady source of income thereby smoothing households’ consumption and helping them to overcome crises. Does this then imply that microfinance can make a significant contribution to empowering women?

In order to investigate the impact of microfinance on women’s empowerment, this paper takes the case of the Self Help Bank linkage programme in India. In the early 1990s the National Bank for Agriculture and Rural Development<sup>1</sup> (NABARD) started on a new nationwide microfinance initiative that links banks, NGOs and informal local self-help groups (SHGs). This SHG bank linkage programme is expected to become a dominant form of financial access for the rural poor. To evaluate the impact of SHGs on women’s empowerment, we examine the evidence from a multi-level survey implemented by the author.<sup>2</sup> This survey includes a quantitative database along with interviews, focus group discussions and case studies that were conducted to measure the impact of SHGs on poverty, vulnerability and social development.

The following section briefly defines the concept and discusses issues related to women's empowerment and microfinance. The SHG bank linkage programme is described in Section three. The section further refines the concept of women's empowerment and presents the evidence from the integrated data on the impact of microfinance (SHGs programme) on women's empowerment. The final section discusses key issues and conclusions.

The analytical results show a definite economic impact on households in terms of income, increase in schooling expenditure and decline in vulnerability. The data further reveals that the women in the study have a good control over their resources and manage their activities with a fair degree of independence. There is overwhelming evidence in favour of a positive impact on self-confidence and mobility. An indicative change is also observed in the growing resistance of women to different forms of abuse, although an alarming (though small) increase in family violence is also observed SHG households.

Apart from social empowerment, the SHG households also demonstrate greater awareness and participation in local politics. Even though there is substantial evidence for positive impact on SHG households in terms of control, management ability, self-confidence, change in behaviour and decision-making – the impact is not reflected in certain key decisions, which would, according to this paper, be true evidence for women's empowerment. For instance, more decision-making power of women is not reported in the areas of adopting family planning measures or buying and selling of land. Major strides have been made by the SHG bank linkage programme in the direction of women's empowerment, but there is still some way to go before changes in societal norms that are detrimental to the well-being of women is observed. It would therefore be safe to infer that a minimal microfinance approach might lead to increases in self-confidence, decision-making and control but does not truly empower women. If microfinance is to lead to women's empowerment, it needs to be supplemented by microfinance 'plus' activities, such as business training and awareness creation programmes. This will empower women to effectively better their positions within the household, community and society, and not just make them more efficient in their roles defined within existing social norms.



## 2. Microfinance and Women's Empowerment

What is empowerment? There are several interpretations. Krishna (2003) defines empowerment as “the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions that both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets.” Thus, as a report from the World Bank confirms (World Bank, 2001), societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance and a lower living standard for their people. The World Bank also identifies four key elements of empowerment to draft institutional reforms: access to information; inclusion and participation; accountability; and local organisational capacity.

Empowerment is also related to the concepts of social capital and community-driven development, with which it is sometimes confused. As Krishna (2003) points out, empowerment by nature is a process and/or outcome. Social capital, on the other hand, features social organisation such as networks, norms and inter-personal trust, which facilitate coordination and cooperation for mutual benefit. And Community Driven Development (CDD) is a methodology for undertaking development organisations that give control of decisions and resources to community groups. Thus it is an activity by nature. Connecting these three, Grootaert (2003) points out that building social capital facilitates empowerment. Social capital and empowerment are multi-level concepts and facilitate the link to poverty reduction, whereas CDD is a manifestation of social capital and empowerment.

Kabeer (1999) stresses that women's empowerment is about the process by which those who have been denied the ability to make strategic life choices acquire such ability. According to her it is important to understand empowerment as a process and not an instrumentalist form of advocacy, which requires measurement and quantification of empowerment. Kabeer emphasises that the ability to exercise choice incorporates three interrelated dimensions: resources<sup>3</sup> (defined broadly to include not only access, but also future claims, to both material and human and social resources), agency<sup>4</sup> (including processes of decision-making, as well as less measurable manifestations of agency such as negotiation, deception and manipulation) and achievements (well-being outcomes).

Nevertheless, if one has to study the impact of microfinance on women empowerment, there is a need for appropriate indicators that can measure it. Malhotra (2002) emphasises that even after identifying empowerment as a primary development goal, neither the World Bank nor any other major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment.

The UNDP report of 1995 introduced two new complementary indices: the Gender-related Development Index (GDI) and the Gender Empowerment Measure (GEM). The GDI indicator measures the inequalities between men and women in terms of access to basic needs. GEM evaluates women's access to political and economic posts.

Some authors have tried to construct alternative indices of empowerment more specifically related to microfinance activity. Ackerly (1995) constructed an *accounting knowledge* indicator. Goetz and Sen Gupta (1996) built an index of *managerial control* on the use of loans, contributions in terms of labour to the financed activity and the control over the entire productive process, including marketing. Hashemi, Schuler and Riley (1996) investigated the change in women's empowerment by creating an *empowerment* indicator built on the following eight criteria: mobility, economic security, ability to make small purchases, large purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness, participation in public protests and political campaigns. Some studies have also used *repayment rate* as an indicator of empowerment. However, this has been criticised because women might repay loans by taking loans from elsewhere and get into serious debt. In some cases men may control loans, whereas women might be mediating between male family members and microfinance institutions.

Another issue that needs further investigation is whether without change in the macro environment, does microfinance reinforce women's traditional roles instead of promoting gender equality? A woman's practical needs are closely linked to traditional gender roles, responsibilities, and social structures, which contributes to a tension between meeting women's practical needs in the short-term and promoting long-term strategic change.

Kabeer (1999) stresses that if empowerment were simply equated with a role in decision-making and 'control' over household resources, then having sons and bringing in large dowries<sup>5</sup> would be women's empowerment. Yet both dowries and a preference for sons are associated with some of the strongest indicators of gender discrimination in the Indian sub-continent. She further emphasises that different cultures have different distributions of power with

men making decisions in some areas and women making decisions on other issues. Evidence from South Asian studies suggests that, within the family, the purchase of food and other items of household consumption and decisions related to children's health appear to fall within the women's arena. Decisions on education and marriage of children and market-related transactions in major assets tends to be within the male domain. Kabeer therefore cautions that improvements in the care of infants is not necessarily evidence for empowerment as 'care of infants' falls within the women's pre-assigned sphere of jurisdiction. Hence, improvements reflect increased efficiency in pre-assigned roles rather than evidence of empowerment.

A majority of microfinance programmes target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women's empowerment. Some argue that women are among the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. Others believe that investing in women's capabilities empowers them to make choices, which is a valuable goal in itself, but it also contributes to greater economic growth and development. It has been well documented that an increase in women's resources results in increased well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). A more feminist point of view stresses that the financial services represent an opening or opportunity for greater empowerment. Such organisations explicitly use microfinance as a tool to fight for women's rights and independence. Finally, keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members, as they believe that they are better and more reliable borrowers.

Hashemi et al. (1996) investigates whether women's access to credit has any impact on their lives, irrespective of who has the managerial control. Their results suggest that women's access to credit contributes significantly to the magnitude of the economic contributions reported by women, to the likelihood of an increase in asset holdings in their own names, to an increase in their exercise of purchasing power, and in their political and legal awareness. They also found that access to credit is also associated with higher levels of mobility, political participation and involvement in 'major decision-making' for particular credit organizations.

Holvoet (2005) finds that in direct bank-borrower minimal credit, women do not gain much in terms of decision-making patterns. However, when loans are channelled through women's groups and are combined with more investment in social intermediation, substantial shifts in decision-making patterns are observed. This in-

volves a remarkable shift in norm-following and male decision-making to more bargaining and sole female decision-making. 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.

Mayoux (1997) argues that the impact of microfinance programmes on women is not always positive. Increases in income for women can come at the cost of heavier workloads and repayment pressures. Their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as unpaid family workers with little benefit. Furthermore, it can lead to withdrawal of male support and decrease in male contribution to household expenditure. Rahman (1999), using an anthropological approach with in-depth interviews, participant observations, case studies and a household survey in a village, finds that between 40% and 70% of the loans disbursed to the women are used by the spouse and that tensions within the household increase (domestic violence).

Thus one may conclude that by helping women meet their practical needs and increase their efficacy in their traditional roles, microfinance can help women to gain respect and achieve more in their traditional roles, which in turn can lead to increased esteem and self-confidence. Although increased esteem does not automatically lead to empowerment, it does contribute decisively to women's ability and willingness to challenge the social injustices and discriminatory systems that they face (Cheston and Kuhn, 2002).

### 3. The SHG Bank Linkage Programme and Women's Empowerment

#### 3.1 The SHG Bank Linkage Programme

Subsidised rural banking in India, despite its large network of rural bank branches, failed to reach the poorer sections of the society. By the early 1980s the All-India Debt and Investment Survey (Government of India, 1981) showed that the share of non-institutional agencies (informal lenders) in outstanding cash dues of the rural households was 38%. The main factors limiting formal finance reaching this group were the high transaction costs and lack of appropriate credit and saving products. The Self Help Group Bank

#### **Text Box 1.**

##### **Self Help Group**

A Self Help Group (SHG) is a group with "an average size of about 15 people from a homogenous class. They come together to address their common problems. They are encouraged to make voluntary savings on a regular basis. They use this pooled resource to make small interest-bearing loans to their members. The process helps them imbibe the essentials of financial intermediation including prioritisation of needs, setting terms and conditions and keeping accounts. This gradually builds financial discipline in all of them. They also learn to handle resources of a size that is much beyond any of their individual capacities. SHG members begin to appreciate that resources are limited and have a cost. Once the groups show this mature financial behaviour, banks are encouraged to make loans to the SHG in certain multiples of the accumulated savings of the SHG. The bank loans are given without any collateral and at market interest rates. The groups continue to decide the terms of loans to their own members. Since the groups' own accumulated savings are part and parcel of the aggregate loans made by the groups to their members, peer pressure ensures timely repayments." Source: NABARD, 2005

Linkage model evolved from the pioneering efforts of NABARD and two NGOs, MYRADA and PRADHAN, which had persuaded the government in 1992 to remove legal obstacles so that NGOs could take loans from banks that could be further lent to the SHG members.

Starting with 500 groups in the early 1990s, the cumulative numbers of SHGs that have been financed increased to 1.6 million by March 2005. The expansion of the SHG bank linkage programme has accelerated in the past few years. It has reached an estimated 121.5 million people and disbursed more than Rs. 68 billion in cumulative bank loans up to March 2005, using a network of 41,082 bank branches and 4,323 NGOs (see Table 1).

**Table 1. Information on Self Help Groups**

**A. Physical Achievements**

1. Number of poor families who have accessed bank credits up to March 2005	24.3 million
2. Estimated number of poor people assisted up to March 2005	121.5 million
3. Percentage of SHGs comprised of women	90%
4. Cumulative number of SHGs financed by banks up to March 2005	1.6 million

**B. Financial Results**

1. Cumulative bank loans disbursed to SHGs up to March 2005	More than Rs.68 billion*
2. Bank loans disbursed to new SHGs during 2004-2005	Rs. 17,266 million
3. Increase in credit flow to SHGs over the previous year	61%
4. On-time repayment reported by participating banks	Over 95%

**Partnerships**

1. Number of participating banks	573
2. Commercial banks	47
3. Regional Rural Banks (RRBs)	196
4. Cooperatives	330
5. Number of bank branches lending to SHGs	41,082
6. Number of participating NGO and other agencies	4,323

Source: NABRD, 2005.

\*1USD = Rs. 43

The SHG bank linkage programme links a SHG group to banks, where the banks provide loans to a mature group. The group places its savings in the group deposit account in the bank (at about

12% per annum), using its group savings and group guarantee as collateral. NABARD provides subsidized refinancing support to banks to encourage such lending. However, the demand for such refinancing support to banks has fallen, as SHG lending is more profitable and has lower default rates – less than 1% as compared to 11–12% of their regular portfolios (Basu and Srivastava, 2005). The NABARD bank linkage programme has achieved only 1.4% of the potential demand, reaching out to seven million households with an average credit of Rs. 2,000 a household, as against the need to reach 100 million with Rs. 10,000 per household.

India has 37% of the world's population earning less than \$1 a day, of which 60% are women (Human Development Report, 2003). The Government of India's National Policy for the Empowerment of Women declared in 2001 various measures towards achieving greater equality between men and women. The government's poverty alleviation programmes such as Swarnajayanti Grama Swarojgar Yojna (SGSY, Self Employment Scheme) and the Rashtriya Mahila Kosh (National Credit Fund for Women) implement their programmes through microfinance interventions of NABARD's Self Help Group bank linkage programme.

Using higher rates of savings, borrowings, timely repayment of credit, promptness in attending SHG meetings and decisions by individual members as indicators of enhanced credit access, income generation and socio-economic empowerment of the poor, Puhanzhendi and Badatya (2002) find that the SHG programme has a positive social impact. Puhanzhendi and Satyasai (2000) further argue that the social impact of these programmes at the household level is greater than the economic impact.

### 3.2 Empowerment Definition and Data

The complexity of the concept of 'women's empowerment' is clear from the different interpretations and methodologies that have been used to measure it. It is therefore not surprising that every investigation of the impact of microfinance programmes on women's empowerment has its own incomplete interpretation of the concept. The unavailability of appropriate data is a further constraint.

Barring a few rigorous studies, investigations of the impact of microfinance in general, and of SHGs in particular, has been limited. Given the World Bank's interpretation of empowerment along with Kabeer's explanation of women's empowerment within the South Asian context, this paper uses a more strict definition of women's empowerment. It is interpreted as the process in which women challenge the existing norms and culture to effectively improve their well-being. A distinction is therefore made between the outcomes that lead to greater efficiency within existing norms,

**Text Box 2.****Integrated Database**

The multi-level survey of the SHG programme includes a quantitative survey along with interviews, focus group discussions and case studies that were conducted to measure the impact of SHGs on poverty, vulnerability and social development.

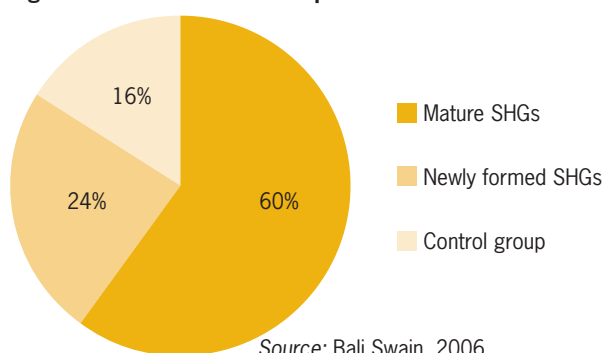
Data was collected from five states<sup>6</sup> in India, between August 2003 and January 2004. The complete survey involves:

1. Scientific survey of households (1025 households)
2. Survey of the groups (about 250 groups)
3. Focus group discussions
4. Interviews

Community Driven Development (CDD) and outcomes that can be directly interpreted as women's empowerment. However, it is also true that CDD and greater efficiency of women in activities that fall within existing norms leads to greater self-esteem and confidence and can assist in the process of challenging existing norms that are detrimental to women, thereby catalyzing the process of women's empowerment. The availability of an integrated data base (see Text Box 2) collected by the author (Bali Swain, 2006), allows us to make a detailed investigative study of this complex issue.

Of the 1,025 households, the SHG respondents came from groups that had existed for more than 3 years (mature SHGs), and from newly formed groups between 6 months to less than a year old.<sup>7</sup> A control group of households with similar characteristics as the SHG households were also selected to compare the 'true' impact of the SHG programme.

**Figure 1. Total Household Sample**



Source: Bali Swain, 2006.

### 3.3 Evidence on Women's Empowerment

From the initial field visits themselves, it was clear that the SHG programme was making a change (and not just an economic change) in the lives of the women. Text Box 3 gives a detailed account of one such visit to rural Orissa, in India. The field visits and case studies were followed by quantitative surveys of both the households and the groups. In addition, focus group discussions were arranged to elicit further understanding on the perception of the beneficiaries on how being a member of the SHG programme was affecting different aspects of their lives.

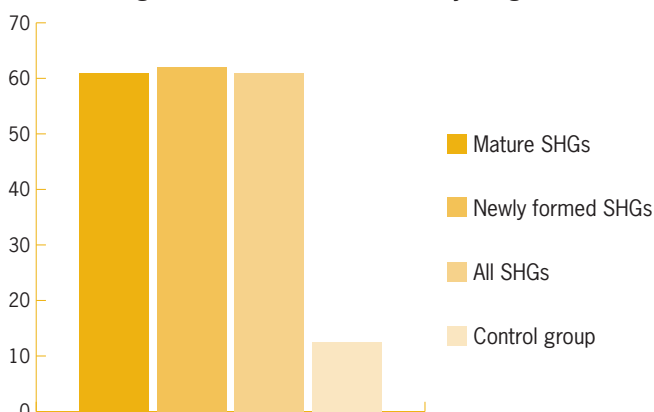
Both the SHG and the control group show similar characteristics in terms of the average age of the respondent, the percentage of female borrowers and the increase in the value of land owned between July 2000 and the end of 2003. Measuring the increase in the average level of assets owned, the gains for both the control



and SHG group are comparable. The groups are also similar in terms of other household features like the percentage of earners, literacy and respondents engaged in farm activity. However, there is a significant difference in the percentage of households that report increases in their income. About 65% of all SHG households (68% of mature SHGs households) say that their income increased over the survey period, whereas this figure was 48% for the control group.

Exploring the evidence on household vulnerability reveals that only 12.5% of the control group households reported that the tough (economically difficult) times had decreased between July 2000 and end of 2003, but an overwhelming 61% of all SHG beneficiaries said that the tough times faced by the households had decreased because of joining the programme. Therefore, there seems to be a distinct positive economic impact, although it is noteworthy that this strong impact is not reflected in terms of asset ownership.<sup>8</sup> Membership in the SHG programme has a positive effect on expenditures on children's schooling as well. As opposed to 54.5% of the control group, 69% of the SHG households reported an increase in schooling expenditures.

**Figure 2. Percentage of households saying that tough times decreased because of joining SHG\***



Source: Bali Swain, 2006.

\*For the control group, it is the perceived decrease since July 2000.

Several studies have raised concern about the 'control' of women over their loans and their ability to manage them. Another concern is over the feminisation of debt, where women are seen as becoming mediators between the male members of their family and the microfinance institutions. 'Control' over resources by women have been specifically interpreted by many studies as an appropriate indicator of women's empowerment. It has been alleged that pur-

### **Text Box 3.** **Changes in the level of self confidence**

In a field visit to Ramachandrapur village, in Orissa, we met an SHG group under a makeshift hay roof. We started the discussion with introductions after which this group of 20 bright women started to explain their activities. The group had leased a plot from the government for a cashew plantation, while also raising cattle and goats for milk. Their future plans were to take another loan for a water pump for irrigation purposes.

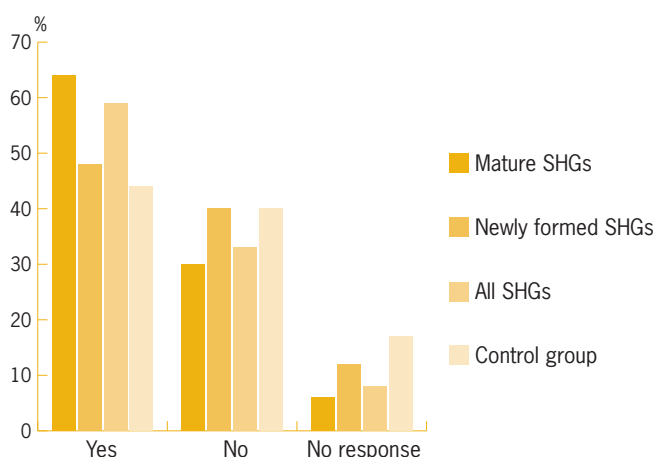
NABARD's officer in charge of Dhenkanal district, who was responsible for first linking this particular group to the bank, started smiling when I asked the group if the SHG programme had empowered them. On further investigation he revealed that when he first came to visit this group, he introduced himself and asked the group members their names. He jovially said, pointing to the group president, "She who is now speaking so confidently and explaining everything, used to be extremely shy to talk." Back then, he reminisced, "It took a good 40 minutes just to coax these same 20 women to even say their name aloud." On discussing further the women revealed that after they were married their names and identities had been lost in relationships. Instead of names people would address them as



wife of so and so, or mother of so and so, etc. Months would pass before they would even hear their own names. So it was a very unnerving for them to be asked their name in the presence of a large group including some strangers. In their own words, they said that they were *moorkho* (dumb and uneducated). Before becoming SHG members, their world was limited to the household chores and taking care of the needs of children and family. The village road was the end of their world. The membership in the SHG has opened their eyes not just to the world but also to themselves and their own capabilities.

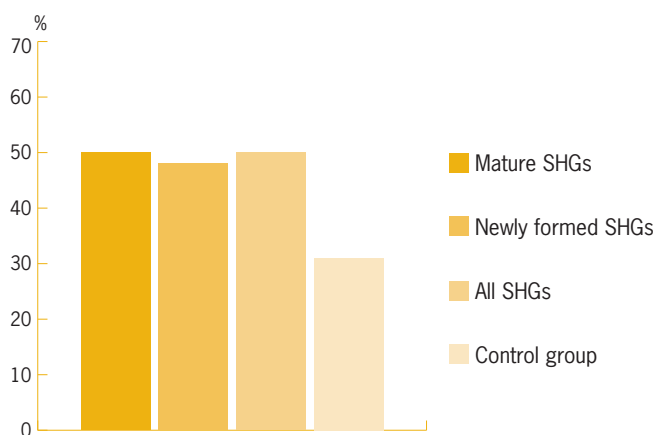
chase of raw materials and pricing of final products are often controlled by the male members of the household. This was not reflected in our data. Almost 60% of the SHG households (44% of the control group) reported that it was the borrowers themselves who took the crucial decisions in the purchase of raw material and product pricing. When asked if the respondents planned their activities and supervised others working with them, the difference between the SHGs (50%) and the control group (30.5%) was even greater. The fact that the SHG respondents were better able to arrange credit and other inputs in time for their activities can also be directly attributed to the microfinance services made available within the programme.

**Figure 3. Do you take crucial decisions in purchase of raw material and pricing of the product of your activity?**



Source: Bali Swain, 2006.

**Figure 4. Do you plan your activities and get the things done by others?**

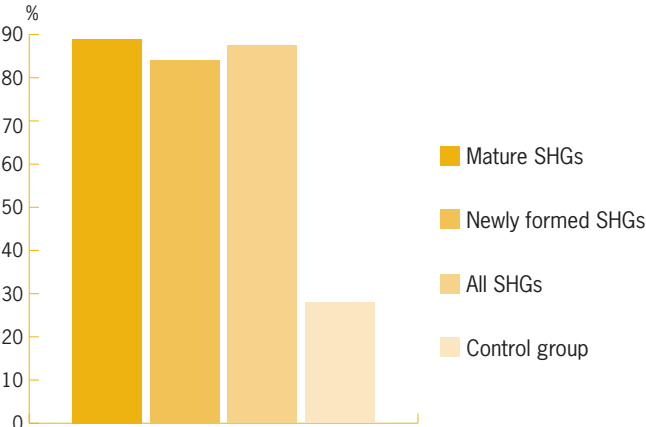


Source: Bali Swain, 2006.

A major objective of several microfinance programmes has been to encourage small and micro enterprises for job creation. SHGs programme seems to have made an impact in this aspect as well, with 25% of the SHG respondents claiming that they have created an additional job opportunity. This figure for the control group was only 6%. However, conclusive evidence on job creation needs further investigation of the employment data from the households.

The level of self-confidence and mobility are also important constituents of empowerment. The comparison between the SHG respondents and the control group shows drastic differences. An overwhelming majority (87.5%) of SHG respondents reported an increase in self-confidence after joining the group.

**Figure 5. Self confidence**  
After joining the group has your self confidence increased  
(for non-group members ask about the change in self confidence  
as compared to July 2000)



Source: Bali Swain, 2006.

About 88.5% of the SHG respondents, as compared to only 33.5% of control households, reported confidence in meeting a financial crisis in the family. The SHG households also showed a significant change in the level of confidence while expressing their opinions in meetings. The interaction with officials had greatly increased and was an indicator of greater mobility, confidence, exposure and better communication skills.

It was alarming to note an increase (though small, about 10%) in family violence within the SHG households. A few other studies have reported an increase in family violence due to the greater economic independence of women, where they resist subjugation and traditional controls imposed on them. The resistance by the re-

**Text Box 4.**  
**Increase in Mobility**

As was succinctly explained by one group member during our field visit: "That road running 500 meters from where we are standing was the boundary of our world. Apart from rare occasions like attending a wedding function in some other place, we were restricted to our homes and village. After joining the group, we travel to the nearby town for buying raw materials or selling our spices. We also visit our bank. We can now talk confidently to the bank officers and government officials when we meet them. Just last month our group members, took our whole families on their first picnic to a nearby tourist place. We hired a bus and everyone really enjoyed. Joining the programme has given us much more than a livelihood, it has given us a new life."

spondents to verbal abuse, beating and physical abuse, psychological and emotional abuse, seems to be growing within the SHG respondents as compared to the control group.

**Table 2. Changes in Behaviour**

All beneficiaries (%)			Control group (%)	
	July 2000	Now (end of 2003)	July 2000	Now (end of 2003)
A. Do/did you know that women have reservations in panchayats and jobs?				
1. Yes	23	54.43	21.56	33.53
B. Do/did you get involved in village politics?				
1. Yes	17.37	38.69	12.57	18.56

Source: Bali Swain, 2006.

Political participation, especially at the local level has been seen as a key factor in empowerment of women. In India, the government has passed legislation to ensure reservation of seats for women in the local institutions (Panchayats). SHG respondents showed greater awareness of reservations for women in Panchayats and jobs, and an increased level of participation in village politics (see Table 2).

The SHG respondents also reported an increased level of respect from their spouses after joining the group. Almost 50% of the SHG households, as compared to 17% of the control group, confirmed this. The households were also asked some key questions on decision-making. According to the norms in the South Asian society, especially India, it is usually the head or the male member(s) of the household that take certain key decisions. As Kabeer (1999) explains, it is the increased participation of women in these decision-making processes that will empower women in true sense. The SHG respondents in our data show a greater involvement in decision-making within all family matters, when compared to the control group (see Table 3). However, this power does not really extend to the key decision-making areas of family planning, children's marriage and the buying and selling of land. These decisions, which have traditionally been within the male domain, reflect that although the women have been empowered, SHGs have not been able to positively impact their decision-making in some key areas. A slight change, however, has been noticed in the inclusion of women in the decision-making process of sending their daughters to school.

Table 3. Decision-making within the Household

	Beneficiaries of mature SHGs (%)	Beneficiaries of newly formed SHGs (%)	All beneficiaries (%)	Control group (%)
As compared to July 2000, has your involvement in the decision-making of your family increased in the following areas?				
1. Family planning	21.71	19.60	21.10	20.36
2. Children's marriage	13.82	12.80	13.52	18.56
3. Buying and selling property	17.43	18.40	17.72	16.17
4. Sending daughters to school	29.61	28.80	29.37	22.16
5. All decisions of the family	44.57	40.40	43.36	26.95

Source: Bali Swain, 2006.

Many of these issues within the household data were further investigated in the focus groups. In terms of social impact the activities were classified into three distinct parts; efficiency improving activities, community development and activities leading to women empowerment. The first of these includes activities that lead to greater efficiency for the woman's role in the household and fall within the norms of the society. When a woman is better able to perform such activities, it leads to an increase in self-confidence and feeling of well-being. These activities might create conditions leading to women's empowerment, but are not empowering on their own. Text Box 5 shows some of these activities as reported in the focus groups.

Similarly, Community Driven Development is a second area where the SHGs have made a substantial contribution. The focus groups revealed a long and impressive list of activities that have been undertaken under the initiative of the SHGs. These activities involved cleaning the village or community assets, building roads or bridges in or around the village, taking initiatives to help start a school, a literacy programme, primary health care centre, or running anti-alcohol consumption campaigns, etc. Some of these activities, such as solving drinking water problems in the village, have a positive impact in reducing the amount of time spent by women in fetching water and also lead to better health within the household, in particular for children. But most of these activities are for the welfare of the community and do not directly lead to empowerment of women. Although as stated before, being involved in such activities does give women greater self-confidence and can lead to empowerment.

According to our analysis the truly empowering activities that were reported in the focus groups are the third group – those that

**Text Box 5. Results from Focus Group Discussions: Improving efficiency of activities that are culturally considered within the woman's domain.**

1. Sending children (both girls and boys) to school more regularly
2. Improved nutrition in the household
3. Taking better care of health and hygiene of their children
4. Taking care of other group members in time of health and psychological crisis. For instance, taking a pregnant member within their group to a hospital for delivery of a child. Or helping a group member with household and income-generating activities, at the time of loss of her husband.
5. Helping in social functions, such as weddings.

**Text Box 6. Results from Focus Group Discussions: Women's empowerment**

1. Overcoming resistance from husband and other members of the family to join the SHG
2. Increased participation in decision-making

within the household on issues that were usually considered outside the domain of woman.

3. Improved status and increase in respect within the household
4. Feeling fearless, open and confident
5. All group members learn to sign their names and some have joined adult literacy programmes
6. Adopting family planning measures
7. More mobile, can move out of the house and the village more frequently
8. Talking to the male persons in their village, which they were not confident to do before because of cultural reasons
9. They have more information about the government programmes due to their exposure and can apply for them for their own betterment and the benefit of the community
10. Actively participating in the decision to send their children to school
11. Eradication of prostitution
12. Some women can actively engage in decisions regarding their marriage with the elders in her household
13. Awareness about politics and engaged in political participation (through voting ) or directly, by standing as a candidate in the local elections

reflect the changes that women have effectively made to better their lives by resisting the existing norms of the society. Text Box 6 gives an account of some of these steps. This list of activities suggests that the SHG programmes have initiated the process of women trying to change the existing culture and societal norms to improve their well-being, although its impact at present is limited to relatively few. Some of these changes have been confirmed by the quantitative data as being significant when compared to the control group. However, certain others, such as adopting family planning measures or decisions on marriages of children, did not show evidence for improvement in the household data.

## 4. Key Issues and Conclusions

The United Nations Capital Development Fund (2005) emphasises that because of the interconnection of financial power, poverty and women, microfinance has an active role in improving economic equality. Increased economic power enables women to improve other areas of their – and their children's – lives. A report by Littlefield et al. (2003) also stresses that since microfinance programmes have generally targeted women as clients, access to financial services can empower women to become more confident, more assertive, more likely to participate in family and community decisions, and better able to confront systemic gender inequities.

This empirical investigation reveals that with respect to the control of resources, changes in behaviour and decision-making, women are in the process of empowering themselves. Examining the evidence from the SHG programme along with the strict interpretation of women's empowerment, it is however, difficult to believe that a minimalist microfinance programme would have lasting impact on the empowerment of women. SHG programme, where a majority of groups are linked with the help of NGOs that provide support in financial services, specialised training and awareness creation on women's empowerment issues have a greater ability to show a more lasting impact on women's empowerment.

For long-term impact the success and sustainability of the SHG bank linkage programme is also very important. This crucially depends on creating and maintaining good quality SHGs. Both with regard to the impact on women's empowerment and the sustainability of the programme it is important to identify who are promoting the groups. As Basu and Srivastava (2005) point out, if NGOs with their social-development perspectives are entrusted with this task, they need to be paid for this role. If the banks (who are con-

cerned with their business of financial services) are put in charge of this task, they might be more interested in ensuring the safety of their loans rather than taking time-consuming interest in managing the SHGs. Fisher and Sriram (2002) also caution that without proper monitoring and support the long term sustainability of the SHGs is at risk. It is trivial to point out that without sustainable microfinance, provision of quality services and quality group, long-term impact is difficult.

To paraphrase Einstein, if the problems and discrimination faced by women have to be solved, the same (or old) level of thinking that created them needs to be changed. If women's empowerment is to be pursued as a serious objective by SHG programme in particular and the larger microfinance community in general, greater emphasis needs to be placed in training, education of women and creating awareness, with increased investment in social intermediation. Without these, channelling microfinance through women's group alone might result in several other positive outcomes but will not translate into women's empowerment.

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<http://info.worldbank.org/etools/bspan/PresentationView.asp?PID=936&EID=482>



## Endnotes

- 1 In 1982, the Indian Government and Reserve Bank of India established the National Bank for Agriculture and Rural Development as the apex development bank with the mandate for agricultural and rural development.
- 2 This is part of a larger project titled “Microfinance, Poverty and Vulnerability – Success or Myth”, undertaken by the author and funded by SAREC, Sida.
- 3 Resources do not only include material resources but also various human and social resources, which serve to enhance the ability to exercise choice. In this broader sense resources are acquired through a multiplicity of social relationships conducted, in the various institutional domains, which make up a society (such as family, market, community). Access to such resources will reflect the rules and norms, which govern distribution and exchange in different institutional arenas.
- 4 Is the ability to define one's goals and act upon them. It is more about observable action; it also includes the meaning, motivation and purpose, which individuals bring to their activity, their sense of agency, or 'the power within'.
- 5 Dowry is the negative social practice of the bride's family giving money, gifts and filling monetary and other demands of the groom's family. This social evil places great strain on the bride's family and is one of the main reasons for not preferring female children in South Asia.
- 6 These states (with districts in parentheses) are Orissa (Koraput and Rayagada), Andhra Pradesh (Medak and Rangareddy), Tamil Nadu (Dharamapuri and Villupuram), Uttar Pradesh (Allahabad and Rae Bareilly), Maharashtra (Gadchiroli and Chandrapur).
- 7 In consultation with the SHG members, practitioners and academics, it was felt that it takes about three years before an SHG can show both economic and social impact. A group of respondents from newly formed SHGs was included to gauge the immediate impact of becoming a member.
- 8 This is just an indicative analysis, and needs to be investigated further.





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