

**The Relevance of Involvement in Micro-Credit Self-Help Groups and Empowerment: Findings from a Survey of Rural Women in Tamilnadu.**

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### **Abstract**

The purpose of this dissertation is to establish the extent to which women's membership in self-help groups and their involvement in various activities of these groups, with particular reference to Micro Credit programs, impacted their socio-economic empowerment. The objective is to study the socio-economic empowerment impact factors (evidences) in women members of micro-credit self-help groups in rural India upon the self, the family and the community.

Data selected for analyses was based on an operational model of empowerment that encompassed indicators of purported empowerment at the personal, family and community levels. The working hypotheses in quantitative analyses are that there are significant differences in *income, savings, assets, expenditure, basic amenities*, as well as *attitudinal and behavioral changes* in the rural women before and after their group membership.

The qualitative interviews helped to assess the life conditions of the women as the process of empowerment before and after their participation in self-help group micro-credit program. The qualitative interviews were to corroborate the veracity of reported progress from the survey to shed some light on the specific factors that contributed to their empowerment in line with their present quality of life at personal, family and community levels. Hence, the impact of the program is measured as the difference in the magnitude of a given parameter between the pre-and post-SHG situations by comparing the life condition of members before joining the self-help group to their condition three years after joining.

## Résumé

Le but de cette thèse est d'établir dans quelle mesure la participation des femmes dans des groupes d'entraide et leur implication dans les diverses activités de ces groupes, avec une attention particulière aux programmes de micro crédit, a un impact sur la prise en charge socio-économique de celles-ci. L'objectif est d'étudier les facteurs qui influencent la prise en charge socio-économique, tant sur soi-même, la famille que la communauté, des femmes membres des groupes de micro crédit autogérés dans les milieux ruraux de l'Inde. Les méthodes pour la collecte des données consistent d'abord en des entrevues semi-structurées à partir d'un questionnaire pré-établi et d'entrevues en profondeur, sans limite de temps, afin d'explorer et de décrire les différentes caractéristiques et expériences de la prise en charge de ces femmes à l'intérieur des groupes autogérés de micro-crédit.

Les données sélectionnées pour l'analyse s'appuyaient sur un modèle opérationnel de prise en charge qui renfermait des indicateurs reconnus de prise en charge tant au niveau personnel, familial que communautaire. Les hypothèses de travail pour l'analyse quantitative présument qu'il y a des différences significatives quant au revenu, à l'épargne et aux propriétés, aussi bien que des changements d'attitude et de comportement de ces femmes de milieu rural avant et après leur implication dans ces groupes.

Les entrevues qualitatives permettent d'évaluer les conditions de vie de ces femmes ainsi que le processus de prise en charge avant et après leur implication dans les programmes autogérés de micro-crédit. Les entrevues qualitatives avaient pour but de

confirmer la véracité des progrès identifiés par le sondage et d'identifier les facteurs précis qui ont contribué à la prise en charge en relation avec leur qualité de vie actuelle tant au plan personnel, familial que communautaire. En conséquence, l'impact du programme est mesuré comme étant la différence dans l'importance d'un paramètre précis entre les situations qui précèdent la participation aux groupes d'entraide et celles qui les suivent, en comparant les conditions de vie des membres avant leur implication dans les groupes et leurs conditions de vie trois ans après qu'elles y aient participé.

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## CHAPTER ONE

### GENERAL OVERVIEW

#### 1. 0. *Introduction*

The purpose of this dissertation is to explore the impact of micro-credit in emancipating rural women involved in self-help groups. Micro-credit as a vehicle for the empowerment of poor women in rural areas of India has only been minimally researched. The choice of researcher's reference for the literature as a body of knowledge is based on research in Asia. The rationale for my choice is that there exists a vast body of knowledge in Asia on the concept of empowerment although it is understood to be a western concept. Hence, the researcher considers focusing more on the East and less on the West.

The principle of gender equality is enshrined in the Indian Constitution in its Preamble, Fundamental Rights, Fundamental Duties and Directive Principles of State Policy. The Constitution not only grants equality to women, but also empowers the State to adopt measures to improve the status of women. However, there still exists a wide gap between the goals enunciated in the Constitution, legislation, policies, plans, programs and related mechanisms, and the situational reality of women in India (National Policy of the Empowerment of Women, 2001).

There is no denial of the fact that India's achievement in certain gender related indicators such as increase in the rate of female literacy and participation of women in grass roots level democracy are noticeable positive changes. Yet the achievements are still far behind the level achieved in developed countries and in many of the developing countries. There are many other gender development indices where India is much below

the accepted standard. Indian women over the decades have proved that, given the opportunity and access to strategic resources, they can enter and excel in every possible field, including those considered as male bastions. They have demonstrated their potential in almost every field, but the fact remains that the benefits of development could be enjoyed by only a small portion of the total Indian female population.

Empowerment of women remained limited to certain groups, sections, and regions and a large majority of Indian women remained deprived of it (Interim Report of the Working Group on Empowerment of Women, May 2001).

In a vast country like India with 16.7 per cent of the world population and wide socio-cultural, linguistic, ethnic and religious diversities and above all, predominant and traditional social matrices, there cannot be a uniform and straight-jacketed formula for progress. The plurality of the Indian situation demands a plurality of solutions for the empowerment of women according to the specificity of the local situation and the realities on the ground (Interim Report of the Working Group on Empowerment of Women, May 2001). The entire focus of efforts to empower women by both governmental and non-governmental agencies is to make them exercise their rights in decision-making as equal partners in all levels of society and in every sphere, both within and outside the home.

In the past 20 years, self-help groups have become significant institutions for rural development in India. This has been particularly true in the case of poor women. It is now being increasingly realized by development workers that instead of targeting individuals in the process of development, it would be more useful to adopt the approach of group

development. On an individual basis, poor women do not have sufficient capital to initiate any business enterprise. The group approach, in contrast, pools collective initiative and resources to facilitate creation of various enterprises. This chapter will give some historical account of women in India, and development programs for women initiated by the Government of India. It will also provide some antecedent factors relating to Women's Micro Credit Self-Help Groups in India. The chapter will also frame the problem under discussion within a conceptual frame of reference, and presents the research question and objectives of the study and the organizational aspects of the dissertation.

#### 1. 1. *Historical account of Women in India*

The history of India reveals distinct variations in the status of Indian women. In ancient history<sup>1</sup> (1500 BC), men and women led a nomadic life and women were treated equally with men (Lovelina, 2002). According to Lovelina, women's roles both within and outside the home were as important as that of men. Later, when the custom of marriage arose, women reared the children, took care of the household and performed the general domestic labor, leaving men to do most of the outside work. Hence, women mostly confined themselves within the home, as a result of which, slowly, they were made to withdraw from the outside world. With time, women's worth was forgotten, their status deteriorated, and they were looked down upon as inferior.

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<sup>1</sup> It is the combination of the Indus valley civilization between 3200-1600 BC and Vedic Period between 1500-500 BC.

It is no wonder, therefore, that men came to be viewed as ‘superior’ and women as ‘subordinate’; women’s rightful place was deemed to be the household and their roles were limited mostly to house-keeping, cooking, breeding and the caring of children. While men attended to difficult, heavy and hazardous tasks that required physical strength, women were expected to perform household activities which were relatively less arduous, but supplementary and supportive to those of men.

The social status of women in the Vedic period<sup>2</sup> (1500 to 500 BC) can be divided into early Rig Vedic period (1500-1000) and later Brahmanic period (1000 to 500 BC) (<http://www.crystalinks.com/indiahistory.html>). Women never observed purdah<sup>3</sup> till the later Vedic period and could also educate themselves. Widows were permitted to remarry. Divorce was, however, not permissible to them, but it was not permissible to men either. In the household, women enjoyed complete freedom. In the social field, women’s positions were not one of complete freedom but was dictated by justice and fairness. In the economic field also, women enjoyed freedom. They did not serve and earn wages simply because it was not necessary for them. For women, the home was the place of production. Spinning and weaving of clothes were done at home. Women helped their husbands in agricultural pursuits also. Some women were engaged in teaching work (Lovelina, 2002).

In religious life, a wife enjoyed full rights and regularly participated in religious ceremonies with her husband. In fact, the performance of religious ceremonies was considered invalid without the wife joining her husband as his full partner. According to

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<sup>2</sup> It is the history of the Aryans in India

<sup>3</sup> Screening of Muslim or Hindu women from strangers.

the scriptures of the Hindu Dharmashastra<sup>4</sup>, men and women form a complete whole. The wife is half of the man. She is his best companion and one sex without the other is never complete. The roots of this idea lie in the concept of God as Arthanareeshwara, the view that God almighty, creator of all, contains in him both male and female energies in equal measure. It also indicates that neither the life of a man nor of a woman achieves perfection or excellence in a state of isolation (Gariyali, 2002).

During this period, the concept of duality held sway. Every god had a companion who is also known as his Shakthi (power) aspect. No temple to a male god like Siva or Vishnu is complete without a shrine to their consorts Parvathi or Lakshmi respectively. Some of the most powerful goddesses were female, like Saraswathi, the goddess of wisdom and knowledge, Kali, destroyer of all the evil forces on earth, Lakshmi, the goddess of wealth, and Durga, the goddess of mothers (Gariyali, 2002). It may, thus, be concluded that in early Vedic India, the status of women was not low. They had ample rights in the social and religious fields and limited rights in the economic and political fields. They were not treated as inferiors or subordinates but as equal to men.

The position of Indian women during the later Vedic period (1000 to 500 BC) was not very encouraging. Once again their position deteriorated considerably. Women became entirely dependent on men, and were subjected to the authority of their fathers, husbands and sons in the different periods of their life as daughters, wives and mothers. Their education, religious rights and privileges were curbed. Subsequently, unnecessary

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<sup>4</sup> It is the Divine law books of Manu known as science of Dharma written between 200 BC and 100BC.

and unwarranted customs such as purdah, sati,<sup>5</sup> child-marriage, polygamy and enforced widowhood crept in (Desai, 1957 & Sharma, 1996). Women's status at home and in society declined. The subjugation of women was predominant in the increasingly patriarchic aspect of the vedic period. All decisions were taken by men without the knowledge or consent of their wives (Boserup, 1970).

Women during this period were equated with the sudras,<sup>6</sup> the lowest caste in the hierarchy of the caste system (Manu Smriti, 9:11)<sup>7</sup>. Even a profound text like the Bhagvat Gita<sup>8</sup> places women and sudras in the same category, and describes them as being of sinful birth (Bhagavat Gita, 9:32). The ancient law book of Parasara<sup>9</sup> dictates an equal punishment for killing a woman or a sudra (Parasara, 16). The supposed submissiveness of women is precisely summed up in the Manu Smriti that a woman shall never be independent. As a daughter, she is to be under the surveillance of her father, as a wife, of her husband and as a widow, of her son (Manu Smriti, 9:3). Women, in all spheres, were treated as a commodity (Altekar, 1987).

In medieval times<sup>10</sup> with the advent of Islam, women's position suffered a further decline. The arrival of early Muslim invaders created a fear that Indian women would be kidnapped. This fear led to the restriction of the mobility of women and to their confinement to the innermost part of the house. They were made to wear a veil like Muslim women. These were the dark ages for Indian women. The Muslim cultural

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<sup>5</sup> Burning of a surviving widow on the funeral pyre of the dead husband.

<sup>6</sup> One of the four caste systems in Hindu society: Brahmans (Priests), Kshatriyas (Warriors), Vaishyas (peasants) and Sudras (untouchables).

<sup>7</sup> It is the law or dharma revealed by Brahma to Manu and it is part of the Dharma Shastra.

<sup>8</sup> One of the greatest religious classics of Hinduism written around 200 BC.

<sup>9</sup> The law book of Hindus revealed by Brahma to Parasara.

<sup>10</sup> It is the history of Islam (Mughals) and Europeans in India until British rule.

practice of “Purdah” also confined women in the home (Ali, 1964 and Bhatta, 1971), contrary to the principles of the religion. The prophet Mohammed in fact accorded much importance to women, recognizing their claims to property, social and political rights, together with their religious duties.

The most important literary work of that period, the *Ramcharitmanas*<sup>11</sup> makes three very offensive references to women: first, that women are ruined by freedom just as embankments of the fields are breached by torrential rains, second, that a drum, a rustic, a sudra, a beast and a woman all deserve a beating, and third, that eight evils abide in the heart of woman: recklessness, mendacity, fickleness, deceit, timidity, indiscretion, impurity and callousness (Mehta, 1982).

By the time the East India Company set foot in India, the condition of women had reached its lowest ebb. Many social ills were rampant during the colonial period. By the 18<sup>th</sup> century, the position of women was unbearable. Marriages of young girls of six and eight were rampant; the conditions of child widows were heart-breaking. However, the idea of educating women emerged in the British period. After the Bhakti movement, the Christian Missionaries took an interest in the education of girls. The first girl’s school was started in Bombay in 1824 (Mehta, 1982).

By the end of the nineteenth century, women had begun to appear on the national scene in Indian public and political life. The Indian National Conference, started in 1885 by Justice Ranade, condemned the low status of women. Raja Ram Mohan Roy, who played an important role in the abolition of the practice of sati, raised his voice against

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<sup>11</sup> It is a story of Rama, the earliest known avatar, written by Tulsi Das.

child marriage and purdah and fought for women's inheritance rights and for the right of widows to remarry and also championed the education of women. Swami Vivekanand, Swami Dayanand Saraswati, Annie Besant, Sarojini Naidu and Mahatma Gandhi also took an interest in the social and political rights of women (Lovelina, 2002). The opinion of Gandhi was that women should labor under no legal disability not suffered by man. He was in favor of treating daughters and sons with perfect equality. These social movements succeeded in arousing general awareness of the need for the liberation and extension of equal rights to women.

When Independence from British rule was achieved by India, there was an attempt to improve the lot of women in the country. The Constitution of India not only grants equality to women but also empowers the State to adopt measures of positive discrimination in favor of women in order to neutralize the socio-economic, educational and political disadvantages that they faced. The Constitution's Fundamental Rights ensure equality before the law, equal protection of the law and grant equality of opportunity to all citizens in matters relating to employment. Article 14 confers on men and women equal rights and opportunities in the political, economic and social spheres. Article 15 of the Indian Constitution prohibits discrimination against any citizen on the grounds of religion, race, caste, sex or place of birth, and guarantees complete equality of men and women.

Article 15(3) makes a special provision enabling the State to take affirmative action in favor of women. Similarly, Article 16 provides for equality of opportunity public appointments for all citizens. Article 39(a) further mentions that the State shall



direct its policy towards securing for all citizens, men and women equally, the right to a means of livelihood, while article 39(c) ensures equal pay for equal work. Article 42 directs the State to make provision for ensuring just and humane work conditions and maternity leave. Above all, the Constitution imposes a fundamental duty on every citizen through article 15(a) (e) to renounce practices derogatory to the dignity of women. The Hindu Code Bill gave women the right to share in the property of their parents. Many other social evils were removed: the re-marriage of widows was encouraged and child marriages were prohibited. The right of divorce was also given to women (Jain, 1975).

However, many of these rights existed more on paper than in actual practice. The traditional customs were so strongly rooted in the minds of people that they did not easily accept these new reforms. When comparing the role and status of women in Modern India and in many other countries of the world, particularly in the matter of the emancipation of women, we cannot but be struck by certain contrasts. Though the status of Indian women has changed, it continues to be unequal to that of men (Desai, 1957). Indian society has always been male-dominated, where women are confined to the home and limited to procreation and upbringing of children and catering to the needs of men. In fact, throughout history, women in India did not have an independent existence of their own. They existed for men and always played a secondary role to them.

#### *1. 2. Historical Account of Women Development in India*

The intervention of government planning came as a boon to the emancipation of women in India. The first Five Year Plan (1951-1956) outlined the goal of “promoting

the welfare of women” so that they can play their “legitimate role in the family and the community.” As a result, the Central Social Welfare Board (CSWB) was set up in 1953 and it undertook a number of welfare measures through the voluntary sector.

The second Five Year Plan (1956-1961) organized women into women’s groups to act as focal points for development at the grass roots level. The third and fourth Five Year Plans and other Interim Plans (1961-1974) accorded high priority to the education of women and introduced measures to improve maternal and child health services including supplementary feeding for children and nursing mothers.

The fifth Five Year Plan (1974-1980) saw a shift in the approach to women’s development from provision of welfare to development programs to cope with problems of the family and the role of women in society. The new approach aimed at an integration of welfare with development services. The sixth Five Year Plan (1980-1985) was a landmark in the history of women’s development; it initiated a special approach with a three-pronged thrust on health, education and employment.

In the seventh Five Year Plan (1985-1990) the developmental programs for women continued with the major objective of raising their economic and social status to bring them into the mainstream of national development. A significant step in this direction was to identify the beneficiary-oriented programs for women in different developmental sectors that extended direct benefits to women.

The eighth Five Year Plan (1992-1997) launched in 1992, marked a shift from development to empowerment in the approach to women’s development programs. It promised to ensure that the benefits of development from different sectors did not bypass

women, and asserted that women must be enabled to function as equal partners and participants in the development process.

The ninth Five Year Plan (1997-2002) was a progressive extension of the eighth Five Year Plan. Some major steps towards gender justice and empowerment of women were taken. The approach of that plan was to create an enabling environment where women could freely exercise their rights both within and outside the home, as equal partners along with men. That plan was an attempt at the convergence of existing services, resources, infrastructure and manpower available in both women-specific and women-related sectors. It had also recommended that special attention be paid to ensure that funds or benefits were directed to programs that ensured a holistic approach towards empowering women. (Ramesh & Shrivastava, 2000).

An overview of the success of special programs targeted to women's development indicated that by the end of the sixties, planners realized that despite four decades of planning, mass poverty and unemployment were still widespread. There was an urgent need to directly reduce the problems of poverty and unemployment. Poverty could be tackled by giving employment to people. Therefore, women are now seen as economic actors with a particularly important role to play in the efforts to reduce poverty. At the same time, as women are found to make up the core of India's poor, it is accepted that their poverty and lack of access to productive resources is related to their gender. The need for programs specially targeted at women has been recognized. As a result, major poverty alleviation programs have been developed, such as Integrated Rural Development Program (IRDP), Training of Rural Youth for Self-Employment

(TRYSEM) and programs specifically targeted at women such as Development of Women and Children in Rural Areas (DWCRA) (Sundaram, 2000).

The Integrated Rural Development Program (IRDP) was initiated in 1978-79 as a major instrument of government strategy to alleviate rural poverty in a few selected districts and extended in 1980-81 to all the development sectors in the country. The objectives of IRDP are to assist and enable poor families in rural areas to overcome poverty, and act as an anti-poverty program. IRDP is based on the assumption that development has not been able to solve the problems of poverty and unemployment. It focused on providing resources and opportunities to enable individuals in the family to obtain employment and raise the level of consumption of the family. The plan basically relied on the “household” approach, which stipulated that only the head of the household could borrow through IRDP, and thus contributed to the invisibility and powerlessness of women (NCSW Report, National Perspective Plan for Women 1988-2000 A.D).

Training of Rural Youth for Self-Employment (TRYSEM) was launched in 1979 as a sub-scheme of IRDP. The main thrust of the scheme was to equip rural youth, including women, with necessary skills and technology to enable them to seek self-employment. The basic idea was to target individuals below the poverty line and provide them with skills and training to enable them to increase their incomes. The skills taught under this scheme were traditional and stereotyped. The plan ignored the involvement of the beneficiaries in their project preparation, leading to centralization and ineffective targeting and irrelevant planning. The banks denied loans to beneficiaries lacking assets (Sinha, 1993). Though this program was aimed at income generation and empowerment

of women, it was not able to change their powerlessness and dependency. It only provided short-term economic relief and did not help to change the status of women.

Recognizing the fact that rural development programs did not reach female members of the target group of households, the Development of Women and Children in Rural Areas (DWCRA) program was launched as a sub-scheme of IRDP. Its approach was a departure from that of the IRDP, in that it was aimed only at women and adopted a group approach, emphasizing non-economic activities. The government of India had formulated no definite guidelines in the implementation of this program to make it more local and need-based. Though the purpose of DWCRA was to strengthen women by weakening oppressive structures, it could not break the domination-dependency pattern because of its highly centralized and bureaucratic approach. That program was not seen to be fundamentally different in outcome than IRDP (Dwarakanath, 2001).

To rectify the pitfalls of the previous programs, the Government of India restructured the self-employment program. A new program known as "Swarna Jayanthi Gram Swarozgar Yojana" (SGSY) was launched in April 1999. It replaced the earlier IRDP, TRYSEM and DWCRA programs. SGSY is a holistic program covering all aspects of self-employment, such as organization of the poor into Self-Help Groups (SHGs), training, credit, technology infrastructure and marketing. The program is implemented by the District Rural Development Agencies. The success of SGSY depends on the holistic approach followed by banks and other agencies involved in the development processes (Report on the Development Activities of Tiruchirappalli, 2001).

In the past, the programs for development of women, especially rural women, were generally welfare and relief-oriented. Women were primarily beneficiaries and not participants in programs intended for their development. The latter role was foreign to the thinking of planners and social workers. But the recent trend is to view women as participants in the process of development rather than as beneficiaries. This means that women can choose to be involved in decision-making in their own development and that of the community to which they belong (Upreti and Nandini, 2000). Training of rural women is especially important to increase their involvement in the development process, enhance their skills and make them equal partners in national development (Ganesan & Duraipandian, 2001).

The ninth Five Year Plan, committed to “Empowering Women” by creating an environment where women can freely exercise their rights both within and outside the home as equal partners with men, spelt out a major strategy for the economic empowerment of women. The strategy emphasized the need to equip women with necessary skills in trades that could allow them to become employed, in addition to making them economically independent and self-reliant by organizing them into Self-Help Groups.

### 1. 3. *The History of Micro-finance in India*

In India, the informal system of giving and receiving credit has always existed in some form or other. It is extremely difficult to describe the origin of credit in India. Initially, the poor borrowed money from their relatives and friends to meet their urgent

needs. When such help was not available, they turned to moneylenders, as they did not have access to formal financial institutions. Significant policy changes have taken place over the past decades and various programs have been initiated by the government in order to provide for the credit needs of the poor.

Before independence and until 1955, all Indian banks were in private hands. There was no regulatory framework to protect the depositors. The banks were at liberty to use the public money they collected in the manner they liked. This resulted in widespread bank failures. The crisis was enormous, so much so that the government was forced to bring in legislation known as the “Banking Company Regulation Act 1949,” (Satyamurthi & Haokip, 2002).

After independence, it was realized that improving the living conditions of the poor was necessary for the overall development of the country. A strategy was adopted to make institutional credit available to the poor. Public sector banks were asked to expand their branches in rural and semi-urban areas. The then Imperial Bank of India was asked to open 114 branches within a period of five years, from July 1951 to 1955. Only 63 branches were opened and the credit disbursal in rural areas was practically nil. In 1955, on the recommendations of the ‘All India Rural Credit Survey Committee,’ ‘the State Bank of India Act’ was passed and thus the Imperial Bank of India became the State Bank of India. Within five years of its inception, the State Bank of India opened 415 branches, in excess of their target of 400. Thus, the period between 1955 and 1959 marked the beginning of the public sector banking system in post-independent India.

These steps provided credit to the rural sector and also expanded the number of bank branches in rural areas.

In 1968, the government of India introduced 'social control' followed by the nationalization of 14 banks on July 19, 1969. After having seen the growth and contribution of these nationalized banks, the government of India nationalized six more banks on April 15, 1980. Its primary objective was to encourage development, focusing on equitable growth in three areas: institutional expansion, direct lending to disadvantaged borrowers, and subsidized interest rates. Lending to the poor was considered as an integral part of the banking business (Ramesh, 1999).

During the 70s, market failures discouraged the flow of credit to the rural sector. The Reserve Bank of India intervened in the credit market to overcome the problems associated with the absence of collateral, particularly among the poor, the high cost of servicing geographically dispersed customers, and the lack of motivated rural bankers catering to the financial need of the poor. A special program called 'priority sector' was introduced and special attention was given to neglected sectors and under-privileged borrowers. The public sector banks were asked to extend credit to specific sub-sectors, namely agriculture, small-scale industry, small businesses and self-employed persons.

In the 80s, the government of India launched poverty-targeted programs such as the Integrated Rural Development Program, Jawahar Rozgar Yojana (Government program for women and children in rural areas), training rural youth for self-employment, as well as programs to assist women and children in urban areas. These programs were implemented through 'the area approach.' Designated banks known as 'Lead Banks'



were asked to identify banking and credit gaps in the areas assigned to them and formulate viable credit plans. To further improve the existing programs, the 'Service Area approach' was introduced in 1989, recommended as a result of field-level impact evaluation studies undertaken by public sector banks at the behest of the Reserve Bank of India (Satyamurthi & Haokip, 2002).

In March 1998, the combined outreach of the rural credit system, including cooperatives, was over 152,000 credit outlets, of which 32,856 were rural branches of commercial banks, 14,475 were branches of regional rural banks and 105,614 were branches of cooperatives at state, district and primary levels. This translates into a credit outlet for every four villages or four thousand persons and a commercial bank branch for every fourteen villages. To a large extent, institutional credit has been able to penetrate to the population through the efforts of informal agencies. Though the achievements have been very impressive, too much emphasis on quantitative targets has resulted in a lack of attention to the qualitative aspects of lending, resulting in difficulties in recycling of bank funds, growth in over-due loans, loan defaults and impaired profitability and viability of the institutions themselves (Satyamurthi & Haokip, 2002).

The Narasimham Committee report in 1992 voiced concern over the declining productivity, efficiency and erosion in profitability of the banking sector. In the same year, the government of India took a bold step towards over-all structural reforms of the financial sector. The reform measures aimed at enhancing the efficiency, productivity and international competitiveness of the economy. Despite many reform measures, a large number of the poor still remained outside the reach of formal financial institutions.

Hence, there was a call to reach out to the poor through micro-finance programs. In 1991, the Reserve Bank of India encouraged commercial banks to establish linkages with non-governmental organizations and self-help groups. In 1992, NABARD (National Bank for Agriculture and Rural Development) issued guidelines for a pilot project to link banks with SHGs. Such linkage programs led to an increase in loan volume to and by SHGs, a shift in lending patterns, from non-income generating activities to productive ventures, an excellent repayment rate and a significant reduction in transaction costs. These developments have also contributed to the empowerment of women in and through the self-help groups (NABARD, 1999).

Convinced by the success of the micro-finance programs, the Finance Minister, Yashwant Sinha, in his 1998-99 budget speech, said that 'his government was committed to alleviate poverty and improve the conditions of the poor by making credit facilities accessible to them.' NABARD was asked to extend schemes to promote SHGs as a channel to increase the flow of funds to micro-enterprise activities in rural areas so that 200,000 SHGs reaching 4 million people could be affected over the next five years. The banks were advised to include micro credit as part of their corporate strategic plan. The government took measures to ensure effective credit delivery through micro-credit institutions and SHGs, which are important vehicles for income generation on a much wider scale ([http://www.aidindia.org/aipsn/health/microcredit\\_enterprises.html](http://www.aidindia.org/aipsn/health/microcredit_enterprises.html)). Since the early 90s, micro-finance has emerged as a major plank of donor poverty alleviation strategies. It is also increasingly feminized, as more and more people argue the benefits

of targeting women for micro-credit and emphasize facilitating women's access to financial services.

In 1983, the government of Tamil Nadu<sup>12</sup> established the Tamil Nadu Corporation Development of Women limited (TNCDW), because women-oriented SHGs had proven effective with regard to the provision of micro-credit. The TNCDW entered into collaboration with the International Fund for Agricultural Development (IFAD) for a women's development project in 1989. The IFAD supported the project from January 1, 1990 until December 31, 1998. In light of the positive impact of the project, in 1997 the Tamil Nadu government agreed to expand the project to the entire state, and the state-level program "Mahalir Thittam" (Planning for women) was initiated. This is a remarkable phenomenon, which is unique to the Tamil Nadu State and is, perhaps, the first state government-sponsored initiative of this magnitude in the country ([www.tamilnaduwomen.org/lateststatus.htm](http://www.tamilnaduwomen.org/lateststatus.htm)). Thus, it is evident that there is a gradual and positive development in micro financing for the rural poor and women.

#### 1. 4. *Profile of the Study Area*

The research was conducted with rural women members of self-help groups engaged in micro credit programs in the Trichirappalli district of Tamil Nadu state in South India. Tamil Nadu is one of 28 states in India. The majority of the population of Tamil Nadu are Hindus, and there are significant populations of Muslims, and Christians. Tamil is the official language, and English the second official language. More than 70 per

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<sup>12</sup> It is one of the states in South India.

cent of the population is engaged in agriculture, and the state's economy is largely dependent on this sector. Tamil Nadu has a total population of 62,110,839: 31,268,654 men and 30,842,185 women. The literacy rate among women is 64.55% (Census Tamil Nadu, 2001). Geographically, Tamil Nadu is bounded on the north by Karnataka and Andhra Pradesh, on the east by the Bay of Bengal, on the south by the Indian Ocean, and on the west by Kerala. Chennai is the state capital; other major cities are Coimbatore, Madurai, Tiruchirappalli, Salem and Tirunelveli.

The study area is located in Tiruchirappalli district, which is one of 30 districts in the state. Tiruchirappalli is a traditional agricultural district in the centre of Tamil Nadu, bisected by the river Cauvery. The population is 2,388,831, of which 1,194,698 are women (Census Tamil Nadu, 2001). Tiruchirappalli is bounded in the north by Salem district, on the east by Thanjavur, in the south by Pudukottai and Dindugal, and on the west by Namakkal. The present research was conducted at Activists for Social Alternatives (ASA) which is located in Trichirappalli.

Activists for Social Alternatives (ASA), is a non-governmental organization that began operations in 1986 as a facilitating agency for empowering extremely poor women and downtrodden unprivileged communities, particularly the Dalit (lower caste). During the course of its growth, ASA came to the conclusion that economic development of women would provide the strongest base for their social, cultural and political empowerment. ASA observed that savings and credit programs held the greatest potential for improving the economic status of large numbers of rural women and in 1995 ASA

started its own micro-finance institution, "Grama Vidiyal," which means 'Dawn of the Rural Poor.'

ASA provides a range of integrated financial, educational and health-related services. It focuses principally on building viable solidarity groups for savings and credit. ASA is expanding its services with a current outreach to five districts; it has 277 staff members and serves 68,202 clients (ASA Report, 2004). The mission statement of the ASA is “ To alleviate poverty among the marginalized groups in and around Tamil Nadu with an effective micro finance program and organize, train and network them through participatory processes around issues for economic, social and political empowerment” (Hishigsuren, 2000, p. 27).

The programs of ASA are village-based and all the micro-finance business is transacted at weekly 'center meetings' held in the villages. ASA provides credit and skill upgrading to rural poor women for various income-generating activities based on their tradition, skill and knowledge. There are four types of loans offered by ASA for income generation, agricultural activity, essential needs and housing. Loans are repayable on a weekly basis. The repayment period is 50 weeks except for housing loans, for which the repayment period is extended according to the size of the loan.

ASA has always laid great emphasis on savings by the members in its micro-finance program. In order to further promote saving, ASA has introduced voluntary savings products geared to the social security of its members, such as a life insurance plan and a pension benefit plan. Pension benefit plans are created to give security to the rural

women during their old age. This monthly pension would provide them security and protection.

Federation leaders, group leaders and branch staff, in addition to concentrating on micro-credit programs, also spend about 50% of their time on “Credit Plus” and “Beyond Credit” services. They focus on the global socio- economic development of the villages by conducting training programs and workshops, acting as facilitators of center and coordination committee meetings and addressing local human rights issues. Staff is involved in empowerment programs for women through village meetings, training programs and workshops to facilitate the active involvement of women in local governance. In addition, ASA staff focus on empowerment of the Dalit (lower caste) through campaigning and capacity building (ASA Annual Report, 2003).

#### 1. 5. *Research Objectives*

The use of micro-finance to enhance income-generating opportunities of the poor is a popular tool of non-governmental organizations working to raise the standards of living in developing countries. There has emerged an almost global consensus that providing small loans or micro-credit to the poor is the key element for reducing poverty and improving social and economic development (Micro-credit Summit 1999).

Until recently, most organizations delivering micro-credit loans to women were exclusively concerned with administrative and managerial tasks and evaluated their success according to two criteria: increasing the number of female borrowers and achieving high loan repayment rates. Few of these organizations have explored the

success of their projects by attempting to measure the effects of their program on women's socio-economic empowerment, though this is the aim of all such programs. Therefore, the research objective of this dissertation is to establish the extent to which women's membership in self-help groups and their involvement in various activities of these groups, with particular reference to Micro Credit programs, impacted their socio-economic empowerment.

The objective of this dissertation is to study the socio-economic empowerment impact factors (evidences) in women members of micro-credit self-help groups in rural India upon the self, the family and the community; furthermore, this study will analyze the roles of self-help groups and non-governmental organizations in terms of formation of SHGs, and training and motivation of rural women to become involved in micro-credit self-help groups. The present study is limited to the positive and negative performances of rural women micro-credit entrepreneurs who are functioning in women's self-help groups. The social and economic performances of these women entrepreneurs are assessed on the basis of their involvement in social activities, savings made by them, income and assets earned by them, family and social relationships and their capacity to borrow and repay. Data collected and the conclusions arrived at in the present study may help to make the programs for the development of rural Indian women more relevant and meaningful and to improve future strategies for development.

### 1. 6. *Organizational Aspects*

The dissertation will comprise 6 chapters:

Chapter 1 gives a general overview of the aspects of the dissertation, including a historical account of women and their development in India, a brief history of microfinance in India, a profile of the study area, the research objectives and the organizational aspects of the dissertation. Chapter 2 elaborates on the conceptual aspects of Indian rural women's self- help groups and women's micro-credit programs. It deals with history, theories, principles, applications, viabilities and problems. Chapter 3 is a review of the relevant literature related to this study. It presents a brief review of past studies, and outlines new ideas, viewpoints and findings. Chapter 4 sets out the method of the investigation. Chapter 5 deals with the results from the data analyses. It details the statistical tests used, the results obtained and interpretations made of different variables of the study both by quantitative and qualitative measures. Chapter 6 presents an interpretation of the data, outlines the strengths and weaknesses of the study, and suggests improvements for social work and social policy and directions for future research.



## CHAPTER TWO

### CONTEXTUALIZING THE PROBLEM

#### *2. 0. Introduction*

India is a highly patriarchal society where the subordinate status of women signifies a lack of empowerment, in the sense that they are unable to take part in the decision-making process on an equal footing with men, either within the household or in society (Osmani, 1998). Within the context of international development programming, there is a particular concern for poor women and their position in low-income societies, their lack of autonomy and generally worse economic situation than that of men living in a similar context (Dawson, 1998). Thus, gender-based economic inequality is rampant in India.

Rural women in India suffer from being both economically and socially invisible. Economic invisibility stems from the perception that women are not relevant to the wage and market economy. Social invisibility is a result of the general status of second-class citizens usually accorded to women. Male domination and gender discrimination in the form of child marriages, wife beating and wife-burning and discrimination in food intake, employment, education, health and nutritional facilities are some of the things which require immediate attention as a new understanding of women's rights makes it clear that discriminatory behavior is completely unacceptable. Women should feel that their rights to equality, dignity and justice are as innate to them as to their male counterparts (Sahai, 1998).

Gender distinctions are not accidental or a fact of nature but are inculcated institutionally (Epstein, 1988). One of the most important of these institutions is the family, a principal site of the formation of gender roles. Women's relative lack of economic power is the most important determinant of inequalities, including those of marriage, parenthood and sexuality (Blumberg, 1978). Another dimension of gender inequality derives from the excessive work burden women have traditionally been expected to bear. Women's work outside the home does not reduce the housework load unless children can assume some tasks (Rugh, 1991). Society imposes gender roles on women and men that inevitably follow them inside and outside their households. Traditional and contemporary definitions of womanhood are based on women's subservient roles. In spite of the fact that women's market participation has increased steadily, there is no commensurate reduction in the household responsibility of women. Not only do men and women allocate labor and receive compensation differently; they also consume, utilize, and receive resources, goods and services quite distinctly. Rising fertility rates negatively impact upon women's mobility, especially on educational attainment and labor force participation. Childcare and domestic works are considered as women's work (Moghadam, 1990).

Women in India are considered the weaker sex. They are accorded a subordinate status in Hindu society: 'She is protected by the father in her childhood, by the husband in her adulthood and by the son in her old age' (Sahai, 1998, p.4). The male-dominated system allows her to survive as secondary member of the family and lower-class citizen. Discrimination against women from womb to tomb is a well-known fact in India. There

is continued inequality and vulnerability of women in all sectors-the economy, society, politics, education, health, allocation of food and the justice system.

As women are oppressed in all spheres of life, they need to be empowered in all walks of life (The National Perspective Plan for Women, 1988). This is possible only by organizing women into groups and enhancing their collective strength. The collective mobilization of women will contribute to the long-term goals of gender equity and the empowerment of women (Levitt, 1990). However, it is very difficult to affect the situation of the poor in the modern economy. The forces against them are so entrenched, and the social system so biased in favor of the rich that it could not respond to the needs of individual poor women. Hence, it is necessary for women to organize themselves in order to be empowered. It is difficult for one woman to effect lasting change, but if whole groups of women begin to demand change, it is much more difficult for society to reject them altogether (Baltiwala, 1993).

The National Commission observed that the lack of organization in the informal sector is the root cause of the exploitation of women workers. Individually, women are not in a position to fight against low and discriminatory wages and exploitative working conditions, as they lack bargaining power. However, laws will not be flagrantly violated if workers are organized (Government of India, 1988). This is possible only by organizing women and enhancing their collective strength. This can happen when women come together, discover the strength of commonality and bonds of solidarity, and initiate joint action, thereby discovering and experiencing their inner power. To counter

powerlessness, women need to collectively alter their self-image and therefore their social image.

### 2. 1. *The Concept of Micro-Credit in Women's Self Help Groups*

Micro-credit is receiving increasing attention around the world and has become a fashionable tool in international development. This was not the case as recently as ten years ago. The provision of small loans known as “micro-credit” is a way to generate self-employment opportunities for the poor. Micro-credit projects help people work their way out of poverty, rather than simply making profits. The enthusiasm regarded for micro credit by development workers is due to its perceived ability to alleviate poverty and to empower the poor, while at the same time making financially sustainable development programming a possibility. In many developing countries, and increasingly in many developed countries, social workers deal with clients who are desperately seeking work that will provide a living wage. Micro-credit acts as a catalyst in generating employment and empowerment, which in turn alleviates poverty. Poverty is not just an economic issue, but has many interwoven dimensions including inequality, social exclusion, gender-bias, cultural isolation, ethnicity, powerlessness and voicelessness (<http://www.idd.bham.ac.uk/research/dissertations/minasyan.pdf>).

Micro-credit has received increasing attention in recent years, largely due to the “programmatic success” of the Grameen Bank of Bangladesh and the Self-Help Groups in India, and the endorsement of this success by a large number of impact and academic studies. Internationally, there is a growing sense that micro-lending projects for women

have the potential to achieve the goal of equitable and sustainable development (Hulme & Mosley, 1996; Rahman, 1999), and there has emerged an “almost” global consensus that micro-lending to the poor is the key element in reducing poverty in the twenty-first century and improving social and economic development (Micro credit Summit, 1999). Micro-finance covers a broad variety of institutional arrangements and approaches, ranging from small self-help groups with a handful of members to huge organizations that have national coverage and serve millions of clients. This chapter focuses on three major concepts: Micro Credit, Self Help Groups and Empowerment with special reference to rural women in India.

#### 2. 1. 0. *Definition*

Micro-credit is the provision of financial services to poor people. It is the extension of small amounts of collateral-free institutional loans to individuals or to jointly liable group members for their self-employment and income generation (Rahman, 1999). The term “micro” literally means “small.” The task force on micro-credit did not specify any particular monetary amount. However, according to the micro-credit special unit of the Reserve Bank of India, an amount up to a maximum of Rs.25,000 could be considered as micro-credit and this amount could be gradually increased up to Rs.40,000 over a period of time. This amount is roughly equal to US \$ 500, and is the standard micro-loan for south Asia (Mishra & Thanvi, 2004). Micro-credit, also called “micro-finance” and “micro-lending” means providing small working capital loans to the self-employed poor. Micro credit programs extend small loans to very poor people for self-

employment projects that generate income, allowing them to care for themselves and their families (Micro-credit Summit Campaign, 1999). Micro-credit could be defined as the principle of giving small loans to the very poor to help them generate an income of their own.

Most terms and conditions for micro-credit loans are flexible and easy to understand and suited to the local conditions of the community. In order to take a new approach to rural finance, called Micro-Finance, the NABARD introduced Self-Help Groups (SHG) in 1992, which generally channel financing to a very small group of people (NABARD, 2000). The Micro-Finance approach offers a combination of services (credit and beyond credit) and resources to its clients in addition to credit for self-employment (Elangovan, 2001). .

### 2. 1. 1. *Historical Context*

Throughout history, informal sources of credit have proven to be the most popular and widely-used method of gaining access to funds. Informal credit is the norm in communities where there are no micro-finance institutions. It operates on a voluntary basis, with verbal promises to lend and repay. Family members, close friends and distant relatives, as well as neighbors, have all been “sources of credit” at one time or another (Drolet, 2000). Other informal sources have also included the actual “goods and services” exchanged through bartering or other types of agreements between traders. It is only recently that credit has become more formalized through financial institutions serving the poor.

When informal sources of credit are unavailable, the poor have often been able to access the services of a “moneylender.” Moneylenders (loan sharks) are locals who know their clients. Their forte is offering credit when it is most needed. Moneylenders are known for charging very high interest rates, and have earned a reputation for taking advantage of those who can least afford it. Sometimes they charge interest as high as 100% of the loan amount. The literature provides numerous examples of moneylenders taking matters into their own hands when the poor fail to repay on schedule (Versluysen, 1999; Buckley, 1997). The enduring image of the “evil moneylender” or “loan shark” continues to influence the context of micro-credit by serving as a reminder of the injustice faced by the poor, as well as the potential to earn profits in the delivery of credit. Another type of moneylenders, known as pawnbrokers (Chua and Llanto, 1996), demand collateral in the form of gold jewellery or other valuables. If a loan is not repaid on time, the collateral becomes the property of the pawnbroker, and is sold.

With the emergence of rural credit movements the existence of formal credit programs started for the poor. The experiences of Rural Development Institutions (RDIs) during the 1950s, 1960s and 1970s, and the lessons derived from them, have been influential in shaping the context of micro-credit. During this period, development agencies and third world governments funneled large sums of money to state-run RDIs that provided agricultural credits to poor farmers (Woller, 1999). The rural farm credit movement is cited in the literature as the first “formal” credit program. These early attempts to innovate in rural financial markets were motivated by the need to curb the role and operations of the “evil moneylenders.” It was felt that the state should provide a

positive institutional alternative to the moneylender, to compete with him and reduce his influence (Sinha, 1998).

The history of micro-credit is deeply rooted in Asia. In 1976, the Grameen Bank was founded by Dr. Muhammad Yunus in Bangladesh. The third world in fact introduced the concept of micro-credit programs to the developed world, and the Grameen Bank is particularly well-known to the American public. It has been documented that nearly 53 developing countries have introduced micro-credit on a large scale (<http://www.microcreditsubmit.org/2001:1.html>)

The success of the Grameen Bank of Bangladesh and the self-help group model of India in providing financial services to the poor are among the reasons the concept of micro-credit has gained importance worldwide. Over the last two decades, both the Grameen Bank and the self-help groups have devised innovative credit programs that address the failure of the market to provide financial services to the poor. The commercial banks would not give loans to the poor because they do not provide collateral, and the moneylenders lent money but at very high interest rates. Out of this impasse, these two models emerged, using peer monitoring and the joint liability structure to overcome the screening, monitoring and enforcement problems commonly encountered by the poor when dealing with formal lending institutions (Sinha, 1998).

In recent 10 years, micro-credit programs have exploded into international prominence and have been seen as a new tool for international development organizations and community organizations in reducing poverty. At the World Summit for Social Development held in Copenhagen in 1995, Governments and International Organizations



were called upon to promote credit programs in order to facilitate entrepreneurship for the poor. It is widely believed that credit is the “missing piece” that would allow the poor to “work their way out of poverty,” and become more self-reliant, generate employment opportunities, and particularly, engage women in economically productive activities (Tadros, 1999).

The Micro Credit Summit held in Washington, D.C. in 1997 brought together 2900 participants from 137 countries to launch a campaign to reach 100 million of the world’s poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005 (Micro-Credit Summit Campaign, 1999). Since this international event, four themes or principles have emerged for developing “best practices”: reaching the poorest, reaching women, building financially self-sufficient institutions, and ensuring impact. The Micro-Credit Summit was important in attracting attention to the concept of micro-credit, as well as generating support and financial commitments from Government and international donors.

Based on the decisions taken in the Micro-Credit Summit Campaign in 1997, a large number of development financial institutions, NGOs, micro-credit practitioners, social activists and representatives of governments from the developed and developing world, converged in Washington and launched a plan of action to bring micro-credit to 100 million of the poorest families by 2005. Five years later, in November 2002, the Micro-credit Summit + 5 took place in New York City. The Summit + 5 provided a good opportunity to take stock of the progress that has been made by the campaign. More than 2000 delegates from 100 countries attended the meeting, including heads of state, micro-

credit practitioners, donors, policy makers, advocates and other actors in the field. The State of the Campaign report released at the Summit + 5 stated that 54 million poor families around the world had already received micro credit by the end of 2001. Of these 54 million families, 27 million counted among the poorest. These figures were based on verified institutional data collected from 2,186 organizations that participated in the Summit and showed that the Campaign was on track at the end of 2002 to reach the 100 million by 2005 (<http://www.grameen-info.org/dialogue/dialogue53/specialfeature.html>).

In light of the changes brought about by the global economy and the inclusion of non-standard forms of work in the idea of productive employment (Yeandle, 1999), the Commission for Social Development of the United Nations developed the concept of “sustainable livelihoods.” Recent analysis of anti-poverty strategies in African, Asian and other developing countries have emphasized that employment, as currently defined, may provide less compensation than required to sustain a livelihood (UNDP, 1997). Micro-credit can be seen as an important response to these issues and an invaluable resource in securing “sustainable livelihoods” for the poor.

Fundamentally, poverty is a denial of choices and opportunities; it is a violation of human dignity. It means lack of the basic capacity to participate effectively in society. It means insecurity, powerlessness and exclusion of individuals, households and communities (ACC Statement of Commitment for Action to Eradicate Poverty, 1998). Member agencies of the United Nations are convinced that this situation is unacceptable as the world has the resources and the capacity, if it so chooses, to eradicate absolute poverty. They see in the current global environment a real chance to qualitatively

improve the conditions of life for the vast majority of the people on this planet who live in poverty. Micro-credit is a powerful tool for achieving this objective.

### 2. 1. 2. *Ideological Influences on Micro-credit*

This section deals with a number of ideological influences on micro-credit practice. According to Rahman (1999), the Grameen Bank model resembles Western banking institutions, and in its practices, upholds the ideology of capitalism – investing capital to maximize profits. Rahman states: “In the mid-1980s and 1990s the expansion of the Grameen Bank in most regions of Bangladesh and its international reputation for loan recovery changed the bank emphasis from borrower sustainability to profit-making and institutional financial sustainability” (p. 67). Profit maximization and market competition are key features of capitalism. Ehlers and Main (1998) assert that micro-enterprise development has earned its reputation largely on the basis of the “fit” it produces between capitalist ideology and practice. Projects aim to integrate women into the existing capitalist economic mainstream rather than initiate changes on a structural level or in societal patterns. Micro-credit programs operate in countries that have adopted, for the most part, a capitalist economic system (Rahman, 1999). The focus here is on poverty alleviation rather than poverty elimination.

In the 1960s modernization theory predicted that development or ‘progress’ would ‘trickle down’ and benefit all segments of the population in society irrespective of gender, class, or race (Wilson & Whitmore, 2000). It put faith in the guiding force of the “invisible hand” of efficient and self-regulating markets, which ensures that individual

pursuits and decisions add up to the greatest common good, provided that markets are left free of “interference” in the form of excessive regulation (Versluysen, 1999). The modernization model did not consider women separately; and when it did, it was assumed that a modern secular society would automatically improve women’s situation by freeing them from the constraints of traditional cultures.

The Decade for Women in Development (WID) (1975-1985) and theory of gender and development that arose out of the women’s movement was important in calling attention to the specific needs of women (Drolet, 2000). Women activists around the world encouraged international organizations to allocate funds for women in development projects. During this period a large number of projects were initiated for women in most developing countries, and the results of these income-generating activities led practitioners to adopt micro-credit programs. This period will be dealt with in greater detail later in the dissertation.

Yaqub (1998) examines the core elements of the financial sector liberalization theory, defined as “the determining of interests and allocation of credit between sectors and groups of people, according to market forces” (Vogal & Adams 1997: p. 375-76, cited in Yaqub, 1998). Financial sector liberalization asks Governments to withdraw from direct involvement in financial institutions, in favor of the development of specialized programs by the private sector to target financial services to specific groups. One of the four principles adopted by the Micro-credit Campaign, ‘financial self-sustainability’ is now the distinguishing feature of successful programs and institutions (Yaqub, 1998).

This view, favoring the market, has had much influence on current thinking on financing for the poor.

Ideological debates regarding micro-credit tend to split into two camps, those of the institutions and the welfarists, separated by what is known as ‘the great divide’ (Woller, 1999). The institutions approach focuses on creating financial institutions to serve clients who either are not served or are underserved by the formal financial system. Emphasis lies on achieving financial self-sufficiency. Breadth of outreach (meaning numbers of clients) takes precedence over depth of outreach (meaning the levels of poverty reached) and positive client impacts are assumed (Woller, 1999).

Welfarists, on the other hand, emphasize depth of outreach. Welfarists are those who work for the well being of the poor. Welfarists are quite explicit in their focus on immediately improving the well being of participants. They are more interested in using financial services as a means to alleviate directly the worst effects of deep poverty among participants and communities, even if some of these services require subsidies. Their objective tends to be self-employment of the poorer of the economically active poor, especially women, whose control of modest increases of income and savings is assumed to empower them to improve the conditions of life for themselves and their children. The most prominent examples of welfarist institutions are the Grameen Bank in Bangladesh, and Self-help groups in India. Thus, various ideological influences have had a real impact on micro-credit practice.

### 2. 1. 3. *Approaches Targeting Women*

According to the State of Micro-credit Summit Campaign 2001 Report; 14.2 million of the world's poorest women now have access to financial services through specialized Micro-Finance Institutions (MFIs), banks, NGOs, and other non-bank financial institutions. These women account for nearly 74 percent of the 19.3 million of the world's poorest people now being served by micro-finance institutions. Most of these women have access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. According to the United States Agency for International Development's (USAID) annual Micro-enterprise Results Report for 2000, approximately 70 percent of USAID-supported MFI clients were women (USAID, 2000:31). Experience has thus shown the human and business benefits of lending to the poor in general and to women in particular.

Although women's access to financial services has increased substantially in the past 15 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Gender, like other constructs such as race, class, sexuality, religion and nationality, fundamentally shapes the social order in which people live, and therefore, warrants attention as a category of analysis (Scott, 1991 cited in Lind & Farmelo 1996). Gender is a legitimate consideration (Wilson & Whitmore, 2000) and a "predominant theme in micro-finance" (ILO, 2000) that must be taken into account, particularly in looking at the impact of micro-credit programs on women. Many different rationales can be offered for placing a priority on increasing

women's access to micro-finance services. There are several rationales for the targeting of women for micro-finance.

First, women are the poorest of the poor. It is generally accepted that women are disproportionately represented among the world's poorest people. In its 1995 Human Development Report, the United Nations Development Program (UNDP) reported that 70 percent of the 1.3 billion people living on less than \$1 per day are women (UNDP, 1996). According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country (World Bank, 2001). In general, women also make up the majority of the lower-paid, unorganized informal sector of most economies. These statistics justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men. A reduction in women's economic and social vulnerability can sometimes also translate into empowerment if greater financial security allows the women to become more assertive in household and community affairs.

Second, women spend more of their income on their families. Women have been shown to spend more of their income on their households than men; therefore, when women are helped to increase their incomes, the welfare of the whole family is improved. In the report on its survey findings the Special Unit on Micro finance of the UNCDF explains, "Women's success benefits more than one person. Several institutions confirmed the well-documented fact that women are more likely than men to spend their profits on household and family needs. Assisting women, therefore, generates a multiplier effect that enlarges the impact of the institutions' activities" (Deshpanda, 2001, p. 15). In

her research on the poverty level of female-headed households, Chant (1997), a researcher at the London School of Economics, cites a number of studies on Latin America that lend credibility to the commonly-held belief that women spend a greater percentage of their income on their households than do men (p. 39).

Third, women's equal access to financial resources as a women's rights issue is yet another reason for facilitating women's access to micro-credit. Because access to credit is an important mechanism for reducing women's poverty, it has been an explicit focus of a variety of human rights instruments. Both the Convention on the Elimination of Discrimination Against Women (CEDAW) and the Beijing Platform for Action (BPFA) (1995) address women's access to financial resources; for example, the BPFA includes 35 references to enabling poor women to gain access to credit. International and national instruments that establish women's rights to credit promote government responsibility and accountability in meeting commitments to women's rights.

Fourth, women in development feminists, like liberal feminists, tend to assume that the goal of development projects promoting fairness is women's equality with men (Ferguson, 1996). The WID model proposes to integrate women into ongoing development initiatives, and focus attention on ending discrimination against women and reducing women's disadvantages in the productive sector. The WID approach of integrating women in development continues to be challenged by many feminists on the grounds that these projects do not address the question of gender inequality and relations of domination and subordination (Rahman, 1999). According to Ferguson (1996) this model does not question the developmental strategies themselves, the structural sources



or nature of women's subordination or historical class and race division among women. Since the mid-1980s, micro credit has become a central part of many women-focused developmental projects, and numerous strategies have been developed to provide women with access to the missing element, namely, credit.

Fifth, the gender and development approach is another model in Micro-finance. The Canadian International Development Agency (CIDA) (1999) recognizes in its gender policy, "attention to gender equality is essential to sound development practice and at the heart of economic and social progress. Development results cannot be maximized and sustained without explicit attention to the different needs and interests of women and men" (CIDA, 1999, p.5). As part of its poverty reduction priority, CIDA supports programs that provide "increased access to productive assets (especially land, capital, and credit), processing, and marketing for women" (p. 11). By giving women access to working capital and training, micro finance helps mobilize women's productive capacity to alleviate poverty and maximize economic output. Simple targeting rarely addresses the legal obstacles, gender division of labor and cultural norms that pattern women's access to financial markets (Johnson, 1998; Prugl & Tinker, 1997). The socialist feminist who advocate the gender and development approach want to build on third world women's experience of empowerment through self-organization in grassroots groups, and to develop strategies to address not only immediate situations but also structures that oppress women and the social construction of production and reproduction as the basis of women's oppression (Mohadam, 1996).

Last, but not least, one of the often-articulated rationales for supporting micro-finance and the targeting of women by micro-finance programs is that micro-finance is an effective means or entry point for *empowering women*. By putting financial resources in the hands of women, micro-finance institutions help level the playing field and promote gender equality. In terms of empowerment, a number of studies reveal that every loan made to a woman contributes to the strengthening of their economic and social position (Hulme & Mosley, 1996). Hence, micro-finance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. Organization like SEWA and the Working Women's Forum (2000) in India have organized and mobilized hundreds of thousands of Indian women to work for women's empowerment and rights. Strengthening women's financial base and economic contribution to their families and communities plays a role in empowering them.

#### 2. 1. 4 *Summary*

Micro-finance has the potential to make a significant impact on women's empowerment. Although micro-finance is not always empowering for all women, most women do experience some degree of empowerment as a result of their experience with micro-finance. Empowerment is a complex process of change that is experienced by each individual somewhat differently. Strengthening women's financial base and economic contribution to their families and communities plays a role in empowering them. Women often value the non-economic benefits of a group-lending program as much as or more

than the credit. Some of the most valued benefits include expanded business and social networks, improved self-esteem, increased household decision-making power, and increased respect and prestige from both male and female relatives and community members.

Targeting women continues to be important in the design of products and services, both because women by default have less access to credit and because they face constraints unique to their gender. Product design and program planning should take women's needs and assets into account. Even when products and services target primarily women, they still face considerable disadvantages relative to men. It is evident, whatever the ideological perspective, that women-targeted credit programs empower women by strengthening their economic roles, increasing their ability to contribute to the family's income, helping them establish their identity outside of the family, and giving them experience and self-confidence in the public sphere (Sinha, 1998).

## *2. 2. Concept of Women's Self-Help Groups*

Banking for the "unbankable" through SHGs is a valuable contribution to development planning as it presents an alternative development tool. SHGs have the potential to remedy many of the deficiencies of the formal banking system in rural areas and to empower women economically and socially by acting as a bridge between women living in poverty and the formal financial sector. The advent of the SHG is a silent revolution in rural credit delivery systems in many parts of the world. A SHG consists of a number of rural poor people who have volunteered to organize themselves into groups

for the eradication of the members' poverty. The fact that people work in groups is seen as crucial to the empowerment process, as women draw strength from numbers. The group provides confidence and mutual support for women striving for social change; it also acts as a forum in which women can critically analyze their situations and devise collective strategies to overcome their difficulties, a framework for awareness-raising, confidence-building, dissemination of information and delivery of services and for developing communal self-reliance and collective action and finally, as a vehicle for the promotion of economic activities (The World Bank Report, 1997). Self Help Groups also act as a forum for collective learning on a basis of equality, promote a democratic culture, provide their members with opportunities to learn norms of good behavior based on mutual respect. They also foster an entrepreneurial culture and providing a platform for dialogue and cooperation in programs with other institutions. Finally SHGs provide the individual members with the support required to exercise control over loans, and provide a cost-effective credit delivery intermediation system both for the banks and borrowers (Lalitha, 2001).

During the last 15 years, the SHG savings movement caught the imagination of women as a means through which they are trying to mould their destiny. The SHG movement has been deemed to be the most successful anti-poverty program and contribution towards women's empowerment (Pillai, 1995). As decision-making is the ultimate level of empowerment, the exercise of decision-making in SHGs signifies that women have started taking control over their lives through attending group meetings and public functions, becoming involved in income generating-activities and joining other

women in social causes (Gurumurthy, 2000). The collective and integrated activities of the SHGs help women in sustaining their families economically, giving a better education to their children, meeting financial emergencies in the family and acting with independence in responding to crises generally. SHG members are sensitized to various abuses, knowledgeable about their rights and other social issues (Hall, 1992). SHGs act as change agents at many levels in rural India (Lalitha & Nagarajan, 2002).

A Self Help Group (SHG) is defined as a voluntary group valuing personal interaction and mutual aid as means of altering or ameliorating problems perceived as alterable, pressing and personal by most of its participants (Horton, Pillheimer & Smith, 2000). According to Sahay (1998), a women's Self-Help Group is a small, economically homogeneous affinity group of rural poor women, voluntarily coming together to save a small amount of money regularly, to agree to contribute to a common cause, to meet emergent needs on a mutual-help basis, to practice collective decision-making, to solve conflicts through leadership and to provide collateral-free loans with terms and conditions decided by the group. SHGs are considered as agents of socio-economic transformation in rural areas.

A SHG is an informal association of women coming forward voluntarily to work for their own economic, social and democratic development (Tamil Nadu Corporation for Development of Women, 2001). Self-Help Groups are voluntary associations of people formed to attain certain collective goals, both social and economic. Human beings have an intrinsic propensity to form and work in groups (Reserve bank of India's Working group on Non-Governmental Organizations and Self-Help groups-a report, 2000). India

has had a long tradition of people coming together voluntarily, to perform various socio-cultural and economic activities collectively. The existence of SHGs in fact pre-dates any organized intervention by any external agency. The use of SHGs as a supplementary instrument for delivering credit to the rural poor, however, is of relatively recent origin.

The SHG, as a homogeneous group of women, selects its own leader and also fixes the tenure for the leadership. SHGs are also extremely helpful because they allow NGOs to know a large number of individuals intimately and to relate to them in a variety of ways, including facilitating credit availability. Through peer pressures exercised by the members, each member can be made to feel individually and collectively responsible for using and returning credit made available to her through a financing institution. The SHGs also serve as decentralized centers of administration for NGOs, who take responsibility for forming these Self-Help Groups (DRDA, 1999).

#### *2. 2. 0. Characteristic Features of Self Help Groups*

The characteristics of SHGs are: identical interests, small size, mutual confidence, transparency in operations, common fund contributions, flexibility and responsiveness, democratic functioning, rate of interest as per the group's decision, simple documentation, terms of credit decided within the group, minimum external intervention, repayment by group dynamics, conflict resolution through meetings and causal group solidarity (Regina, 2004). Most of the members of the group belong to families below the poverty line. Only one member from each family is eligible to join the group. The members build up their corpus of resources through regular savings. The corpus will be

used to advance loans to the members. By and large, the SHG will be an informal group. However, it can also register under the Societies Registration Act.

Van Heck (1979) describes the following characteristics features of Self Help Groups: voluntary membership, participatory planning, education and training, resource mobilization, self-management, linkage building, process extension and movement building, monitoring and self-evaluation, sustainability and anti-bureaucracy.

Membership in the SHG should be voluntary and open to all people according to the rules formulated by the group. The proceedings of the group should be managed in a democratic way and all activities carried out should be based on the principles of solidarity and group dynamics. SHG activities are characterized by participatory planning, a method for establishing and developing self-help activities feasible in a given economic, social, political, technical and cultural environment. The essence of participation by the members of SHGs is exercising voice and choice and developing the human, organizational, and management capacity to solve problems, as they arise, in order to sustain the improvements.

Education and training are complementary, and functional literacy is an essential aspect of education. Education and training interact among the SHG members when local knowledge, mainly based on experience, is combined with outside knowledge and is closely linked with participatory planning. Training includes teaching socio-economic issues (Kropp & Suran, 2002). Training on gender issues, savings, income and loan management, leadership development, confidence building, and skills development are provided by NGOs to the SHGs (SWA-Shakti Project, 2001).

Resource Mobilization means the pooling of natural, material and financial resources of SHG members. The idea of pooling the members' own resources is based on the principle that everybody owns some resources which, if combined, can constitute a substantial improvement to their individual economic situations. As a complement to the group's resources, the promoting institutions or other supporting institutions provide additional resources. However, the external support should lead to sustainable development and should not to the dependency syndrome.

Self- Management is at the core of SHGs and wherever a SHG exists it has to engage in various forms of management: financial management, savings or loan management, resource management, organizational management and conflict management. SHGs are grass-roots community-based institutions constituted by the people themselves for their benefit (The World Bank Report, 1997). However, in the field of self-help promotion, linkage with numerous organizations and institutions, government or private, is necessary in order to promote the activities of self-help groups. Contacts with other local groups also have to be established to promote effective functioning. Process extension and movement building is required in order to enable individual group members to step out of their socially- isolated and particularistic situation. Furthermore, SHGs must try to extend their activities and cooperation to gradually cover larger segments of underprivileged society (Cebemo, 1993). A well-developed SHG implies a three-tier structure, namely groups at the village level, cluster committees at the cluster level (between some villages) and a federation at the district level.



In order to plan and carry out appropriate activities, the SHG members should continuously reflect upon the implementation and the results of their activities by means of monitoring and evaluation. The main objective of monitoring is to have ready information on the progress of SHGs to enable effective implementations according to the planned strategy so that the objectives are achieved and not deviated from. Evaluation of SHGs aims at assessing the impact of the group activities on economic and social empowerment. Sustainability should be the ultimate goal of SHGs. Sustainability refers to the capabilities of SHGs to continue in a sustained manner without depending on external agencies. SHGs also emphasize the need to develop organizational structures that avoid the hierarchical and bureaucratic patterns of many organizations.

The basic principles on which Self Help Groups function are mutual trust, organization of the poor, manageable small-size groups, group cohesiveness, thrift, demand-based lending, collateral-free and women-friendly loans, peer-group pressure in enforcing repayment, skill training, capacity building and empowerment. The self-help concept serves the twin purpose of inculcating savings habits and facilitating self-help ventures for a sustainable livelihood (Lalitha, 2000). 'All for all' is the principle behind the concept of self-help groups. The SHG can be seen as a mini voluntary agency for self-help at the micro level, with a focus on the social defense of vulnerable populations, particularly women. The SHG has great potential to create awareness, promote the savings habit, develop individual and community assets, increase income level and social power. Overall, the concept of SHGs generates self-confidence, self-scrutiny and self-reliance (Suguna, 2002).

### 2. 2. 1. *Self-Help Group Development Process*

According to Rajkumar (1995) and Fernandez (1998), the process of SHG formation has three phases: identification and formation, group stabilization and withdrawal. Trichirapalli District Rural Development Agency (2002) proposes three phases of Self-help groups: group formation, capital formation, and initiation of economic activities. Gupta (1999) in his article “Management of Savings and Credit Programs by Non -Governmental Organizations” talks about the five stages of SHG development: pre-formation (identification of the poor through participatory methods in small groups), formation (regularizing group meeting, pooling of savings, and disbursement of loans and development of an accounting system), stabilization (leadership development, handling group level transaction independently, cluster committee formation, linkage with banks), growth (expansion of income-generating program and addressing community issues) and expansion (creation of assets for the group and formation of new groups and federation formation. The present research observed three main stages, based on the experience of working with women’s Self-Help groups in Tamil Nadu: group formation, capital formation through a revolving fund and skill development by initiating economic activity for income generation.

The first phase is identification and formation of SHG (0 – 6 months). This is a crucial phase on which depends all further success of the group. NGOs take the lead in identifying a socio-economic affinity group, which develops into a SHG. A SHG may consist of 10 to 20 individuals. By and large, the group is informal at this stage, during which it devises a code of conduct. Participatory rural appraisal methods have been

useful at this point of SHG development. The meetings held during this period are not only social gatherings but also an opportunity for the members to raise issues concerning the family and the village. Matters regarding savings and lending are also debated thoroughly, as this is the major common function of the group. Agreement to save and to lend and the willingness to abide by group decisions without breaking bonds and confidence in the group indicate a degree of trust among group members. Two members of the group need to be elected as president and secretary. Finally, if savings have begun to accumulate, the group opens a bank account.

The second phase is group stabilization or capital formation (6 – 15 months). NGOs continue to play a key role in this phase as well. They attend all the meetings and ensure that adequate support is provided so that savings are regular and lending operations gather strength. This provides the member of the SHG with an opportunity to acquire the skills to manage its resources. The group decides on the rate of savings, on the timing of the loans, on the schedule of payments and repayments. Meetings are held regularly, either weekly or monthly, and attendance is recorded. Gender issues concerning women in private and public life are raised and discussed. Literacy classes are conducted and attended by all the members. Common action programs are organized by the group. They begin to interact with other groups, government and private institutions. The revolving fund is provided to the groups to augment the group financial corpus so as to enable more members to access loans and also to facilitate an increase in the per capita loan available to the members.

Training is provided by the NGO to build group culture to raise the level of commitment to mutual support and acceptance of group decisions, and to help members acquire conflict resolution skills. Training is offered to the SHG representatives to develop leadership qualities and the confidence to interact with institutions like government departments and banks, and to organize common action programs. In this stage of SHG development, all the members are engaged in savings and are provided with loans. The members are able to interact as a group with other institutions and government (Fernandez, 1998).

The third phase is withdrawal and economic activities (15 – 36 months). Though NGOs need to integrate withdrawal in their strategy from the beginning of the process in order that interventions will support the growth of self-reliant popular institutions and not increase dependency, withdrawal becomes more tangible and acceptable after the major interventions required to build up the group have been undertaken. As the group takes on the principal role in maintaining the SHG, the interveners gradually withdraw. During this period the supportive role of NGOs decreases except for technical services for asset management and productivity. The SHG at this stage is eligible to receive assistance for economic activities in the form of loans and subsidies either to individuals in the group or to the group as a whole when all the members want to become involved in a particular activity.

### *2. 2. 2. Role of Promotional Agencies*

A substantial number of institutions or programs have been set up to render assistance to women entrepreneurs by giving them training and providing financial and marketing assistance during the SHG planning stage. The Nationalized Banks and State Finance Corporations provide loans to women entrepreneurs. Commercial banks help women entrepreneurs by providing working capital for day to day business activities, loans for machinery, technical assistance to self-employed persons and budding entrepreneurs, overdraft facilities, bill-discounting facilities, market information, raw materials and training facilities. The Shree Shakthi Package for Women Entrepreneurs was started by the State Bank of India to provide concessions and special training facilities to women entrepreneurs. The Equity Fund Scheme provides interest-free loan for new SHG units. The Differential Interest Rate Scheme is another special feature for women entrepreneurs (Regina, 2004). The Mahila Udayam Nidhi Scheme was introduced by the Industrial Development Bank of India (IDBI) to provide equity assistance to women entrepreneurs. The National Bank for Agriculture and Rural Development (NABARD) has recognized 'gender' issues in credit and support services since July 1992 by setting up a "Women's Cell" in its head office and designating 'Nodal Officers' in all its regional offices. The exclusive women-oriented programs introduced by NABARD are: Assistance to Rural Women in Non-farm Development (ARWIND) and the Women's Development Cell, which link Self-Help Groups to banks (Rajeswari & Sumangala, 1999). NABARD has also sanctioned a number of other credit-linked promotional programs in the form of Rural Entrepreneurship Development Programs.

NABARD introduced a pilot project for linking banks with SHGs by providing 100 per cent refinancing of their loans to SHGs. Banks can make available credit to an SHG, which in turn can lend it to the members. Banks can link with NGOs, which provide credit to SHGs, and can help in group formation either directly or through a team of dedicated government employees. After a 6-month formation period, these groups are put in touch with banks so as to familiarize themselves with business practices and opportunities. The groups are graded after 6 months. The District Rural Development Agencies (DRDA) plays an effective role in the grading exercise. This is an opportunity for the members to assess their own performance in a participatory process. The DRDAs ensure the participation of bankers in the grading processes. Once SHGs have demonstrated that they have successfully completed the grading processes, they receive assistance for economic activities in the form of loans and subsidies.

Finally, the National Small Industries Corporation (NSIC), the Industrial Development Bank of India (IDBI), the Industrial Finance Corporation of India (IFCI) and the State Small Industries Development Corporations (SSIDC) provide indirect financial assistance to women self-help group entrepreneurs.

### *2. 2. 3. Role of Non-Governmental Organizations (NGOs)*

NGOs play the key role in mobilizing poor women into communities, forming them into SHGs and providing on-going support. Even the poorest villages have considerable potential for helping themselves and improving the conditions of their inhabitants, but to realize this potential they may require initial stimulation and

substantial assistance from outside – not just any kind of assistance but the right kind at the right time, rendered in a way that will strengthen rather than inhibit their self-reliance and self-determination (Coombs, 1980). Hence, it is essential that in interacting with SHGs, NGOs adopt an approach which promotes self-reliance and not dependency. Some of the support to be provided by the NGOs would include identifying affinity groups, forming SHGs, guiding groups in savings and credit procedures and liaising with local lending institutions. NGOs also attend group meetings for the first two years, provide education and training to the group members and audit group accounts. They assist women in the selection of appropriate income-generating activities through participatory processes and assist SHGs in community consultation to establish priorities for social programs. Finally, NGOs support common action programs and lobbying activities of SHGs and help them to evaluate their programs regularly (The World Bank Report, 1997).

Generally, the NGOs supplement and assist government development activities. Yet there are many NGOs operating independently with their own programs relating to income generation, self-employment and entrepreneurship. Many NGOs have concentrated their efforts on the development of micro-entrepreneurship. NGOs engaged in entrepreneurship development offer direct involvement in stimulation of entrepreneurship by conducting Educational Development Programs (EDPs) and skill development among the target groups, providing counseling and consultation services in project preparation, and giving assistance with feasibility studies. The NGOs also provide technical advice on the purchase of materials and “tricks of the trade”, assistance in

business promotion, growth and expansion, and offer information and assistance about marketing, securing incubation financing and networking.

The fact that NGOs include micro-lending assistance as a way of deepening their intervention in turn results in cost-effectiveness in delivery of services, and opens up the possibilities for the SHGs of financial mediation and recognition from the formal banking system (Sharma, 2000). The NGOs extend their contacts with the population and as a result, respond to their needs more effectively. These NGOs use income-generation programs, self-employment opportunities and entrepreneurship development as means for producing sustainable improvement in the lives of rural women entrepreneurs (Bhat, 1999).

#### *2. 2. 4. Two Major Group Models*

Group intermediation is a feature of most micro-finance systems. The village unit system of Bank Rakyat Indonesia (BRI) in Indonesia, the world's largest micro-finance institution (MFI), works only with individuals, but this is an exception (Harper, 2002). Elsewhere, groups dominate, and in India the so-called self-help group system is most common. However, in many academic debates on the subject of micro-finance, this Indian group model is ignored. It is important to clarify that there are two distinct approaches to group financial intermediation. One is the Bangladesh Grameen Bank method, known as the 'Grameen model' and the other is the self-help group or SHG model. Both are dominated by women clients, but they differ in many important ways, which have an impact both on the clients and the institutions which offer financing.



In the Grameen group model, potential customers, clients or 'members' as they are usually called, are asked by the micro-finance institutions (MFI) to organize themselves into 'Groups' of five members which are in turn organized into 'Centers' of around five to seven groups (Harper, 2002). The members make regular savings with the MFI, according to a fixed compulsory schedule, and they also take regular loans. They each have individual savings and loan accounts with the MFI, and the main function of the groups and centers is to facilitate the financial intermediation process by holding regular meetings supervised by a bank or MFI field worker who keeps records, where savings and repayments are collected and handed over to the field worker. The SHGs also organize contributions to one or a number of collective savings funds which can be used by the group for a number of purposes, usually only with the agreement of the bank MFI which maintains the group fund accounts. The SHGs guarantee loans to the individual members by accepting joint liability, raising group emergency funds and enforcing the rule that no members of a group will be able to take a new loan if any members are in arrears. Finally, the SHG appraises fellow members' loan applications and ensures that members maintain their regular savings and loan repayments.

Loans are provided by the MFIs / NGOs directly to the members of small groups (i.e. affinity groups consisting of about 5 – 7 members) on the strength of group assurances of scheduled repayment. This is often coupled with an obligation to save by group members. This model is followed in India by SHARE Micro-finance Ltd., Activists for Social Alternatives (ASA) and CASHPOR Financial and Technical Services

Ltd. The Indian banks have, so far, not adopted this model, perhaps because of its high delivery cost (Mishra & Thanvi, 2004).

The Grameen Bank “model” has been replicated in fifty-six countries (Isa, 1997, quoted in Rahman, 1999), including many developed countries such as Canada and the US, and has been highly influential in spreading the idea that the poor can be credit-worthy. The “poverty lending” model developed by the Grameen Bank promoted the idea of using credit as a vehicle to engage people who are below the poverty line in productive activities, and sees self-employment as a means to raise income and reduce poverty, as opposed to micro-enterprise development, which aims to help entrepreneurs become eligible for credit from commercial banks (Versluysen, 1999).

In the self-help group model, on the other hand, the group consists of around twenty members. The group formation process may be facilitated by an NGO or MFI or by the bank itself or it may evolve from a traditional rotating savings and credit group (ROSCA) or other locally-initiated grouping. The process of formal 'linkage' to an MFI or bank usually goes through several stages. First, the SHG members decide to make regular savings contributions. These may be kept by their elected head in cash or in kind, or they may be banked. Next, the members start to borrow individually from the SHG, on terms and at interest rates decided by the group themselves. The SHG then opens a saving account in the group's name with the bank or MFI, for such funds as may be needed by members, or in order to qualify for a loan from the bank. The bank or MFI then makes a loan to the SHG in the name of the Group to supplement its own funds for lending to its members (Harper, 2000).

The SHG carries out all the same functions as those in the Grameen model, but they may do this on their own behalf, since the SHG is effectively a micro-bank carrying out all the familiar intermediation tasks of savings mobilization and lending. The MFI or bank may assist the SHG in record-keeping, and they may also demand to know who are the members and impose certain conditions as to the uses of the loan which they make to the SHG, but the SHG is an autonomous institution in its own right.

Over the last ten years, the relationship between bank and SHG has come to symbolize an enduring link between the financially- deprived citizen and the formal financial system, forged through the Self Help Group (Kropp & Suran, 2002). SHG-Banking is a program that promotes financial transactions between the formal rural banking system in India, comprised of public and private sector commercial banks, regional rural banks and cooperative banks and the Self Help Groups. SHGs are effectively financial intermediaries owned by the poor.

Three different models of promoting credit linkages have been found feasible and applied in India with the special emphasis on forming new SHGs. The first is SHGs formed and financed by banks, consisting of 16% of SHGs. The second is SHGs formed by Non-Governmental Organizations and formal agencies, but directly financed by banks (75% of SHGs). The third group consists of SHGs which are financed by banks using NGOs and other agencies as financial intermediaries (9% of SHGs) (Kropp and Suran, 2002). Under this model, groups are formed by different agencies known as Self-Help Promoting Institutions (SHPIs). These could be NGOs, Voluntary Associations, Government Agencies, Panchayati Raj Institutions, Clubs, Banks or Cooperative

Societies. SHG-Banking is an ideal combination of the formal banking sector's 'banking with the poor' and 'banking by the people' through informal SHGs.

#### 2. 2. 5. *Summary*

The Self-Help Group is a social design in which people participate by making themselves socially and economically accountable to each other. The SHG also plays a significant role of social intermediation, the process of building the human and social capital required for sustainable financial intermediation with poor women (Ledgerwood, 1999). The SHG is a powerful instrument for rural poor women to generate savings and undertake lending to satisfy economic and consumption needs in the absence of loans from the small banking system (Rao, 2001). SHGs aim at empowering women by helping them achieve greater awareness and improved skills, increased access to and control over material, social and political resources, the confidence to demand their rights from family, community and government and the ability to deal with issues of common concern (SWA-Shakti Project, 2001). SHGs address poverty among women, and are an effective tool of poverty eradication, converting have-nots into haves (Gariyali, 2004). Individually, women may not be able to stand up to and prevent discrimination, but the unity and cohesion between women members of a SHG enable them to share experiences and discuss and implement solutions to discrimination and social vulnerability.

### 2. 3. *Women's Empowerment in Self Help Groups*

Power is obviously an important word when we discuss the practice of empowerment. Power is usually defined in two ways, as the ability to get what one wants and the ability to influence others to think, feel, act or believe in ways that further one's interest (Parenti, 1978). This reflects two kinds of power - personal and social. According to the United Nations Fund for Women (UNIFEM) (2000), gaining the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life are important elements of women's empowerment. Empowerment is an implicit, if not explicit, goal of a great number of micro-finance institutions around the world. Empowerment is about change, choice, and power.

Empowerment is a process of change whereby individuals or groups with little or no power gain the power and ability to make choices that affect their lives. "The structures of power-who has it, what its sources are, and how it is exercised directly affect the choices that women are able to make in their lives" (Mayoux, 2001, p. 18). The process of challenging existing power relations, and of gaining greater control over the sources of power, may be termed empowerment (Baltiwala, 1995). Empowerment is a process through which clients obtain resources - personal, organizational, and community- that enable them to gain greater control over their environment and to attain their aspirations (Hasenfeld, 1987). Empowerment of women in its simplest form means the manifestation of redistribution of power that challenges patriarchal ideology and male dominance (Chandra, 1997). It is the transformation of the structures or institutions that

reinforce and perpetuate gender discrimination. Bandura (1992) defines empowerment as a process through which individuals gain efficacy, defined as the degree to which an individual perceives that she or he controls her or his environment. In short, according to Freire (1973), empowerment is a process of awareness and capacity-building leading to greater participation, to greater decision-making power and control, and to transformative action.

According to Pillai (1995), empowerment is an active, multidimensional process, which enables women to realize their full identity and powers in all spheres of life. Power is not a commodity to be transacted; nor can it be given as alms. It has to be acquired and once acquired, it needs to be exercised, sustained, and preserved. An individual or a group moves from a condition of relative powerlessness to relative power through the empowerment process. The concept refers to the ongoing capacity of individuals or groups to act on their own behalf to achieve a greater measure of control over their lives and destinies.

### *2. 3. 0. Characteristic Features of Empowerment*

Sahai (1998) views empowerment as a continuum of several interrelated and mutually-reinforcing characteristics like awareness-building, capacity-building and skill development, participation, greater control and decision-making power, and action. Awareness building refers to awareness of women's situations, discriminations, and rights and opportunities as a step towards gender equality. Collective awareness-building provides a sense of group identity and the power of working as a group. Capacity-

building and skills development mean the ability to plan, make decisions, organize, manage and carry out activities, and to interact with people and institutions. Exercising participation, greater control and decision-making power in the home, community and society and taking action to bring about greater equality between men and women are other two important elements of empowerment.

The core of women's empowerment ideology argues that women's development can be viewed in terms of five levels of equality, of which empowerment is an essential element at each level. The levels, according to Longwe (1990), are welfare, access, conscientization, participation and control. The first level, welfare, addresses only the basic needs of women, without recognizing or attempting to solve the underlying structural causes, which necessitate the provision of welfare services. At this point, women are merely passive beneficiaries of welfare benefits. The second level, access, is essential for women to make meaningful progress. This involves equality of access to resources such as education opportunities, land and credit. The path of empowerment is initiated when women recognize their lack of access to resources as a barrier to growth and over-all well being, and take action to address this.

Conscientization, the third level, is a crucial point in the empowerment framework and it is an important concept in itself. For women to take appropriate action to close gender gaps or inequalities there must be recognition that their problems stem from inherent structural and institutional discrimination. They must also recognize the role they can often play in reinforcing the system that restricts their growth. Participation, the fourth level, is the point at which women are taking decisions equally alongside men.

To reach this level, however, mobilization is necessary. By organizing themselves and working collectively, women will be empowered and aim for increased representation, which will lead to increased empowerment and ultimately greater control. Control, the final level, is the ultimate level of equality and empowerment. Here the balance of power between men and women is equal, and neither has dominance over the other. At this stage women are able to make decisions regarding their lives and the lives of their children, and play an active role in the development process.

Work and Empowerment – Management of Women’s Economic Activities: a Manual for Activists, New Delhi (1991) proposes the following four characteristics of empowerment: collectivization, capacity and participation, taking control and mediation. Collectivization is the bringing together of women to enable them to become an integral part of economic activity. The group of women meets periodically to provide support and information to each other. Once women start coming together, the next step is to enhance their participation and capacity to work as a group and play different roles, necessary for the development and maintenance of the group. Involvement in economic activity builds women’s capacities in the areas of planning, executing and monitoring tasks.

Once women start acquiring the capacity to work as a group, planning, executing and monitoring activities, the issue of taking control (ownership and control) over the whole activity becomes critical. Taking responsibility for more and more functions in the entire process of economic activity helps women gain control over their ventures. Another important aspect of empowerment of women is strengthening their capacity to mediate with the world outside the family, group and village. Mediation entails



interacting with markets, with financial institutions, with competitors, suppliers, and the host of policy-makers and other important segments of the external economic environment.

Rahman (1990) suggests three qualitative elements of empowerment are organization of the disadvantaged and under-privileged into a group, social awareness of the disadvantaged in the group, and self-reliance of the group. Again, empowerment, in the context of a woman SHG member can be seen as having the following six components (NABARD, 2002): influence over economic resources of the family and participation in economic decision-making, influence on her own development as an individual, power over local polity and participation in socio-political decision-making, influence over other decisions pertaining to general welfare of the family, increased interactions with the other members of her group and community and improvement in the technical and managerial skills of the member.

### 2. 3. 1. *Models of Empowerment*

“Empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural, and environmental security among all peoples” (Beijing Platform for Action, 1995: paragraph 41). There are four basic views on the link between micro-finance and women's empowerment. There are those, including the researcher, who stress the positive evidence and are essentially optimistic about the possibility of sustainable micro-finance programs empowering women world-wide (World Bank, 2001). Another school of thought recognizes the limitations to

empowerment, but explains those as a result of poor program design (Micro-Credit Summit Campaign, 1999). Others recognize the limitations of micro-finance for promoting empowerment, but see it as a key ingredient within a strategy to alleviate poverty. Then there are those who see micro-finance programs as a waste of resources (Mayoux, 2001).

Underlying the current debate, there are three models on micro-finance and gender: financial self-sustainability, poverty alleviation, and feminist empowerment. Financial self-sustainability is currently the dominant philosophy within most donor agencies like the United States Agency for International Development, the World Bank, the United Nations Development program, the Consultative Group to assist the Poorest (CGAP) and the Micro-credit Summit Campaign. Here the main consideration in program design is provision of financially self-sustainable micro-finance services to large numbers of poor people, particularly micro and small entrepreneurs. Gender lobbies have been able to argue for targeting women on the grounds of high female repayment rates and contribution of women's economic activity to economic growth (Mayoux, 2001). In this model, it is assumed that increasing women's access to micro-finance services will in itself lead to individual economic empowerment, well-being and social and political empowerment.

The poverty alleviation model underlies poverty-targeted programs. Here the main considerations are poverty reduction among the poorest, increased well-being and community development. The focus is on small savings and loan provision for consumption and production and group formation. This model justifies some level of

subsidy for programs working with particular client groups or in particular contexts (Mayoux, 2001). Gender lobbies in this context have argued for targeting women, because of higher levels of female poverty and because of women's responsibility for household well-being. Poverty alleviation and women's empowerment are seen as two sides of the same coin.

Feminist empowerment model underlies the gender policies of many NGOs and the perspectives of some of the consultants and researchers looking at the gender impact of micro-finance programs (Johnson, 1997). This ideology underlies the development of some of the earliest micro-finance programs in the South, particularly the Self-Employed Women's Association (SEWA) and the Working Women's Forum (WWF) in India. Here, the underlying concerns are gender equality and women's human rights. Micro-finance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political empowerment.

Naturally, most micro-finance programs cannot be neatly grouped under any one of these three models. Programs following the same model of micro-finance provision may have very different gender policies and/or emphases and strategies for poverty alleviation. Even within many donor agencies, there is considerable disagreement. Staff involved in micro-finance are often followers of the philosophy of financial self-sustainability, those concerned with human development have generally more sympathy for the poverty alleviation model, emphasizing participation and integrated development, and gender lobbies favor at least some elements of the feminist empowerment model.

Mayoux (2001) speaks about three virtuous spirals in models of micro-credit programs for women's empowerment. In the economic empowerment spiral, women's access to savings and credit gives them a greater economic role in decision-making through their decisions about savings and credit. When women control decisions regarding credit and savings, they will optimize their own and their households' welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect. The financial sustainability and feminist empowerment models emphasize women's own income-generating activities. In the poverty alleviation model, the emphasis is more on increasing incomes at the household level and the use of loans for consumption. In the feminist empowerment model, individual economic empowerment is seen as dependent on social and political empowerment.

Increased well-being simply promulgates access to savings and credit facilities, and suggests that women's decisions about what is being done with savings and credit strengthens their say in economic decisions of the household. This enables women to increase expenditure on the well-being of themselves and their children. This is the main concern in the poverty-alleviation model. Women's control over decision-making is also seen as benefiting men through preventing leakage of household income to unproductive and harmful activities. Other welfare interventions are advocated in addition to micro-finance, such as nutrition, and health and literacy campaigns to further decrease vulnerability and improve women's skills.

Social and political empowerment is a result of women's increased economic activity and control over income resulting from access to micro-finance, with the additional benefits for women of improved skills, mobility, and access to knowledge and support networks. Women's status within the community is also enhanced. These changes are reinforced by group formation, leading to wider movements for social and political change. The financial self-sustainability model and the poverty alleviation-model assume that social and political empowerment will occur without specific interventions to change gender relations at the household, community or macro-levels. By contrast, the feminist empowerment model advocates explicit strategies for supporting women's ability to protect their individual and collective gender interests at the household, community and macro-levels. All three models are interrelated to some extent. No model becomes independent in itself. The researcher is guided by the integration of all three models.

### 2. 3. 2. *Summary*

Two empowerment processes can occur, one from below and the other from above (Gariyali and Vettivel, 2004). The empowerment process from below commences as women are mobilized and organized to form the SHG, gain awareness, go through a process of animation, are trained and capacitated. Empowerment is strengthened as the group saves, has money to lend, and the members use this money to relieve themselves from problems due to a lack of access to money to meet emergencies and other needs. The empowerment process from below takes its

full form when SHGs come together and form Village Level Federations, and when they take part in village meetings. On the other hand, the empowerment process from above commences as the SHGs develop external contacts with the banks, NGO, police stations and other government offices, and get to know the officials in these institutions personally.

Women's lack of empowerment emanates to a large extent from their relative lack of participation in so-called gainful economic activities. In terms of empowerment - that is, reducing powerlessness - a number of studies reveal that every loan made to women contributes to the strengthening of her economic and social position (Hulme and Mosley, 1996). The present research combines different models of empowerment guided by Longwe (1990), Sahai (1998) and Mayoux (2001), and gives its own operational model of empowerment covering individual, family and community areas to assess the real impact of women's micro-credit self-help groups in Tamil Nadu. Fifth chapter will test some variables to determine evidence of empowerment in a specific project organized by ASA.

## CHAPTER THREE

### REVIEW OF KEY VARIABLES ASSOCIATED WITH EMPOWERMENT

#### 3. 0. *Introduction*

A great deal of research has been conducted on micro-credit and its impact on the rural and urban poor in different parts of India. The following is a brief overview of the scope and conclusions of the relevant research in identifying relevant variables associated with three concepts: Micro-Credit, Self Help Groups and Empowerment. Review of relevant researches are based on women's involvement in micro-credit programs.

#### 3. 1. *Age*

Birley and Norburn (1987), in a study conducted in the United Kingdom, claim that the average age of female micro-credit entrepreneurs on entering into economic activity is 32.7 years. Naik, Nandakumar and Kallurkar (1990) and Ramamurthy and Kumar (1990) have also found that the optimum age for women to start their economic activities in India is between 20 and 40 years. A study by Tiwari, Philip, and Pandey (1991) in Karnataka (one of the provinces in India) reveals that the better-performing female micro-credit entrepreneurs are relatively young and concludes that they experience a stronger drive to be self-employed. According to Srivastava (1994), most of the women in self-help groups in India start their micro-credit ventures at the age of 35 years and above. Rani (1996) has observed in a study at Visakapatnam that the average age of women entrepreneurs at the time of starting micro- credit programs varies between 31 and 38 years. A survey carried out by Manimekalai and Rajeswari (1998) has noted

that the women entrepreneurs in self-help groups are mostly young, with the average age of 35 years. Research, therefore, demonstrates that women members in self-help groups take up their entrepreneurship ventures when they are relatively young, at the average age of around 35 years.

### 3. 2. *Education*

Education is essential in empowering a person with knowledge, skills and the self-confidence necessary to participate fully in development processes. Education plays a vital role in the socio-economic as well as cultural enhancement of a rural household. It is an important factor that influences the life-style, occupation and adjustment pattern of women entrepreneurs in self-help groups. Formal education of women entrepreneurs in self-help groups is an essential factor in increasing their chances of employability and empowering women to think for themselves. Education gives women a sense of worth and achievement by developing their intellectual capacity and resourcefulness, which in turn will increase their self-confidence and influence their personality, behavior and action. The World Development Council Annual Report (1981) rightly stated that the education of women is the best resource for all developmental programs.

Ramaswami (1985) has reported that education is a crucial factor for developing modern entrepreneurship and accelerating the entrepreneurial spirit. In her study on women micro-credit entrepreneurs in Haryana State in India, Singh (1992) has stressed that women with higher educational qualifications take up micro-credit economic activities as a challenge to do something new, while others with moderate education



cannot think of an enterprise as anything but a tool for earning money. Rani (1996), in her study on women entrepreneurs in Vishakapattinam, is convinced that education is the best means of developing a person's resourcefulness, which in turn encompasses different dimensions of entrepreneurship. The case study conducted by Gaonkar (1999) among the women potters in Margao town in the south of Goa, highlights the fact that all 25 respondents of the sample group are illiterate and have no formal education. But they are quick to grasp situations and make calculations mentally. For example, they can easily compute their income and expenditure, and cannot be easily cheated by anyone. It is clear from these studies that formal education and technical training benefit women micro-credit entrepreneurs by making available to them knowledge and skills necessary for entrepreneurial endeavor. There are also indications in the research that illiterate women also can cope with the challenges of entrepreneurship in trades.

### 3. 3. *Family*

The family is the most important human grouping, especially in rural India. It is the primary group with which every individual is directly associated. It is the locus of socialization which subsequently directs and guides the behavior of its members. The type and size of the family determine the extent to which women can take decisions independently. One cannot speak of women without dealing with their family functions (Mies, 1980). There are divergent reports on the impact of family profile on the micro-credit performance of women in self-help groups. Women entrepreneurs from extended families experienced less mental stress than those from nuclear families (Bhardwaj, 1982

and Renu, 1990). Lata (1990) has shown that many women entrepreneurs belong to extended families. Contrary to this, Shah (1985), Sengupta (1986) and Renu (1990) believe that the majority of the women's self-help group entrepreneurs emerge from nuclear families rather than from large and medium families. However, Rani (1996) asserts that the family structure and the environment in the family motivate or shape women entrepreneurs. According to the author, 78 % of the women entrepreneurs are from nuclear families, and only 22 % from extended families. A similar observation has been made by Yadav (1999) among the farm-women workers of Sourashtra, where 35 per cent of women entrepreneurs come from extended families and 65 per cent from nuclear families. The majority of the studies in this area have shown that nuclear families are more suitable to the development of women in micro-credit groups.

### 3. 4. *Caste*

The Caste system plays a major role in socio-economic and cultural stratification, particularly in rural India. The caste system is a pivotal element in the hierarchical stratification of Indian society and it largely determines the individual's function, status and opportunities available for a better life. Caste is one of the most important and the oldest institutions of Indian Society. It is also a social mechanism through which an individual internalizes values, norms and behavioral patterns. The social restrictions on women, common notions about women and their roles in the domestic and non-domestic spheres are largely derived from their caste background (Rao and Prasad, 1973).

It is evident that women's entrepreneurial activity is rigidly stratified by the caste system, as a result of which women micro-credit entrepreneurs are unable to change occupations or acquire new skills or exploit new opportunities. However, due to changing trends in society, social taboos related to caste are no longer a barrier to the emergence of women entrepreneurs (Subramanyam, Venkataratnam and Raju, 1984, and Ramaswami, 1985). The emergence of entrepreneurs from certain "restricted" castes and religions such as Marwari, Sindhi, Panjali and Bania more often than others may further reinforce this situation. Although there are other demographic variables like religion, marital status, occupation, household size, number of children, earning and dependent members, the dominant ones are age, education, type of family and caste and hence, they are given emphasis here.

### *3. 5. Importance of Micro-Credit and Women's Self-help Groups*

Women in India have historically experienced numerous difficulties in their socio-economic life. Today, however, women stand at the crossroads. They are in the process of revising and redefining their roles and values in all spheres of activities. Dubhashi (1987) has demonstrated that micro-credit business involvement helps women improve their position not only in their family but also in society. Entrepreneurship raises women's confidence and enables them to gain status and respect in society. In fact, one of the most effective and least controversial ways to empower women, rich or poor, is to inculcate in them the spirit of entrepreneurship. Shah and Bhuptani (1990), in a study of 300 trained, middle- and high-income women entrepreneurs in Gujarat, reveal that almost

all the women expressed difficulty in getting things done quickly during business planning and implementation stages. This may be attributed in part to the fact that women generally are more averse to risk-taking than men, especially in the initial stage of business development. However, better-educated women became successful entrepreneurs at a faster rate. Most of the women in the study had certain natural entrepreneurial abilities, which developed considerably as a result of training, leading to the conclusion that such training should be an important element of the Women Entrepreneurial Development (WED) curriculum. The authors proposed a viable solution that group approach could solve many of their problems.

Wadhwa (1995), in his study of self-help groups as a way of reaching the poor, recognized that in many countries, the SHGs are a response to economic marginalization. He notes that the lending procedures adopted by the groups are very simple and loans are provided on the basis of group decisions and mutual trust, and that appropriate utilization and timely repayment of the loans are generally excellent. With time and an increase in group resources, there is a general shift in focus from the use of funds for consumption (food, health services, social functions) to production (crop loans, purchase of milk animals, sheep, goats, silkworms and so on).

In his study of informal group finance and its relevance to the rural poor Gangadharan (1995), concluded that the promotion of groups for self-help in rural development activities appears to be the only viable solution to improving conditions for the poor. In his case studies of SHGs, group members complained that the rigid lending policies of the banks, cumbersome loan procedures and general apathy of bank staff

toward SHG activities contributed to an unwillingness to seek “traditional” bank financing.

Fernandez (1995), in a conference paper on self-help groups, concluded that the experience of linkage projects in India has been quite encouraging. This model has benefited both the lending institutions and the poor in several ways. The idea of financing lower-income groups through SHGs, according to Fernandez, is gaining favour with credit institutions in India. He sees SHGs as beneficial because such groups assume a socio-economic character and lead to wider awakening among the rural poor. Generally, SHGs are emerging as an important method of providing formal financing to the poor in a market-oriented context.

Paul, Kumar, Mampilly (1996) have observed in their study that in Kerala, women entrepreneurs outnumber men entrepreneurs. Kerala has made significant progress in the field of social development and this is reflected in the higher level of literacy among women. Women entrepreneurs of Kerala have access to education and capital. They have a high degree of motivation and enter into business as a result of encouragement received from husbands, relatives and Mahila Sangams (women groups). A majority of women entrepreneurs seek rewards in the form of good returns on investments and find their work satisfying and challenging. Above all, the authors stress the need for educational institutions, particularly women’s colleges and universities, to conduct training programs in entrepreneurship development and for the establishment of industrial estates and marketing complexes exclusively for women entrepreneurs.

Mujumdar's (1996) case study on rural credit demonstrates that the World Bank has been showing increasing interest in micro-credit programs as an effective way to reduce absolute poverty. In fact, the World Bank has recognized the need to subsidize credit to specific target groups. According to Mujumdar, by linking self-help groups and voluntary organization (VOs) with credit institutions, innovative modalities of credit delivery can be devised which reduce the transaction costs of the credit institutions and also ensure better repayment performance. This approach inculcates saving habits among group members, enabling an increased mobilization of resources for rural development.

Melhotra (1996) presented a paper at the conference on "Linkage Banking – NGOs as Intermediaries in Micro Finance: the Indian Experience", held at Bangalore. The paper explained that the experience of the State Bank of India in financing SHGs has so far been encouraging. The branch functionaries in the study areas have themselves encouraged the poor to form SHGs. They have also utilized the services of NGOs for this purpose. In states like Tamil Nadu, Kerala, Karnataka and some parts of Andhra Pradesh, progress has been made due to the presence and involvement of NGOs' credibility in the community. The paper concludes that banks are attracted to the SHGs mainly because of low transaction costs, the high percentage of recovery and the mobilization of rural lending. The linkage program is an innovative method of economically empowering the poor.

Srinivasan (1996) examines why Self-Help Groups succeed from the borrowers' point of view. The study concludes that SHGs are not merely a vehicle for credit, but

represent autonomy, freedom from the tyranny of the formal and informal credit system, and proof of their empowerment.

Kumar (1996) presented a paper on NGOs as intermediaries in micro-finance in Bangalore. This impact study on women who had borrowed from SHARE (Society for Helping and Awakening Rural Poor through Education) showed very positive results. The study found various impacts on the members, such as an increase in income, improved nutrition, and increased expenditure on clothing, health and education. At the same time, there was also an increase in voluntary savings. About 50% of the households in the study area had in fact emerged from poverty and improved their shelter. Children, including girls, were sent to schools. Access to government development programs had increased. The rural poor had become involved in integrated, holistic and sustainable development, leading to demonstrable improvements in living conditions within a short time period.

Moin (1997), in “Self Help Groups – A Novel Approach to Rural Development” notes that the SHGs have become significant institutions for rural development, particularly in the case of rural women. The author notes that the banking sector in India has formally accepted SHGs as eligible entities for deployment of credit. The study concludes that it is more useful to adopt a group approach to development, rather than to target individuals. Mohan (1998), in his study “Rural Credit and Self Help Groups,” concludes that improving access to credit and improving other financial services is an important policy concern. Credit for self-employment and other business services, according to his study, acts as a “vaccine” against poverty, and he sees the spread of the

bank linkage program promoted by NABARD as a tool for the eradication of poverty. He concludes that micro- credit is an important means of poverty eradication and SHGs are among the most cost-effective methods of delivery of credit to the poor, in particular women, who have not already been reached by development and financing programs.

Rao and Padmaja (1998), in their study on self-help groups in Andhra Pradesh, concluded that the women involved were very active in participating in group savings. Most of the women in the study expressed satisfaction with the involvement of the program staff in the running of their groups. The majority of the women in the study started self-employment ventures such as small shops, canteens, tailoring businesses, milk business and so on with the help of loans taken from the SHGs.

Karmaker (1999) notes that the London-based Barnes Institute carried out a study in 11 countries, including India, which demonstrates that the poor are credit-worthy if credit can be channeled to enterprising individuals and small groups through non-banking organizations, when credit programs are founded on the basis of solidarity and when loans are given to individuals in a group, members of which are themselves also borrowers and co-guarantors for loans.

Ganesan and Duraipandian (1999) have stressed the fact that training of rural women is important to increase their involvement in the development process, enhance their skills, make them equal partners in national development and also prepare them to face new challenges through technological development. The authors have also suggested that more training programs should be initiated in the regions and by



businesses, including subjects such as information-sharing and provision of infrastructure facilities.

Mittal (1999) studied grassroots finance in Tamil Nadu. He notes that, where micro-credit has been implemented, the repayment rate is almost one hundred per cent. His study concludes that micro-credit is the new model for development, and foresees that this model can be extended to large numbers in both urban and rural areas.

Bernardshaw (1999) has identified the principal problems faced by women entrepreneurs as competition from male counterparts, paucity of finance, lack of mobility and social taboos. The author proposes training women entrepreneurs in various technical areas, for example, scientific animal husbandry and basic veterinary care, as animals like sheep, rabbits, goats, poultry and bees are reared primarily by women for additional income. Similarly, aquaculture opens new vistas of economic progress for rural women. Cultivation of medicinal plants is another important and growing branch of agriculture with possibilities for income-generation for women. Finally, food-processing technologies like pickle-making and food preservation can help to generate more income for women.

Mohanam S (2000) notes the relevance for women of the micro-credit system, given their historical involvement in the sphere of micro-credit, and affirms the important role NGOs play in the micro-credit system. Anand (2000), in his article “Micro Finance in Kerala,” published in Kurukshetra, describes a self- help group operating on the community development society model which proved to be an effective way of eradicating poverty through a participatory, transparent process. The empowerment of

women through micro-enterprise creation was found to extend their empowerment in family and financial matters generally.

Suriyakanthi (2000), in her article “Literacy Essential for SHGs” reveals that SHGs empower women in several ways. In the context of feminist discourse, she analyses the social and political empowerment of women that flows from their economic empowerment. First, she notes that the myth that women cannot save is disproved. Second, when a woman becomes a member of an SHG, her horizon of activities enlarges, giving a new dimension to her sense of fulfillment. Third, the myth that only men can raise credit for the family is disproved. The woman is seen as able to access credit and share the financial responsibilities of the family. This improves her self image and she commands respect from her family members. Finally, the SHG can become a forum for non-formal education, enabling women to develop leadership qualities and contest local elections.

Aswathi, Rathi and Sahu (2001) demonstrate that SHGs have had a positive impact on creating leadership qualities and improving literacy, awareness of health and hygiene matters and skill formation among group members. However, the authors found that SHG members experienced a variety of problems, including lack of motivation in backward and forward linkages, inadequate infrastructure, insufficient loans, inadequate provision for marketing and availability of inputs and lack of systematic monitoring and follow-up of activities. Thus, there is demonstrable need to evaluate the SHGs annually to assess the progress of the different income- and employment-generating programs.

Kullshrestha and Gupta (2001) show that SHGs can also create awareness of health issues. Preventive medical care remains a neglected area in rural areas because the rural poor tend to accept pain and suffering. The Self Help Groups are well-suited to tackle gender-linked issues like wife-battering, child marriages and harassment by employers. They can also take up general community issues, addressing common problems through group action and demanding participation in the development process. In many instances, SHGs have successfully become involved in group causes and fought against deprivation and social stigmas. The basic philosophy of SHGs comprises two fundamental principles: that the poor can move from dependency to self-reliance much faster through social mobilization and awareness than through economic intervention, and that women form the basis of social mobilization, so that promoting women's empowerment is the most cost-effective strategy available for economic development.

Sarangi (2001) shows how women achieve social and economic status through involvement in SHGs. The SHG is a viable tool for rural development and the promotion of community participation in rural development programs, as well as a vehicle for disbursing micro-credit to women and encouraging them to enter into entrepreneurial activities.

Pandian and Eswaran (2002) describes the provision of micro-credit to women by banks through the SHGs. They note that increased access to credit liberates women economically and socially, ensuring them employment and income, and empowering them economically and socially. Though the credit provided is micro in nature, it has produced macro changes in the lives of the women who received it.

Dwarakanath (2002) describes how SHGs occupy an important position in rural credit. Women-led SHGs have successfully demonstrated how to mobilize and manage thrift, appraise credit needs and enforce financial self discipline. This study reveals the effectiveness of these groups in establishing linkage programs with financial institutions and creating awareness of the significance of women's empowerment and rural credit generally. The SHGs in the impoverished district under study emerged as a new paradigm for eradicating poverty.

Singh (2003) states that the Self-Help Group bank linkage program promoted by NABARD for the last ten years is the largest and fastest-growing micro finance program in the world. The projection that bank credit would be provided to 125,000 SHGs in 2003 was in fact surpassed, and by January 2003, bank credit of Rs.598 crores had been provided to about 25,000 poor families through 150,000 new SHGs. However, the spread of the program across India has been uneven and has largely remained confined to a few states. According to the author, given the success of this program, it is imperative that the SHG -Bank linkage program become a national endeavor.

Galab and Rao (2003) note that women members of SHGs have become involved in a number of non-traditional tasks such as marketing and become engaged in other non-traditional enterprises. Through access to and control over their savings, credit and income, women have also gained the freedom to move and interact with officials and other women, and to move beyond the boundaries of traditionally "female" tasks. Thus, there is some improvement with regard to the "power with" dimension of empowerment,

such that women are able to handle some of the issues relating to their lives independently.

Das (2003) sees that the basic objective of SHGs is to develop a savings capability among the poorest sections of society, which in turn reduces dependence on financial institutions and develops self-reliance. Women, who are disproportionately the focus of micro-credit programs, become as a result of their involvement in credit and enterprise more disciplined, creditworthy and more concerned about their family's development.

### 3. 6. *Women's Empowerment within Self, Family and Society*

Search Bulletin (1997) with a section on "Assessing Women's Empowerment," a study of Dharmapuri District in Tamil Nadu, details the impact of the involvement of a group of women in SHGs and micro-credit enterprises on their empowerment within the self, in the family and society. The women achieved recognition in the family and were consulted in the decision-making process. They gained social status and acquired respectability due to their improved economic strength. They became more self-sufficient and self-reliant, and their individuality was increasingly recognized. They had carved out a role for themselves in their society, and were consulted to resolve conflicts in the village. An impact within the family was also evident as women now supplemented the family's income, and as a result gained self-respect and acquired decision-making power in the family. On the level of concrete improvement in standard of living, they had been able to pay to have the roofs of their huts tiled, and they recognized and were able to act

on the importance of eating nutritious food. Perhaps most importantly, they now recognized the importance of educating both sons and daughters.

The study also discusses the impact of women on their society. Generally, women gained greater respect. They were now invited to participate in village meetings. Domestic violence decreased. Women attended training programs on legal aid, education and health and participated in meetings with officials and in lobbying the government on various issues. Women became owners of productive enterprises and further multiplied their income through chits and buying land.

Puhazhendi (2000), in his “Evaluation study of Self Help Groups in Tamil Nadu” writes about the impact on empowerment of women in SHGs with special reference to social, economic and behavioral changes. Most of the women in the study increased their income level manifold and contributed to the development of their family. In the process, many of the women reported that they were participating in the financial decisions of the family, which earlier they were not allowed to do. Involvement in the SHGs significantly contributed to improving the confidence of the members in managing financial crises in the family. All the members were receiving financial support from their husbands, which was not the case before they joined the group. The women group members expressed satisfaction over their own progress and performance and a strong desire to continue their association with the group. On a practical level, as a result of greater confidence stemming from their involvement in the SHG, many women were able to restrain or minimize their husbands’ problem consumption of liquor addiction and to settle family quarrels. Most of the members were sending their children to school. It was also

noteworthy that a few women members of the groups were elected to panchayat (local governing) bodies. The dynamism of the group helped the women to collectively pressure the authorities to build roads, supply electric connections, provide drainage and wells and construct community halls. On more global attitudinal and social issues, the women started to discuss and address their common problems, which would not have been possible in the absence of the Self-Help Group as a locus and promoter of such communication. A survey of women's attitudes subsequent to their involvement in the SHG demonstrates that this greater social interaction and awareness could definitely become a motor to improve the quality of life of women. For example, about 82 per cent of group members surveyed protested the abuse of women in films. Similarly, 94 per cent strongly disapproved of a husband beating his wife. A higher proportion of the members also protested gambling as well as drinking after joining the group.

Hishigsuren (2000), in her study "Holistic Approach to Development – Practitioner-Led Impact Assessment," shows that through provision of micro-finance and developmental services, Activists for Social Alternatives (ASA) has empowered its women clients in self-help groups, improved their access to and control over resources and enabled them to improve the quality of life both in their household and in the community. Overall, the members reported positive changes in each of these aspects and demonstrated significant empowerment. The length of program participation had a direct relation to the level of empowerment in each of the above-identified aspects: members with higher seniority reported greater changes and more incidences of change. Significant empowerment (improved self-confidence) was reported in terms of greater confidence

and ability to plan for their future (90%), increased mobility (67.5%) and improved appearance (90%). As a result of compulsory saving, all members had saved significant amounts, which provided them with greater economic security and self-confidence for their future. The women's involvement in the group enabled them to have aspirations and make concrete plans for the future (domestic empowerment), to send children to school, construct a new house or expand the existing house, purchase a vehicle or livestock.

Noponen (2004) demonstrates in "ASA–Grama Vidial – Micro finance Impact Report 2003," that the three mutually-reinforcing virtuous empowerment spirals conceptualized by Mayoux (2001) appear to be operating well in ASA's micro finance program. The data results described in her report show a positive impact in each of the three spirals of economic empowerment, socio-political empowerment, and household well being for ASA women participants and their households. The ASA program appears to be reaching its poor target group given the high level of landlessness, few productive assets, low literacy and poor living conditions of newly joined members. Over time, ASA members are able to make significant improvements in their productive activities. With the help of their loans, ASA participants have repaid debts, reclaimed mortgaged lands, started new enterprises, reinvested in or improved existing ones or changed activities. Long-term ASA members in particular were able to increase their land and livestock assets and improve their conditions of work with respect to work-place, inputs and market.

The women members of ASA are mostly active participants in the household economy, retaining sole or joint decision-making control over the use of the loan, the



operation of the business and use of the profits. Gender relations are good, with low levels of violence and abuse overall. There were improved gender results for long-term members in terms of greater female participation in household decision-making and female sole or joint ownership of land and shelter assets. Long-term ASA members are also more physically mobile, visiting important government institutions and participating by speaking out more in public meetings. Long-term ASA members enjoy improved housing conditions and report greater satisfaction with nutrition and health care access. There was a higher rate of school attendance and greater gender equity and a corresponding lower rate of child labor for long-term ASA members.

There were a few negative findings from the analysis. Over time, there was a higher utilization of loans for consumption and male productive activities and less investment in women's productive activities. Financial service programs for women producers do not address the issues of skill training, occupational and wage discrimination, unequal access to and treatment in supply and product markets, nor do they take into account such other constraints on women's economic participation as household work burdens. They provide credit to large numbers of poor women, but not the other resources that promote their success.

Gariyali and vettivel (2004) have identified various elements of empowerment in their book "Women's Own: The Self-Help Movement of Tamilnadu." Some common elements of change occurred in all SHG members. They learned to save from their small incomes and expenditures. They could borrow small amounts from their "own" savings from their "own" SHG. Especially, these women could slowly stop borrowing from

the local moneylenders at exorbitant rates of interest, typically 120% (this borrowing system is locally called *kanthu vatti* (usuary)). This was a great and significant relief for the whole family as a substantive part of their incomes had been devoted to these heavy interest payments. The members borrowed from the SHG to pay school fees for children, to meet household and farm expenses and to deal with emergencies. Some SHGs even had direct credit linkages with banks, borrowed money from them and lent to the members, enabling them to become involved in economic activities. These members bought buffaloes, cows, and goats and set up shops. SHG animators, representatives and members attended training programs, developed outside contacts in government offices, and were thus able to benefit from various government programs. From being confined at home, women were able to know about and move into the outside world.

According to Gariyali and vettivel, finally and undoubtedly, the human, organizational and political capabilities of the women in the SHGs have been enhanced: they have learnt to work together as a group; they can conduct meetings and pass resolutions; they can maintain registers and accounts; they can meet outsiders (even men) without being shy; they can speak boldly and take part in any meeting conducted by outsiders; they can visit government offices without fear; they can meet with high officials, interact with them and present demands regarding village issues.

In terms of empowerment within the family, SHG members reported they enjoyed special respect at home, their opinions were sought and respected, and they were able to think and act independently. They felt increased self-confidence and mobility, easily obtaining their husbands' permission to go wherever they wanted easily; they frequently left a

cooked meal which the men ate by themselves, and then fed the children. They reported that the men understood, cooperated and shared in their household work; for example, if a visitor arrived while the woman was cooking, she might ask her husband to complete the cooking, and he did so without objecting. The husbands themselves encouraged the women to attend the group meetings on time. They had realized that there was benefit in their wives being members of the Self-Help Group. The women no longer depend upon the men for money. In spending decisions, the women consult their husbands, but can spend on their own also. The woman is seen as one who saves money, has self-confidence, solves problems, is mobile, has outside contacts, knows a lot of information, and gets loans for the benefit of the family. In the family context, parental approval is important: after becoming aware of the activities of the groups, there is no opposition to women's involvement from the parents. On the contrary, they show more interest, ask questions about group activities, and incite women to attend meetings and offer encouragement. In-laws do not object to involvement in the Self-Help group and in fact, even take over the housework if the women have to be absent from the home. Generally, the family speaks with pride of women's involvement in the group and even the children state proudly "my mother is in a group".

In terms of community empowerment the authors noted, Women in SHGs reported that in respect of any societal problems or common issues, their opinions were solicited and valued. They were invited to the Gram Sabha (village) meetings and were given special respect. There was a general acceptance in the village that the work women are doing is useful. They are now seen as social actors who obtain the benefits of programs from

government and non-government sources, as people who contribute to their society and who solve common problems. They had spoken up against violence against women and had got men remanded to jail. So, there is a new respect for women among the men in the community. The women have started to voice their concern on community issues generally. They now enjoy a special respect in the village, speaking collectively as women, and are able to work together as women, irrespective of differences of caste and religion.

### 3. 7. *Summary*

The Self-Help Group approach has become the dominant model for the alleviation of poverty and the empowerment of women. Women are the backbone of society and they must be empowered and trained to play a constructive role in society. From the review of the literature it is clear that though there has been a positive growth in women's entrepreneurship in SHGs in recent years, more encouragement and support are required to enhance the socio-economic status of women SHG entrepreneurs. In particular, rural women entrepreneurs require more support and involvement by government and NGOs. Generally, there must be greater social and governmental recognition and encouragement of women's contributions.

The present study was undertaken in response to the need for further systematic and objective assessment of the impact of micro credit on the empowerment of women involved in SHGs. The researcher knows from his literature review that the approach to evaluate the impact of women in SHG micro-credit programs was either partial or from

the point of organizations delivering micro-credit loans to women. Credit institutions were exclusively concerned with administrative and managerial tasks and evaluated their success according to two criteria: increasing the number of female borrowers and achieving high loan repayment rates. Few of these organizations have explored the success of their projects by attempting to measure the effects of their program on women's socio-economic empowerment which may not be total. The researcher is of the opinion that this has to be further analyzed with a holistic approach comprising most part of the evidences of empowerment from the point of the beneficiaries. Hence, the present study is focused on women's interactions and negotiations within themselves, the household and the larger society through their involvement in the group lending and savings program.

## CHAPTER FOUR

### METHODOLOGY

#### 4. 0. *Introduction*

The review of the literature relating to the empowerment of women in micro credit programs in rural and urban areas has given a general idea about their performance. However, the analytical strategy employed in the earlier studies and the conclusions arrived at by them may not be totally applicable to the present study. Hence, a detailed description of background and methodology becomes necessary.

#### 4. 1. *Research Design*

The research design is an exploratory descriptive study based on using multiple sources of evidence, namely, semi-structured interviews using pre-established questionnaire, and in-depth qualitative open-ended interviews. It is an attempt to explore and describe the various performance characteristics of women in micro credit SHGs and the impact of the latter on their empowerment. The use of multiple sources is deliberate to provide a broad range of perspectives on the evidences of empowerment.

The researcher tries to compare the conditions for the same group of participants before they joined the program and at some point (three years) after having experienced the program interventions of, group formation, credit, income, savings and other financial services such as insurance and pension for an adequate period of time. The working hypothesis here is that there are significant differences in *income, savings, assets,*

*expenditure, basic amenities, and attitudinal and behavioral changes* of the rural women before and after their group membership through the interventions of Self Help Groups and Non-Governmental Organizations which ultimately lead them to empowerment. By comparing the life condition of members before joining the self-help group to their condition three years after joining, the hypothesis is that their conditions would have improved as a result of the program interventions. Hence, the impact of the program is measured as the difference in the magnitude of a given variable, known to be associated with empowerment, between the pre-and post-SHG involvements. This may not be an exact impact assessment without a comparison group. The researcher is aware of that major limitation in the present study.

#### *4.2. Sampling Frame*

The population for this study is defined by the membership in rural women micro credit self-help groups organized by ASA in the province of Tamil Nadu. The Activists for Social Alternatives (ASA) is functioning in six districts in Tamilnadu state, India with the total branches of 27 covering 1871 villages with a number of 4095 centers (groups) with the total women membership of 68187. Trichirappalli is the central district of Tamilnadu and ASA is actively functioning there with the total branches of nine. The researcher selected this particular district for his research study. Again, this district has nine branches and four of them were selected randomly, which are Somarasampettai, Chozhan Nagar, Manikandam and Manaparai. These four branches are rural in nature and cover all parts of the district.

According to the Annual Report of ASA (2004), these four branches have the total membership of 10821 rural women (Somarasampettai 3128, Chozhan Nagar 2728, Manikandam 2355 and Manaparai 2610) with the total groups of 567 (Somarasampettai 150, Chozhan Nagar 128, Manikandam 150 and Manaparai 139) and with the total villages of 421 (Somarasampettai 69, Chozhan Nagar 33, Manikandam 103 and Manaparai 116).

#### 4. 3. *Sampling Strategy*

Purposive and random sampling methods were applied for sample selection. The researcher met each branch manager for the selection of the sample for the survey.

Purposive sampling was applied in the first round to assure that the participants have either three years of membership or three loans. Anyone who is not a member for more than three years or with less than three minimum loans and is not involved in economic activities were excluded. Sixty members were randomly selected from each center for a total of 240 subjects. However, out of the 240 selected members only 230 responded. Since the ten women who did not respond were not from a particular group of community, age, religion, area and education, the research concluded that they did not represent a selective sample loss.

#### 4. 4. *Procedure*

For the purpose of collecting data, the researcher used semi-structured interviews for quantitative analysis and open-ended interviews for qualitative analysis. With the



view to assess the feasibility and reliability of the pre-established questionnaire, the researcher conducted a pilot survey with five per cent of the total sample and these women were included as part of the total sample. Once the feasibility and reliability of the questionnaire were established the survey proceeded with entire sample.

For the purpose of conducting quantitative interviews, the researcher employed two research assistants who were Ph. D candidates in community development and with training on research on micro-credit. They were given a complete orientation about the goal, purpose, importance and main concepts of the study covering three sessions lasting two hours each. In order to make them competent and to avoid subjectivity, the researcher asked them to conduct a pilot survey in his presence, with five members. The research assistants were paid for their work according to local scale of pay. On the basis of the data collected during the pilot survey, items in the questionnaire, which were not relevant, were deleted and the final format of the questionnaire was prepared.

The selected members as participants of this research were contacted through field workers of ASA and dates were fixed for interviews. The participants who responded were asked to take part in semi-structured interviews, as most of them were illiterate. The participants were assured that confidentiality and anonymity will be maintained. The participants were not asked to provide any identifying personal information unless they wanted to. For cultural reasons, it was not possible to get written consent. The researcher got the verbal consent prior to interview that was recorded in his field notes in the presence of his assistant. Assurance was given to women that their participation has no influence on their status in the project.

This study sometimes could pose some risk to participants as there were some questions related to physical violence, verbal abuse, psychological and emotional abuse and negligence at family and society levels. The researcher took all possible measures to keep confidentiality. He took responsibility for any risk that could possibly occur during his study. Also every attempt was made if needed to ensure confidentiality by removing statements that would pose risks. Then, the researcher along with his research assistants interviewed all the participants in their respective branch offices spending an average time of one and half hours with each participant. All the participants were given a day salary with noon meal.

One of the major weaknesses of this study is that the researcher is not very sure about the life conditions of the participants before they joined the SHGs. To overcome that limitation, the researcher randomly selected 10 women among 240 for in-depth qualitative open-ended interviews, representing all four branches to see whether there are any actual changes in the participants. The purpose of the qualitative interviews was to (a) assess the life conditions of the women before their participation in self help group micro-credit program and (b) use the obtained information to corroborate the veracity of reported progress from the survey. Empowerment is a movement from a prior (before) condition to a future condition (after). Hence, this effort would help the study to shed some light on the specific factors that contributed to their empowerment in line with their present quality of life at personal, family and community levels.

In terms of qualitative interviews, choice of sample size was guided by McCracken's (1988) suggestion that in qualitative studies relying on in-depth interviews,

“less is more” (p.17). McCracken suggested eight as an ideal sample for most research explorations. In the present study, the researcher interviewed 10 subjects. The researcher tape-recorded all 10 interviews and transcribed them verbatim for analysis. According to Glaser and Strauss (1967), sampling in qualitative grounded methodology comes to a closure when themes become apparent in the data. For the purpose of the analysis the researcher began to identify three major areas of empowerment, namely, individual, family and community levels.

In terms of data collection, it has been argued that it is important to ensure that surveys and interview guides are translated appropriately, that is, in a way that is culturally relevant and not simply linguistically competent, because some terms lose their connotative meaning if translated literally (Saito, Nomura, Noguchi & Tezuka, 1996). Quantitative interview survey and qualitative open-ended interview guides were written in English in fulfillment of the requirement of the ethics review, but were later translated into Tamil. In this regard, the researcher conducted the interviews and relied upon conceptual translation rather than literal one.

In addition to the data collected through primary sources, other secondary data were also collected from the governmental organizations such as the Trichirappalli District Rural Development Agency (DRDA), and from the NGO ASA. The secondary data provided by these organizations from their annual reports, office files and pamphlets are useful in cross checking the information collected from the participants.

#### 4. 5. *Difficulties Encountered*

It is a positive remark that SHGs are formed in the rural areas, as rural women are the poorest. Women from remote villages have their own culture, which was difficult for the researchers to cope with. Punctuality is not one of their values. Some turned up very late and still some did not turn up at all. Around 60 per cent of them were on time. The researcher could not carry out the survey within the time frame. One of the reasons could be that it was difficult for them to reach the branches as they were living in remote villages. Hence, it was difficult to be on time for interviews.

Some of the SHG members were with the short-term goals of just getting financial assistance. The rural women are mostly dependent in spite of their membership in SHGs. Some of them who were selected for the survey on the basis of three years of their membership or with three minimum loans showed up with their friend members who were not part of the sample (new members in the groups). Demands were made to interview them too although they did not meet the inclusion criteria and the researcher did not interview them.

Culture of silence was very much seen as part of their behavior. Participants were not so free to answer the questions regarding their family details, business, income and household assets. They were afraid of answering anything personal. It was a big task for the researcher to motivate them to do so. It was almost a challenge for the researcher and his assistants to get real answers from the participants.

From the perspective of the NGO, the branch managers and other staff were a bit hesitant to allow the researcher in their area for survey for fear that the researcher may

come up with some negative findings. The researcher had to make clear to them that every research comes out with both positive and negative outcomes and that negative outcomes are meant to be used to improve micro-credit systems.

#### *4. 6. Description of the Survey Instrument*

In order to achieve the research objectives, the survey questionnaire was based on variables related to rural women's activities, processes and results in Micro Credit Self-Help Groups. This questionnaire was obtained partially from Self-Employed Women's Association (India). However, more indicator-items had to be added to the pre-established questionnaire in order to meet the research objectives. Hence, the researcher had to add some aspects on family, self-help groups, and NGO's details, training, acquisition of new skills and values and their community participation as part of evidences of empowerment. The questions that were from the NGOs' and credit institutions' point of view, which the researcher considered not necessary, were deleted. The final questionnaire addressed the following important variables: what kinds of effect the membership in self-help groups and the micro credit loan has had on their income generating and social activities leading them to empowerment. The researcher tried to find out what are the determinant factors of empowerment for women defined by the women themselves through the guidance of his operational model of empowerment shown in figure 1.

#### 4. 7. *Variables for Analysis*

The key variables were extracted from the survey questionnaire for statistical analysis. The following are the variables used in the analysis: *Demographics*: Age, caste, religion, marital status, education and occupation, *Family information*: Type of family, household size, number of children, and monthly income, *Self-Help Group information*: Size of the group, years of membership, and satisfaction with group performance, *Loan details*: Loan purposes, amount of last loan, and repayment. From the variables derived from the survey and the qualitative interviews, an operational model of empowerment was developed. By operational is meant that any increase in the variables included in the model will be considered as indicators of empowerment. It is important to mention that not all the variables collected in the survey will be used to answer the research questions, namely factors associated with empowerment. The variables that will be used in the analyses will be based on the speculated model of the empowerment that will be described in the following paragraph.

The operational model of empowerment in figure 1 is divided into levels of empowerment that is comprised of variables representing the personal, the family and the community aspects. Figure 1 describes participants' positive changes at their personal, family and community levels that are considered as evidences of empowerment. These three levels are interconnected to each other and therefore, they are not independent by themselves. The concepts associated with the personal perspectives are self-confidence, economic condition and acquisition of skills and values. These concepts are measured both at the quantitative and qualitative levels. For example, for the concept of self-

confidence, the quantitative level is comprised of helping neighbors in need. The qualitative variable tapping this concept is derived from qualitative interviews where the researcher probed variables like planning for the future, independent mobility and so on or the researcher assessing the quality of personal appearance.

The family perspective is tapped by two conditions: Family economic condition, and family relationship. These concepts are measured both at the quantitative and qualitative levels. For example, for the concept of family economic condition, both quantitative and qualitative are comprised of family expenditure on food, education and medical care. The perspective of community level empowerment is tapped by two concepts: Community participation, and community relationship. For example, for the concept of community participation, the quantitative level is comprised of community welfare programs while the qualitative level is comprised of attending public meetings.

Some variables related to ASA (Non-governmental facilitating organization) were also tested in order to know their significance in the activities of the participants. The Levels of empowerment and their underlying concepts are measured by both quantitative and qualitative variables. All the concepts of empowerment are measured quantitatively. However, some of the concepts are not tapped by qualitative data. They are: economic condition, acquisition of skills and values and community basic needs.

The operational model of empowerment is shown in figure 1.

Figure 1

*Operational Model of Empowerment*

| Levels of empowerment | Concept                          | Quantitative Variables                                                                                                                                                                                                       | Qualitative Variables                                                                                                     |
|-----------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Personal              | Self-confidence                  | Meeting family financial crisis<br>Helping neighbors in need<br>Communicating in meetings<br>Meeting government officials<br>Reaction to social evils<br>Business management ability<br>Trainings                            | Planning for future<br>Appearance<br>Independent mobility<br>Savings<br>Decision-making                                   |
|                       | Economic condition               | Loan for business<br>Income<br>Savings<br>Life insurance                                                                                                                                                                     | --                                                                                                                        |
|                       | Acquisition of skills and values | Independent mobility<br>Skills in:<br>a. Business<br>b. Accounting<br>c. Reading and writing<br>d. Communication<br>e. Group facilitation<br>f. Time management<br>g. Listening capacity                                     | --                                                                                                                        |
| Family                | Family economic condition        | Assets and facilities<br>Family Expenditure:<br>a. Food<br>b. Children's education<br>c. Medical care                                                                                                                        | Food<br>Healthcare<br>Housing condition<br>Education                                                                      |
|                       | Family relationship              | Respect from:<br>a. Husband<br>b. Parents<br>c. Children<br>Decision-making                                                                                                                                                  | Role transformation<br>Gender equity                                                                                      |
| Community             | Community participation          | Public activities:<br>a. Women's day celebration<br>b. Drinking water facility<br>c. Street light facility<br>d. Sanitation facility<br>e. Laying roads in the village<br>f. Medical camps<br>g. Sending children to schools | Attending<br>Public meetings<br>Village councils<br>Meeting officials<br>Addressing<br>infrastructure and<br>social evils |
|                       | Community relationship           | Community acceptance<br>Recognition in the group                                                                                                                                                                             | Caste elimination                                                                                                         |



#### 4. 8. *Analytical Strategy*

All statistical analyses were done using the Statistical Package for Social Sciences (SPSS). The key variables that are extracted from the survey questionnaire were categorized into nominal, ordinal and interval measures and these are the ones to be used in the statistical analyses. Most of the variables used in the analysis were close-ended questions. There were two open-ended questions covering trainings received and social activities undertaken by the group which were made closed-ended into categories for analysis.

The first level of analyses will be primarily descriptive and will provide frequencies associated with the variables included in the models of empowerment, for example, meeting family financial crises. The second level of analyses will show the frequencies of the variables indicating before and after joining the self-help group, for example, savings before and after. The third level of analyses will perform some inferential statistics to describe the interrelatedness of the variables included in the model of empowerment.

The in-depth open-ended interviews focus on the women as clients of the micro-credit program to determine if and how women have been empowered by their participation in their SHG micro credit programs. SHGs approach to micro-finance is women-focused, family centered and community based. Therefore, the assessment in the qualitative interviews is carried out at three different levels: Individual, household and community. In other words, socio-economic and political empowerment impact assessment is done at individual, family and community levels.

The first level assessment is done to obtain a sense of how the client led her life and to understand the client's level of self-confidence, her power of decision-making, her physical appearance, her mobility and means of economic security. The second level assessment is done from the perspective of family to identify whether there is any improvement in the household (more nutritional food, access to better health service, more assets, children's education, etc) and to determine whether the client has increased the source of income for the household (starting new business or expanding the present one) and to identify whether any other economic empowerment has occurred in the household as a result of change in their income generating activity. The third level assessment is completed to determine how the client relates to other community members, participate in community events and local governance, and communicate with NGOs and government officials.

## CHAPTER FIVE

### RESULTS

#### 5. 0. *Quantitative Results*

For the present study, a sample of 230 rural women in self help groups engaged in micro credit programs, are chosen from four areas, namely, Somarasampettai, Cholan Nagar, Manikandam and Manaparai of Tiruchirappalli district. The women's performance as micro credit entrepreneurs has been assessed by the researcher on the basis of their personal growth, family and social emancipation as indicators of empowerment. The variables used in the analysis are: demographic, family and self-help group information, details about loan, assets, income, savings, insurance, expenditure, and social and behavioral changes. The results are presented in two parts: quantitative and qualitative analyses. First, a detailed analysis of the various variables mentioned in the operational model of empowerment (Chapter 4, page 104) is presented in quantitative terms. Second, an analysis of qualitative data is presented on variables based on the operational model as evidences of empowerment.

The results are presented in the following fashion. First, the frequencies and related percentages used in the analyses are given in Table 1. Shown are the variables, their coding, frequencies, and percentages in the sample. Second, the frequencies of the variables indicating empowerment before and after joining the group are shown. The difference is assessed between pre and post situation of the participants. Third, the results of inferential statistics show the interrelatedness of the variables.

Table 1

*Description of Variables to be used in analyses*

| Variables               | Coding | Frequencies | Percentage in sample |
|-------------------------|--------|-------------|----------------------|
| Age                     |        |             |                      |
| Up to 25 years          | 1      | 30          | 13.0                 |
| 26 – 30 years           | 2      | 53          | 23.0                 |
| 31 – 35 years           | 3      | 55          | 23.9                 |
| 36 – 40 years           | 4      | 32          | 13.9                 |
| 41 – 45 years           | 5      | 37          | 16.2                 |
| Above 45 years          | 6      | 23          | 10.0                 |
| Community               |        |             |                      |
| Backward Community      | 1      | 117         | 50.9                 |
| Most Backward Community | 2      | 50          | 21.7                 |
| Scheduled Community     | 3      | 63          | 27.4                 |
| Religion                |        |             |                      |
| Christian               | 1      | 36          | 15.7                 |
| Hindu                   | 2      | 170         | 73.9                 |
| Muslim                  | 3      | 24          | 10.4                 |
| Marital status          |        |             |                      |
| Single                  | 1      | 6           | 2.6                  |
| Married                 | 2      | 190         | 82.6                 |
| Separated               | 3      | 9           | 3.9                  |
| Widowed                 | 4      | 25          | 10.9                 |

Table 1 (contd.)

| Variables                 | Coding | Frequencies | Percentage in sample |
|---------------------------|--------|-------------|----------------------|
| Educational qualification |        |             |                      |
| Illiterate                | 1      | 63          | 27.4                 |
| Primary                   | 2      | 45          | 19.6                 |
| Elementary                | 3      | 52          | 22.6                 |
| High School               | 4      | 53          | 23.0                 |
| Higher Secondary School   | 5      | 13          | 5.7                  |
| Graduate                  | 6      | 4           | 1.7                  |
| Occupation                |        |             |                      |
| Housewife                 | 1      | 11          | 4.8                  |
| Agriculture               | 2      | 33          | 14.3                 |
| Trade                     | 3      | 93          | 40.4                 |
| Animal Rearing            | 4      | 27          | 11.7                 |
| Small Enterprise          | 5      | 60          | 26.1                 |
| Others                    | 6      | 6           | 2.6                  |
| Nature of the family      |        |             |                      |
| Nuclear                   | 1      | 156         | 67.8                 |
| Joint or extended         | 2      | 74          | 32.2                 |
| Household size            |        |             |                      |
| Up to 3                   | 1      | 52          | 22.6                 |
| 4 to 6                    | 2      | 137         | 59.6                 |
| 7 and Above               | 3      | 41          | 17.8                 |

Table 1 (contd.)

| Variables           | Coding | Frequencies | Percentage in sample |
|---------------------|--------|-------------|----------------------|
| Number of children  |        |             |                      |
| No Children         | 1      | 24          | 10.5                 |
| Up to 2             | 2      | 110         | 47.8                 |
| 3 to 4              | 3      | 81          | 35.3                 |
| 5 and Above         | 4      | 15          | 6.5                  |
| Monthly income      |        |             |                      |
| Up to Rs.2500       | 1      | 36          | 15.7                 |
| Rs.2501 to 5000     | 2      | 102         | 44.3                 |
| Rs.5001 to 7500     | 3      | 58          | 25.2                 |
| Above Rs.7500       | 4      | 34          | 14.8                 |
| Size of the groups  |        |             |                      |
| 10 to 15 members    | 1      | 27          | 11.7                 |
| 16 to 20 members    | 2      | 150         | 65.2                 |
| 21 to 25 members    | 3      | 21          | 13.1                 |
| 26 to 30 members    | 4      | 32          | 13.9                 |
| Years of membership |        |             |                      |
| Up to 2 years       | 1      | 33          | 14.3                 |
| 3 years             | 2      | 109         | 47.4                 |
| 4 years             | 3      | 37          | 16.1                 |
| 5 years and above   | 4      | 51          | 22.2                 |

Table 1 (contd.)

| Variables                       | Coding | Frequencies | Percentage in sample |
|---------------------------------|--------|-------------|----------------------|
| Happy with group performance    |        |             |                      |
| Very Unhappy                    | 1      | 0           | 0                    |
| Unhappy                         | 2      | 4           | 1.7                  |
| Happy                           | 3      | 139         | 60.0                 |
| Very Happy                      | 4      | 87          | 37.8                 |
| Amount of last loan             |        |             |                      |
| Up to Rs.5000                   | 1      | 21          | 9.1                  |
| Rs.5001 to 10000                | 2      | 186         | 80.9                 |
| Above Rs.10000                  | 3      | 23          | 10.0                 |
| Purpose of last loan            |        |             |                      |
| Agriculture                     | 1      | 18          | 7.8                  |
| Livestock                       | 2      | 25          | 10.9                 |
| Trades                          | 3      | 130         | 56.5                 |
| Manufacturing                   | 4      | 9           | 3.9                  |
| Education                       | 5      | 9           | 3.9                  |
| Medical                         | 6      | 4           | 1.7                  |
| Housing                         | 7      | 28          | 12.2                 |
| Marriage                        | 8      | 7           | 3.1                  |
| Payment of loan as per schedule |        |             |                      |
| Yes                             | 1      | 230         | 100.0                |
| No                              | 0      | 0           | 0                    |

Table 1 (contd.)

| Variables                             | Coding     | Frequencies | Percentage in sample |
|---------------------------------------|------------|-------------|----------------------|
| Increase of business income           |            |             |                      |
| Increased greatly                     | 1          | 54          | 23.5                 |
| Increased                             | 2          | 156         | 67.8                 |
| No change                             | 3          | 15          | 6.5                  |
| Decreased                             | 4          | 5           | 2.2                  |
| Additional income after the last loan |            |             |                      |
| 0                                     |            | 9           | 3.9                  |
| 1 to 1000                             |            | 47          | 20.4                 |
| 1001 to 2000                          | Continuous | 83          | 36.1                 |
| 2001 to 3000                          |            | 53          | 23.0                 |
| 3001 to 4000                          |            | 25          | 10.9                 |
| 4001 to 5000                          |            | 13          | 5.7                  |
| Assets                                |            |             |                      |
| Housing plot                          | Not        | 20          | 8.7                  |
| House                                 | applicable | 24          | 10.4                 |
| House repair                          |            | 62          | 27.0                 |
| Business tools                        |            | 117         | 50.9                 |
| Jewels                                |            | 104         | 45.2                 |
| Goats, sheep and cows                 |            | 96          | 41.7                 |
| Bicycle and cart                      |            | 42          | 18.3                 |
| Cot , bureau, furniture and grinder   |            | 163         | 70.9                 |
| Radio and television                  |            | 66          | 28.7                 |



Table 1 (contd.)

| Variables                                 | Coding | Frequencies | Percentage in sample |
|-------------------------------------------|--------|-------------|----------------------|
| <b>Employment</b>                         |        |             |                      |
| Able to give employment to others         | 1      | 72          | 31.3                 |
| Not able to give employment to others     | 2      | 158         | 68.7                 |
| <b>Savings only after joining SHGs.</b>   |        |             |                      |
| Yes                                       | 1      | 180         | 78.3                 |
| No                                        | 2      | 50          | 21.7                 |
| <b>Current savings</b>                    |        |             |                      |
| Up to Rs.2500                             | 1      | 71          | 30.9                 |
| Rs.2501 to 5000                           | 2      | 71          | 30.9                 |
| Rs.5001 to 7500                           | 3      | 26          | 11.3                 |
| Rs.7501 to 10000                          | 4      | 12          | 5.2                  |
| Above Rs.10000                            | 5      | 50          | 21.7                 |
| <b>Personal cash savings in 12 months</b> |        |             |                      |
| Increased greatly                         | 1      | 39          | 17.0                 |
| Increased                                 | 2      | 179         | 77.8                 |
| No change                                 | 3      | 8           | 3.5                  |
| Decreased                                 | 4      | 4           | 1.7                  |
| <b>Savings due to your participation</b>  |        |             |                      |
| Yes                                       | 1      | 203         | 88.3                 |
| No                                        | 2      | 12          | 5.2                  |
| Don't know                                | 3      | 15          | 6.5                  |

Table 1 (contd.)

| Variables                            | Coding | Frequencies | Percentage in sample |
|--------------------------------------|--------|-------------|----------------------|
| Sufficient amount of food for family |        |             |                      |
| Increased greatly                    | 1      | 34          | 14.8                 |
| Increased                            | 2      | 154         | 67.0                 |
| No change                            | 3      | 27          | 11.7                 |
| Decreased                            | 4      | 15          | 6.5                  |
| Medical expenses                     |        |             |                      |
| Increased greatly                    | 1      | 37          | 16.1                 |
| Increased                            | 2      | 141         | 61.3                 |
| No change                            | 3      | 37          | 16.1                 |
| Decreased                            | 4      | 15          | 6.5                  |
| Educational expenditure              |        |             |                      |
| Increased greatly                    | 1      | 25          | 10.9                 |
| Increased                            | 2      | 110         | 47.8                 |
| No change                            | 3      | 13          | 5.7                  |
| Decreased                            | 4      | 7           | 3.0                  |
| I am not paying                      | 6      | 4           | 1.7                  |
| Not applicable                       | 0      | 71          | 30.9                 |
| Respect from husband                 |        |             |                      |
| Absent                               | 1      | 4           | 2.1                  |
| Decreased                            | 2      | 8           | 4.2                  |
| Increased                            | 3      | 148         | 77.9                 |
| No change                            | 4      | 30          | 15.8                 |

Table 1 (contd.)

| Variables                          | Coding | Frequencies | Percentage in sample |
|------------------------------------|--------|-------------|----------------------|
| Respect from parents               |        |             |                      |
| Absent                             | 1      | 7           | 4.8                  |
| Decreased                          | 2      | 5           | 3.4                  |
| Increased                          | 3      | 90          | 61.2                 |
| No change                          | 4      | 45          | 30.6                 |
| Respect from children              |        |             |                      |
| Decreased                          | 1      | 10          | 4.9                  |
| Increased                          | 2      | 160         | 77.7                 |
| No change                          | 3      | 36          | 17.4                 |
| Social acceptance                  |        |             |                      |
| Decreased                          | 1      | 9           | 3.9                  |
| Increased                          | 2      | 199         | 86.5                 |
| No change                          | 3      | 22          | 9.6                  |
| Recognition within group           |        |             |                      |
| Decreased                          | 1      | 10          | 4.3                  |
| Increased                          | 2      | 210         | 91.4                 |
| No change                          | 3      | 10          | 4.3                  |
| Participation in public activities |        |             |                      |
| Absent                             | 1      | 43          | 18.7                 |
| Decreased                          | 2      | 6           | 2.6                  |
| Increased                          | 3      | 151         | 65.7                 |
| No change                          | 4      | 30          | 13.0                 |

Table 1 (contd.)

| Variables                        | Coding | Frequencies | Percentage in sample |
|----------------------------------|--------|-------------|----------------------|
| Participation in decision making |        |             |                      |
| Neglected                        | 1      | 22          | 11.6                 |
| Consulted                        | 2      | 168         | 88.4                 |
| Compulsory group training        |        |             |                      |
| Useful                           | 1      | 189         | 82.2                 |
| Not useful                       | 2      | 5           | 2.2                  |
| Somewhat useful                  | 3      | 31          | 13.4                 |
| Very useful                      | 4      | 5           | 2.2                  |
| Women right based programs       |        |             |                      |
| Useful                           | 1      | 13          | 18.8                 |
| Not useful                       | 2      | 3           | 4.3                  |
| Somewhat useful                  | 3      | 10          | 14.5                 |
| Very useful                      | 4      | 43          | 62.3                 |
| Social and health awareness      |        |             |                      |
| Useful                           | 1      | 7           | 14.6                 |
| Not useful                       | 2      | 0           | 0                    |
| Somewhat useful                  | 3      | 13          | 27.1                 |
| Very useful                      | 4      | 28          | 58.3                 |

Table 1 (contd.)

| Variables                                                               | Coding | Frequencies | Percentage in sample |
|-------------------------------------------------------------------------|--------|-------------|----------------------|
| Local governance                                                        |        |             |                      |
| Useful                                                                  | 1      | 7           | 14.0                 |
| Not useful                                                              | 2      | 4           | 8.0                  |
| Somewhat useful                                                         | 3      | 36          | 72.0                 |
| Very useful                                                             | 4      | 3           | 6.0                  |
| Women community leaders training                                        |        |             |                      |
| Useful                                                                  | 1      | 12          | 44.4                 |
| Not useful                                                              | 2      | 4           | 14.8                 |
| Somewhat useful                                                         | 3      | 8           | 29.6                 |
| Very useful                                                             | 4      | 3           | 11.1                 |
| Change of attitude by trainings                                         |        |             |                      |
| Increased                                                               | 1      | 174         | 75.7                 |
| No change                                                               | 2      | 56          | 24.3                 |
| Taking crucial decisions in purchase of raw materials, and pricing them |        |             |                      |
| Yes                                                                     | 1      | 124         | 53.9                 |
| No                                                                      | 2      | 106         | 46.1                 |
| Planning and executing activities                                       |        |             |                      |
| Yes                                                                     | 1      | 112         | 48.7                 |
| No                                                                      | 2      | 118         | 51.3                 |

Table 1 (contd.)

| Variables                           | Coding | Frequencies | Percentage in sample |
|-------------------------------------|--------|-------------|----------------------|
| Creating job opportunity for others |        |             |                      |
| Yes                                 | 1      | 75          | 32.6                 |
| No                                  | 2      | 155         | 67.4                 |
| Arranging credit and inputs in time |        |             |                      |
| Yes                                 | 1      | 168         | 73.0                 |
| No                                  | 2      | 62          | 27.0                 |
| Independent mobility                |        |             |                      |
| Yes                                 | 1      | 173         | 75.2                 |
| No                                  | 2      | 57          | 24.8                 |
| Skills regarding ones business      |        |             |                      |
| Yes                                 | 1      | 82          | 35.7                 |
| No                                  | 2      | 148         | 64.3                 |
| Maintenance of accounts             |        |             |                      |
| Yes                                 | 1      | 57          | 24.8                 |
| No                                  | 2      | 173         | 75.2                 |
| Effective communication             |        |             |                      |
| Yes                                 | 1      | 144         | 62.6                 |
| No                                  | 2      | 86          | 37.4                 |
| Reading and writing                 |        |             |                      |
| Yes                                 | 1      | 16          | 7.0                  |
| No                                  | 2      | 214         | 93.0                 |

Table 1 (contd.)

| Variables                               | Coding | Frequencies | Percentage in sample |
|-----------------------------------------|--------|-------------|----------------------|
| Group facilitation                      |        |             |                      |
| Yes                                     | 1      | 68          | 29.6                 |
| No                                      | 2      | 162         | 70.4                 |
| Time management                         |        |             |                      |
| Yes                                     | 1      | 26          | 11.3                 |
| No                                      | 2      | 204         | 88.7                 |
| Listening capacity                      |        |             |                      |
| Yes                                     | 1      | 27          | 11.7                 |
| No                                      | 2      | 203         | 88.3                 |
| Public activities                       |        |             |                      |
| International women's day celebration   | 1      | 189         | 82.2                 |
| Drinking water facility                 | 2      | 103         | 44.8                 |
| Street light facility                   | 3      | 88          | 38.3                 |
| Individual and common toilet facilities | 4      | 64          | 27.8                 |
| Laying Roads in the village             | 5      | 50          | 21.7                 |
| Medical camps                           | 6      | 51          | 22.2                 |
| Sending children to the schools         | 7      | 28          | 12.2                 |
| Anti-liquor activities                  | 8      | 27          | 11.7                 |
| Literacy programs for the illiterate    | 9      | 19          | 8.3                  |
| Widow pensions                          | 10     | 18          | 7.8                  |
| Television sets for the village         | 11     | 8           | 3.5                  |

Age is a determining factor to measure an individual's physical growth, mental maturity and capacity to make decisions in life. Aptitudes, attitudes, achievements, physical and mental capabilities and confidence level differ based on age. As shown in Table 1, the majority of the participants are between the age of 26 and 35 years. Lalitha Rani (1996), Ramamurthy (1990), Srivastava (1994) and Hussain (1994), also have found in their studies that the best age for entry into an innovative group and micro credit performance is between the age group of 20 and 40 years.

It is significant to note in Table 1 that there is a good representation of the members from Scheduled community (27.4%), which is a big breakthrough in Indian society. Article 341 of the Indian constitution allows the government to compile a schedule (list) of castes, races, or tribes or parts of groups within castes, races, or tribes that are economically and socially disadvantaged and are therefore entitled to protection and specified benefits under the constitution. Untouchables, also known as Harijans or Dalits, constitute the bulk of Scheduled Castes. There is no one from forward community as they are the dominant group in the Indian social stratification. Backward and most backward communities who form 72.6 % of the sample are citizens of India, otherwise defined as disadvantaged groups. Discrimination against the Backward and most Backward Classes is prohibited by Article 15 of the Indian constitution. The participants for the present study are either from backward community (50.9%) or scheduled community (27.4%).

As can be seen from Table 1, the majority of the participants are Hindus (73.9%) which happens to be the religion of the majority in the country. It is encouraging to note



that Muslim women (10.4%) are well represented. A significant percentage of the participants (82.6%) are married. More than twenty-seven percent (27.4) of the participants have no formal education while 19.6 percent have received primary education. As can be seen, 22.6 percent of the participants have just completed elementary school and 23.0 percent have completed high school. The majority of the participants are literate with primary (19.6%), elementary (22.6%), and high school (23.0%) education.

Figure 2

*Occupation of the participants*

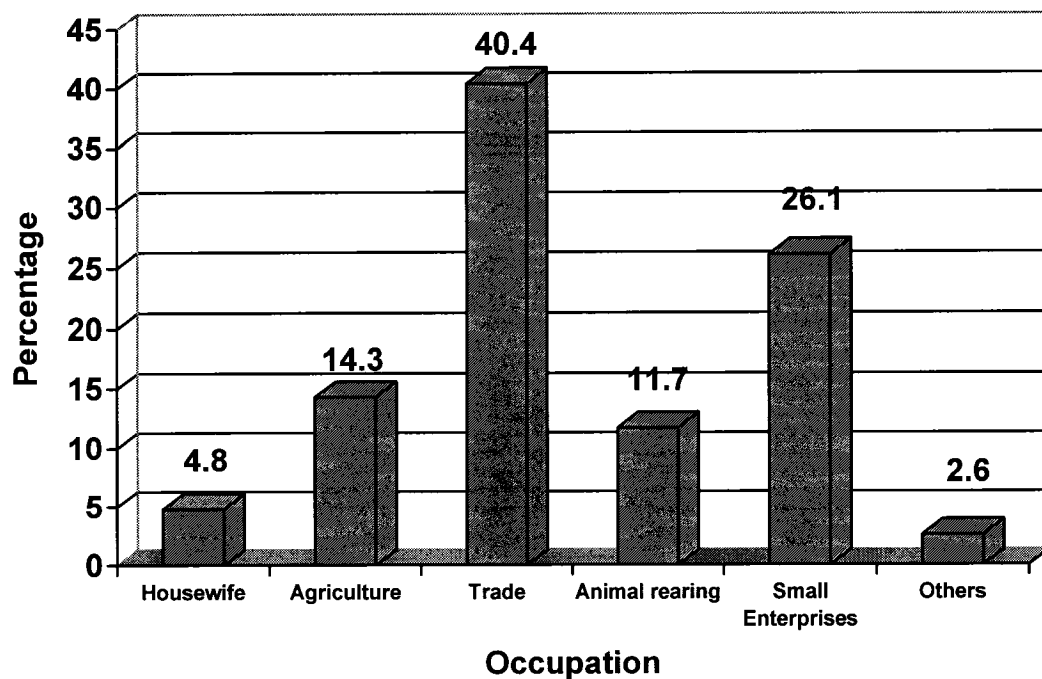


Figure 2 shows that a significant proportion of the participants are involved either in trade (40.4%) or in small enterprises (26.1%) which is a big change from traditional

occupations like housewife (4.8%) and agriculture (14.3%). The occupations under Trade are teashop, petit shops, barbershops, coconut shops, beauty parlors, carpentry, vegetables and fruit vending. Small enterprises mean some production services like tailoring, gem cutting, stone cutting and brick making. Animal rearing means rearing of goats and cows.

Out of the 230 participants 156 (67.8%) are from nuclear families and 74 (32.2%) are from joint families. Size of the family is also one of the factors governing the emergence of women entrepreneurs in rural areas. The size of the family denotes the total number of members in a family, including parents, children and other members like brother-in-laws and sister-in-laws. Out of 230 participants 137 (59.6%) have 4 to 6 members in their families. The next group of 52 participants (22.6%) has up to 3 members in their families. Forty-seven participants (17.8%) have more than 6 members in their families.

Table 1 shows that 89.5 percent of the participants have children while 10.5 percent are unmarried or have no children. The majority of participants (83.1%) have 2 to 4 children. As can be seen from Table 1, 44.3 percent of the members of the family earn a monthly income of Rs. 2501 to Rs. 5000 and 25.2 percent of them earn a monthly income of Rs. 5001. Only 14.8 percent of the family members of the participants fall into the category of earning above Rs. 7500. All these figures show that the family income is supplemented by the income of the participants in the micro-credit self-help groups.

As can be seen from Table 1, four rural branches of SHGs organized by ASA have been selected for research study almost with an equal distribution. Regarding the

size of the groups, the majority of the participants are from group size of 16 to 20 members (65.2%) followed by other sizes of groups like 26 to 30 (13.9%), 10 to 15 (11.7%) and 21 to 25 (13.1%). We observe from Table 1, 47.4 percent have 3 years of membership while 16.1 and 22.2 percent have 4 and 5 years of membership respectively. A minority of the participants (14.3%) have less than three years membership but with three minimum loans. When participants were asked about their happiness with their group performances, 60.4 percent said they were happy followed by 37.8 percent who said they were very happy.

One hundred and eighty-six participants (80.9%) have received Rs.5001 to 10000 as their last loan. These are the participants who have a minimum of three years membership in the group. The maximum size of a loan is usually Rs. 10,000 regardless of the purpose, with an exception to some participants (10.0%) due to their dire need to expand their business. This current ceiling is sufficient for micro-business in rural areas. Twenty-one participants (9.1%) have received up to Rs.5000, which means that they have their membership in the group less than three years with three minimum loans. The maximum size of the first loan is usually Rs.3000. Micro-enterprises have small absorption capacity. Members usually start with economic activities that require small amount of capital. Everyone said that the frequency of repayment is weekly. Group pressure helped them maintain regular weekly repayment. Loans are given to the members depending upon the regularity of repayment rate. More than half, 130 (56.5%) participants are involved in trades, a number of 28 (12.2%) have invested their last loan for the purpose of house construction, 18 (7.8%) of them have utilized their last loan for

agriculture and yet 25 (10.9%) of them for livestock. In all, the last loan is used more for income generative purposes. To the question ‘have you paid the loan as per schedule?’ all of them invariably said yes. This is due to the regulations of the agency and group pressure.

For the question ‘has your income increased in the past twelve months’ the majority (67.8%) mentioned that it had increased and some of them said increased greatly (23.5%) and few of them said either no change (6.5 %) or decreased (2.2%). There was an increase of income for the participants from the last loan from 1001 to 2000 (20.4%), from 2001 to 3000 (36.1%), from 3001 to 4000 (23.0%) and from 4001 to 5000 (5.7). Some of them (16.6%) were successful earners with Rs. 3000 by investing their last loan.

Table 1 describes clearly the kinds of assets the participants have owned after joining the SHGs. Most participants are now owning business tools (50.9%) for their business, jewels (45.2%), house repaired (27.0%), goats, sheep and cows owned (41.7%) followed by all other assets specified in the table. With regard to consumer goods, the participants have acquired cot, bureau, furniture and grinders (70.9%), bicycle and cart (18.3%) and radio and television (28.7%), after joining the group and undertaking economic activities. It is evident from the data that after joining the SHGs and starting economic activities, the participants have become owners of assets. Of 230 participants, 72 (31.3%) are able to give employment to others.

Every member in the group organized by ASA is required to deposit weekly savings of ten rupees for the first loan, and the amount increases by an additional ten rupees for subsequent loans. The amount of savings in a member’s account determines

the amount of loan she can receive. Hence, saving becomes compulsory in the group. One hundred and eighty participants (78.3%) have started to save money only after joining the group whereas only 50 of them (21.7%) had savings before joining the group. Saving habit is acquired by the members due to their membership in a group. Fifty of the participants had already some savings in different credit agencies.

As can be seen in Table 1, the amount of savings differs from person to person. There are 88 participants (38%) who have saved an amount of more than 5001 rupees per annum followed by 71 (30.9%) from 2501 to 5000 rupees per annum. Seventy-one members have saved only up to 2500 rupees. The amount of savings by different members is substantial depending upon their membership in the group. When asked whether their personal savings have increased, 179 of them (77.8%) replied that their saving in the last 12 months increased, while 39 (17.0%) of them answered greatly increased. For the question 'has your savings increased due to your participation in the group, 203 participants (88.3%) said yes and 12 (5.2%) of them said no, and still 15 (6.5%) of them do not know about their savings.

One hundred and fifty four (67.0%) participants reported that their ability to provide sufficient food for their family increased while 34 (14.8%) said it increased greatly. For some of them, there was either no change (11.7%) or it decreased (6.5%). The latter group is the ones who fail to utilize the loan for productive purposes. In terms of medical expenses, the capacity to meet it has been increased for 141 (61.3%) participants followed by greatly increased for 37 (16.1%). For some, there was either no change (16.1%) or it decreased (6.5%). The reasons could be either their health is better

with good and sufficient food, or failure in their business to meet the required expenses. With regard to educational expenditures for their children, 61.3 per cent of them have increased while 16.1 percent increased greatly. Some are not paying, for their children are in free schools, and it is not applicable to others, as they do not have children who are presently in school. Thus, the majority of them (more than 50%) could provide sufficient food for their family members, and meet the increased expenses for medical and educational services after joining ASA. Thus, the economic status of the participants increased to a great extent after joining the micro-credit self-help groups.

From the perspective of attitudinal change from their families and society after joining the ASA group, it was reported as increased for the following variables: Respect from the husband 148 out of 190 (77.9 %), respect from the parents 90 out of 147 (61.2%), respect from the children 160 out of 206 (77.7 %), social acceptance 199 out of 230 (86.5 %), recognition within the group 210 (91.4%), and participants participation in the public activities 151 (65.7%). One hundred and sixty two participants out of 190 are consulted in decision-making. It is interesting to note that there are some participants who have no change in the above mentioned variables in spite of their membership in the self-help groups: Respect from the husband 30 out of 190 (15.8 %), respect from the parents 45 out of 147 (30.6%), respect from the children 36 out of 206 (17.4 %), social acceptance 22 out of 230 (9.6%), recognition within the group 10 (91.4%), and participants' participation in the public activities 30 (13.0%). One hundred and sixty two participants out of 190 are consulted in decision-making.

The general training programs are important to improve the skills of the participants. The training programs assume added significance due to the fact that most of the participants are starting their membership in the group and its economic activities without any past experience. A strong and cohesive SHG can be formed only by giving systematic training. The impact of training can easily be seen in better communication skills, greater confidence, higher unity and wider mobility of SHG women. All the participants have invariably received either one or more training by ASA as every one needs to go through some training. For example, every one has to go through compulsory group training after joining the micro-credit self-help group.

The following are the definitions of the variables under training that are not self-explanatory. Compulsory group training covers the aspects like group formation, group training, savings products, loan products, insurance products, and credit plus. To prevent violence and atrocities against women, especially against dalit (scheduled caste) women, women rights based programs are conducted for the members in the SHGs by ASA. The focus is given for dalit empowerment and gender equity. In order to increase the participation of women in general, to promote their leadership, and to organize dalit panchayat (Village) leadership, training is given to the SHG members on local governance. Training of women community leaders is another type of training given to the SHG members as users, owners, and managers of SHGs.

When the participants were asked whether the trainings provided to them were useful, the responses were 'useful' or 'not useful' or 'somewhat useful' or 'very useful' for the following variables. The majority (82.2%) stated that compulsory group training

was useful. Out of 69 participants, 43 (62.3%) of them said that women legal rights training was very useful. Out of 48 participants, the majority stated (58.3%) that social and health awareness programs were useful. Out of 50 participants who participated in local governance training programs, the majority (72.2%) expressed that it was somewhat useful. Out of 27, more participants (44.4%) stated that training of women leaders was useful. A minority of participants also expressed that some of the above mentioned variables were not useful in spite of their membership in the group: compulsory group training (2.2%), women legal rights training (4.3%), local governance training programs (8.0%), and women leaders' training programs (14.8%). The participation level of participants in training programs is very low in all the trainings given to them. One hundred and seventy four (75.7%) have said that their attitudes have changed due to their participation in the trainings. It is also important to note that 56 (24.3%) of them stated no change.

According to the data obtained from the participants, 53.9 percent took crucial decisions in purchase of raw materials and pricing them, 48.7 percent plan their activities and got them done, 32.6 percent created additional job opportunity for others and 73.0 per cent could arrange credit and other inputs regarding their business in time. There is notable change in management ability after joining the group.

When the participants were asked to state whether they have acquired new skills and values after joining the micro-credit self-help group for the following variables, the responses were either yes or no. There were only two variables which received positive responses, namely, independent mobility (75.2%), and effective communication (62.6%);



whereas, the following variables got negative responses, namely, skills in business (64.3%), maintenance of accounts (75.2%), reading and writing (93.0%), group facilitation (70.4%), time management (88.7%), and listening capacity (88.3%).

The participants were asked to state any two social activities undertaken by the micro-credit self-help group. Their answers were categorized into 15 variables. Those that received positive responses were: celebration of international women's day 189 (82.2%), obtaining drinking water bores for the community and construction of water tanks 103 (44.8%), street light facility 88 (38.3%), change in speaking, food habits and dressing 78 (33.9%), construction of individual and common toilets 64 (27.8%), medical camps 51 (22.2%), and laying roads in the villages 50 (21.7%). Involvement in social activities has improved after their membership in self-help group to some extent.

So far the thesis has dealt only with the reported frequencies of key variables, as they pertain to the present conditions of the participants. As previously mentioned in the thesis one of the limitations is that the reported frequencies are from a cross sectional survey, which is like a snapshot of the participants present conditions. In order to obtain a comparative base, the participant conditions before joining the group were extensively explored to ascertain the veracity of their reported present conditions. Table 2 shows the comparison of key variables before and after joining the micro-credit self-help groups.

Table 2

*Changes in key variables before and after joining micro-credit self help groups*

| Variables                      | Coding         | Before |      | After |       |
|--------------------------------|----------------|--------|------|-------|-------|
|                                |                | N      | %    | N     | %     |
| Agency name                    |                |        |      |       |       |
| Insurance (all other agencies) | Not applicable | 13     | 5.7  | 23    | 10.0  |
| Insurance in ASA               |                | 0      | 0    | 230   | 100.0 |
| Pension in ASA                 |                | 0      | 0    | 15    | 6.5   |
| Food expenses                  |                |        |      |       |       |
| Up to Rs.2500                  | Continuous     | 12     | 5.2  | 1     | 0.4   |
| Rs.2501 to 5000                |                | 18     | 7.8  | 6     | 2.6   |
| Rs.5001 to 7500                |                | 24     | 10.4 | 12    | 5.2   |
| Rs.7501 to 10000               |                | 43     | 18.7 | 22    | 9.6   |
| Rs.10001 to 15000              |                | 66     | 28.7 | 49    | 21.3  |
| Rs.15001 to 20000              |                | 40     | 17.4 | 61    | 26.5  |
| Above Rs.20000                 |                | 27     | 11.7 | 79    | 34.3  |
| Health expenses                |                |        |      |       |       |
| No Expenses                    | Continuous     | 43     | 18.7 | 32    | 13.9  |
| Up to Rs.500                   |                | 68     | 29.6 | 32    | 13.9  |
| Rs.501 to 1000                 |                | 48     | 20.9 | 42    | 18.3  |
| Rs.1001 to 1500                |                | 11     | 4.8  | 18    | 7.8   |
| Rs.1501 to 2000                |                | 11     | 4.8  | 21    | 9.1   |
| Rs.2001 to 2500                |                | 3      | 1.3  | 7     | 3.0   |
| Rs.2501 to 5000                |                | 27     | 11.7 | 37    | 16.1  |
| Above Rs.5000                  |                | 19     | 8.3  | 41    | 17.8  |

Table 2 (contd.)

| Variables                 | Coding | Before |      | After |      |
|---------------------------|--------|--------|------|-------|------|
|                           |        | N      | %    | N     | %    |
| Meeting financial crisis  |        |        |      |       |      |
| Yes                       | 1      | 31     | 13.5 | 211   | 91.7 |
| No                        | 2      | 199    | 86.5 | 19    | 8.3  |
| Helping neighbors         |        |        |      |       |      |
| Yes                       | 1      | 56     | 24.3 | 176   | 76.5 |
| No                        | 2      | 174    | 75.7 | 54    | 23.5 |
| Meeting officials         |        |        |      |       |      |
| Yes                       | 1      | 7      | 3.0  | 79    | 34.3 |
| No                        | 2      | 223    | 97.0 | 151   | 65.7 |
| Communicating in meetings |        |        |      |       |      |
| Freely Talk               | 1      | 39     | 17.0 | 147   | 63.9 |
| Sometimes talk            | 2      | 152    | 66.1 | 38    | 16.5 |
| Hesitate to talk          | 3      | 23     | 10.0 | 15    | 6.5  |
| Talk only if asked        | 4      | 16     | 7.0  | 30    | 13.0 |
| Abusing women in films    |        |        |      |       |      |
| Yes                       | 1      | 60     | 26.1 | 186   | 80.9 |
| No                        | 2      | 170    | 73.9 | 44    | 19.1 |
| Wife-beating              |        |        |      |       |      |
| Yes                       | 1      | 64     | 27.8 | 190   | 82.6 |
| No                        | 2      | 166    | 72.2 | 40    | 17.4 |

Table 2 (contd.)

| Variables              | Coding | Before |      | After |      |
|------------------------|--------|--------|------|-------|------|
|                        |        | N      | %    | N     | %    |
| Drunkards and gamblers |        |        |      |       |      |
| Yes                    | 1      | 55     | 23.9 | 174   | 75.7 |
| No                     | 2      | 175    | 76.1 | 56    | 24.3 |

Members in ASA SHGs have options to enroll either for lifetime insurance or for yearly insurance. All the participants have invariably opted for yearly insurance. In case of yearly insurance, a member pays Rs. 60 once a year and will be insured for that year only. That is why all the participants have insurance. There are only 23 (10.0%) participants who have insurance other than in ASA. This number has been raised from 13 (5.7%) before joining group to 23 (10.0%) after joining. Hence, there is a positive attitude among the participants towards insurance. Pension plan by ASA is not compulsory and therefore, there are only 15 (6.5%) who have opted for pension scheme.

From Table 2, it is clear that the food expenses level has increased after joining ASA self-help groups. As the food expense for higher level has increased, it is decreased for the lower level. For example, in the food, an expense up to Rs.2500 it has decreased from 5.2 per cent to 0.4 per cent. In the food, an expense from Rs.15001 up to 20000, it has increased to 26.5 percent from 17.4 percent and for the food expenses above Rs.20,000, it has increased to 34.3 percent from 11.7 percent. Thus, their capacity to spend on food expenses has increased to a great extent. From Table 2, we can see that the amount of expenditure for health is indeed better after joining the group and undertaking

economic activities with the increase of amount from Rs. 1001 to Rs. 5000 for 124 (53.8%) participants. There is an overall positive change in their ability to spend more for health reasons.

In order to test participants' change in self-confidence and reaction to social evils the variables in Table 2 were put to them for verification. There are changes in the participants past and present conditions for the following variables: capable of meeting financial crisis in the family increased from 31 (13.5%) to 211 (91.7%), confident of helping neighbors from 56 (24.3%) to 176 (76.5%), confident of meeting the officials from 7 (3.0%) to 79 (34.3%), communication skill in the meetings from 39 (17.0%) to 147 (63.9%), reaction to the abuse of women in films from 60 (26.1%) to 186 (80.9%), reaction to husband beating his wife from 64 (27.8%) to 190 (82.6%) and reaction to drunkards and gamblers from 55 (23.9%) to 174 (75.7%). In all the variables, there are remarkable changes in the participants before and after joining the micro-credit self-help groups.

To assess the relationship between educational status and savings after joining ASA the educational status variable was collapsed from six categories to three, namely 'illiterate', 'primary', and 'high school'. The relationship between educational status (3 categories) and savings (2 categories) was performed using a Chi-square test. The results showed a significant association between the two variables ( $\chi^2 = 10.809$ ,  $df=2$ ,  $p < .05$ )

In order to assess the relationship between monthly income (4 categories) and change of attitude through training (2 categories) a Chi-square test was performed. The

results showed a significant association between the two variables ( $\chi^2 = 9.814$ ,  $df=3$ ,  $p < .05$ ).

For finding the relationship between years of membership (3 categories) and change of attitude through training (2 categories) a Chi-square test was performed. The results showed a non-significant association between the two variables ( $\chi^2 = 1.370$ ,  $df=2$ ,  $p > .05$ ).

To know whether there is any relationship between the total income for the last 12 months and the following variables: age of the participants, household size, number of children, size of the group and years of membership, Pearson's Correlation coefficient were computed and are shown in table 3.

Table 3

*Pearson correlation between socio and demographic factors and total business income over last twelve months*

| Socio and demographic factors | Total business income |
|-------------------------------|-----------------------|
| Age                           | 0.091                 |
| Household size                | -0.011                |
| Size of the group             | -0.080                |
| Years of membership           | 0.015                 |

In Table 3, Pearson correlation shows that there is no significant correlation between socio-demographic factors and total business income.

In order to know whether there is any relationship between the asset values (acquisition of assets like house, land, business tools and jewels, and consumer goods like radio and television) and the socio and demographic variables: age of the participants, household size, monthly income, size of the group and years of membership, Pearson's Correlation coefficient were computed and shown in table 7.

Table 4

*Pearson's correlation between the participants various socio and demographic factors and asset values after joining the group*

| Socio and demographic factors | Asset values |
|-------------------------------|--------------|
| Age                           | 0.020        |
| Household size                | 0.169*       |
| Monthly income                | 0.360**      |
| Size of the group             | -0.017       |
| Years of membership           | 0.231**      |

\*  $p < 0.05$ , \*\* -  $p < 0.01$

In Table 4, the Pearson correlation showed significance in the following variables: house hold size and asset values, monthly income and asset values, years of membership and asset values. Thus, we can say that the higher the household size, the higher the total asset; the higher the monthly income, the higher the total asset; and the higher the years of membership, the higher the total asset.

Table 5 gives the Pearson's inter-correlation coefficient between the variables: savings after joining ASA, age, household size, monthly income and years of membership.

**Table 5**

*Inter correlation between the variables: savings after joining ASA, age, household size, monthly income and years of membership.*

| Variables                     | 1       | 2                            | 3       | 4     | 5     |
|-------------------------------|---------|------------------------------|---------|-------|-------|
| Savings after joining ASA     | 1.000   |                              |         |       |       |
| Age                           | 0.135*  | 1.000                        |         |       |       |
| House hold size               | 0.019   | -0.032                       | 1.000   |       |       |
| Monthly income                | 0.232** | 0.089                        | 0.447** | 1.000 |       |
| Years of membership           | 0.145*  | 0.062                        | 0.161*  | 0.075 | 1.000 |
| ** 0.01 Level of Significance |         | * 0.05 Level of Significance |         |       |       |

From Table 5, we observe that, savings has significant correlation with the following variables: age, monthly income, years of membership in the SHG and thus “higher the age, higher the savings”, “higher the monthly income, higher the savings”, “higher the years of membership in the SHG, higher the savings” are found to be true here, also as in any general study.

To assess the relationship between type of community (3 groups) and various new skills acquired after joining ASA self-help groups a Chi-square test was performed.



Table 6

*Univariate association between type of community and various new skills acquired after participation in ASA self help groups*

| Type of community | Maintenance of accounts |            | $\chi^2$ | Sig.  |
|-------------------|-------------------------|------------|----------|-------|
|                   | Yes (n:57)              | No (n:173) |          |       |
| Backward          | 24 (20.5%)              | 93 (79.5%) | 7.937    | 0.019 |
| Most backward     | 20 (40.0%)              | 30 (60.0%) |          |       |
| Schedule Caste    | 13 (20.6%)              | 50 (75.2%) |          |       |

The results in Table 6 showed a significant association between type of community (3 groups) and skill in maintenance of accounts after participation in ASA self-help groups (2 groups) ( $\chi^2 = 7.937$ ,  $df=2$ ,  $p < .05$ ).

The following results showed a non-significant association between type of community (3 groups) and skill in taking crucial decision in purchase of raw materials and pricing them (2 groups) ( $\chi^2 = 1.779$ ,  $df=2$ ,  $p > .05$ ), type of community (3 groups) and skill in planning and executing activities (2 groups) ( $\chi^2 = 1.219$ ,  $df=2$ ,  $p > .05$ ), type of community (3 groups) and skill in creating job opportunity for others (2 groups) ( $\chi^2 = 3.057$ ,  $df=2$ ,  $p > .05$ ), type of community (3 groups) and skill in independent mobility (2 groups) ( $\chi^2 = 0.355$ ,  $df=2$ ,  $p > .05$ ), type of community (3 groups) and skill in skills regarding ones business (2 groups) ( $\chi^2 = 2.998$ ,  $df=2$ ,  $p > .05$ ), type of community (3 groups) and skill in effective communication (2 groups) ( $\chi^2 = 1.108$ ,  $df=2$ ,  $p > .05$ ), type of community (3 groups) and skill in group facilitation (2 groups) ( $\chi^2 = 2.891$ ,  $df=2$ ,

$p > .05$ ), type of community (3 groups) and skill in time management (2 groups) ( $\chi^2 = 3.708$ ,  $df=2$ ,  $p > .05$ ) and type of community (3 groups) and skill in listening capacity (2 groups) ( $\chi^2 = 4.086$ ,  $df=2$ ,  $p > .05$ ) after joining ASA self-help groups.

For finding the relationship between educational status (3 groups) and various new skills acquired, a Chi-square test was performed.

**Table 7**

*Univariate association between educational status and various new skills acquired after joining ASA self help groups*

| Educational status | Maintenance of accounts |            | $\chi^2$ | Sig.  |
|--------------------|-------------------------|------------|----------|-------|
|                    | Yes (n:57)              | No (n:173) |          |       |
| Illiterate         | 9 (14.3%)               | 54 (85.7%) | 6.223    | 0.045 |
| Primary            | 25 (25.8%)              | 72 (74.2%) |          |       |
| Secondary          | 23 (32.9%)              | 47 (67.1%) |          |       |
| Educational status | Effective communication |            | $\chi^2$ | Sig.  |
|                    | Yes (n:144)             | No (n:86)  |          |       |
| Illiterate         | 30 (47.6%)              | 33 (52.4%) | 13.798   | 0.001 |
| Primary            | 59 (60.8%)              | 38 (39.2%) |          |       |
| Secondary          | 55 (78.6%)              | 15 (21.4%) |          |       |
| Educational status | Group facilitation      |            | $\chi^2$ | Sig.  |
|                    | Yes (n:68)              | No (n:162) |          |       |
| Illiterate         | 11 (17.5%)              | 52 (82.5%) | 9.187    | 0.010 |
| Primary            | 28 (28.9%)              | 69 (71.1%) |          |       |
| Secondary          | 29 (41.4%)              | 41 (58.6%) |          |       |

The results in Table 7 showed a significant association between educational status (3 groups) and skill in maintenance of accounts after joining ASA self-help groups (2 groups) ( $\chi^2 = 6.223$ ,  $df=2$ ,  $p < .05$ ) which shows that their skill in maintenance of accounts has improved.

The results showed a significant association between educational status (3 groups) and skill in effective communication after participation in ASA self-help groups (2 groups) ( $\chi^2 = 13.798$ ,  $df=2$ ,  $p < .05$ ) which shows that their skill in effective communication has improved.

The results showed a significant association between educational status (3 groups) and skill in group facilitation after participation in ASA self-help groups (2 groups) ( $\chi^2 = 9.187$ ,  $df=2$ ,  $p < .05$ ) from which we understand that their skill in group facilitation has not changed.

The following results results showed a non-significant association between educational status (3 groups) and skill in taking crucial decision in purchase of raw materials and pricing them (2 groups) ( $\chi^2 = 0.928$ ,  $df=2$ ,  $p > .05$ ), educational status (3 groups) and skill in planning and executing activities (2 groups) ( $\chi^2 = 0.924$ ,  $df=2$ ,  $p > .05$ ), educational status (3 groups) and skill in creating job opportunity for others (2 groups) ( $\chi^2 = 1.442$ ,  $df=2$ ,  $p > .05$ ), educational status (3 groups) and skill in independent mobility (2 groups) ( $X^2 = 1.459$ ,  $df=2$ ,  $p > .05$ ), educational status (3 groups) and skill in skills regarding ones business (2 groups) ( $\chi^2 = 1.878$ ,  $df=2$ ,  $p > .05$ ), educational status (3 groups) and skill in time management (2 groups) ( $\chi^2 = 3.096$ ,  $df=2$ ,  $p > .05$ ) and

educational status (3 groups) and skill in listening capacity (2 groups) ( $\chi^2 = 4.287$ ,  $df=2$ ,  $p > .05$ ) after participation in ASA self-help groups.

### 5. 1. *Qualitative Results*

The second part of this chapter illustrates and demonstrates some related variables regarding three empowerment levels (individual, family and community) of the participants interviewed. The purpose of the qualitative interviews was to (a) assess the life conditions of the women before their participation in self help group micro-credit program and (b) use the obtained information to corroborate the veracity of reported progress or validate some of the findings from the survey. Empowerment is a movement from a prior (before) condition to a future condition (after). Hence, this effort would help the study to shed some light on the specific factors that contributed to their empowerment in line with their present quality of life at personal, family and community levels.

The in-depth open-ended interviews focus on the women as participants of the micro-credit program to determine if and how women have been empowered by their participation in their SHG micro credit programs. The SHG approach to micro-finance is woman-focused, family-centered and community-based. Therefore, this study evaluates empowerment impact at individual, family and community levels. Empowerment is a process of change whereby individuals or groups with little or no power gain the power and ability to make choices that affect their lives (Mayoux, 2001). According to Hasenfeld (1987), empowerment is a process through which clients obtain resources - personal, family, and community- that enable them to gain greater control over their

environment and to attain their aspirations (Hasenfeld, 1987). Guided by the models of empowerment frameworks by Mayoux (2001), as economic, increased well-being, Sahai (1998) as a continuum of several interrelated and mutually reinforcing characteristics like awareness building, capacity building and skill development, participation, greater control and decision-making power, and action, and Longwe (1990), as welfare, access, conscientization, participation and control, the researcher frames his own operational model of empowerment in three levels: personal, family, and society. Positive signs and changes or changing role and status at these three levels are considered as indicators of empowerment by the researcher.

#### 5. 1. 0. *Accounts of Women Interviewed*

The source of data is derived from guided interviews with 10 adult women who are actively involved in self-help groups with micro credit enterprises. The participants interviewed were of a diverse group from various age, educational background, caste communities, religious background, and occupations. Although these ten women were randomly selected among 230 who participated in survey, they have diversity of backgrounds. The age range of the participants is between 32 and 40. They represent various types of educational backgrounds (from illiteracy to graduation), caste community (scheduled caste, most backward caste and backward caste), religion (Hindus and Christians), and occupation (both income and non-income generative). Despite the diversity of this group of participants, there was no representation of Muslim women. The following table gives selected characteristics of women interviewed.

Table 8

*Selected characteristics of the women interviewed*

| Sl. No. | Name     | Age | Education   | Community | Religion  | Occupation     |
|---------|----------|-----|-------------|-----------|-----------|----------------|
| 1       | Sumathi  | 28  | BA          | SC        | Hindu     | Coconut trade  |
| 2       | Laila    | 37  | Nothing     | SC        | Hindu     | Phone booth    |
| 3       | Lakshmi  | 35  | Primary     | MBC       | Hindu     | Ironing trade  |
| 4       | Roseline | 33  | High school | SC        | Christian | Painting       |
| 5       | Selvi    | 37  | Primary     | BC        | Christian | Agriculture    |
| 6       | Elangiam | 45  | Nothing     | MBC       | Hindu     | Animal rearing |
| 7       | Rajathi  | 32  | Primary     | MBC       | Hindu     | Animal rearing |
| 8       | Akkamma  | 37  | Primary     | MBC       | Hindu     | Stone cutting  |
| 9       | Pappathi | 35  | Primary     | BC        | Hindu     | Agriculture    |
| 10      | Manickam | 40  | Primary     | MBC       | Hindu     | Carpentry      |

#### 5. 1. 1. *Levels of Empowerment and their Indicators*

Although the process of empowerment varies from person to person, several types of changes in personal, family and community behavior and conditions are considered relevant to most individuals. The first-level or individual-level assessment is carried out to obtain a sense of how the client led her life previous to involvement in the SHG and to understand the client's current level of self-confidence, her power of decision-making, her appearance, her mobility and means of economic security as indicators of

empowerment. The second level assessment is done from the perspective of the family to identify the indicators of empowerment whether there is improvement in the household (more nutritious food, access to better health services, more assets, education of children, etc) and to determine whether the participants have increased the source of income for the household (starting a new business or expanding the present one) and whether any other economic empowerment has occurred in the household as a result of change in the woman's income-generating activity. This level also considers the concept of family relationship with two indicators: role transformation and gender equity. The third level assessment determines the indicators of how the client relates to other community members, participates in community events and local governance, and communicates with NGOs and government officials.

#### 5. 1. 2. *At the Individual Level*

Self-confidence is considered to be one of the major indicators of individual empowerment (Hishigsuren, 2000). It is a crucial area of change for empowerment, yet it is also one of the most difficult to assess (UNIFEM, 2002). It is also a complex concept relating to both women's perceptions of their capabilities and their actual level of skills and capabilities. Self-confidence definitely increased for many members of the sample. While the majority of the members had in the past no concrete plans for themselves, having joined the SHG and received a loan, they are now able to plan for their future and take control of their own destiny. Their dreams and plans for the future include starting income-generating activities, constructing their own house, purchasing assets, sending

children to school, purchasing land, adding more facilities in the house, expanding the business and creating jobs for others in the village. There is a tremendous change of attitude in the respondents that they can achieve their plans and this confident attitude was absent before joining the group. In other indicators of expanded self-confidence and self-worth, five respondents reported an increase in their level of knowledge about issues that affected them, three reported an increase in their business knowledge, and eight had become sufficiently confident to plan a better future not only for themselves but for their family members as well. Finally, it was observed that the greater the number of years of participation in the program, the higher the confidence of the woman in planning for her future.

For an individual to receive respect from other community members, physical appearance is considered to be another important indicator in the Indian context (Noponen, 2004). Six of the respondents acknowledged that there was a change and improvement in the quantity and quality of their clothing and another four were able to wear gold in the forms of necklaces, nose-rings, and earrings. Selvi reported:

“I was least interested about the type and the kind of the dress I wore before joining the group. I was totally confined either to my house or to my village and the type and the kind of dress and gold in the forms of necklaces, nose-rings, and earrings I wore meant nothing for me, as my outside mobility was restricted to a great extent. Now, they have become very important, as there is tremendous increase in my outside mobility. I



take extreme care now in the selection of my dress and gold ornaments before I go anywhere.”

Such an improvement in clothing can be an indicator of a member’s increased income after joining the group and undertaking micro-credit programs. In fact, seven respondents noted that their family income had certainly increased after their membership in the SHG and receipt of three or more loans.

Mobility is another indicator of personal empowerment (Mayoux, 2001). The ability to travel alone for a long distance may be an indicator of members’ improved self-confidence. The question about mobility was asked regarding six activities: going alone to the theatre, to their relatives’ houses, to buy groceries, to meet ASA staff, to attend meetings, and to meet government officials. Five of the respondents answered that their mobility had been positively affected. Three reported that they were not able to go out alone, and two said that they had been able to travel alone even before joining the group.

Savings play a very significant role as an empowerment indicator (World Bank, 2001). None of the members had savings of their own before joining the ASA group. Now all of the members have regular weekly savings and have developed a regular savings habit. In addition, six of them have voluntary savings other than compulsory weekly savings. The members reported that they feel more confident because they have their own money. Many of them reported that having savings helped them to repay their loans, meet household expenditures, and build assets in their own names.

Women’s ability to influence or make decisions that affect their lives and their futures is considered to be one of the indicators of empowerment ultimately leading to

greater control (Longwe, 1990). It is very difficult, however, to determine what types of decisions and what degree of influence should be classified as indicating empowerment in different contexts. In spite of the difficulties, the researcher tried to find some ways to evaluate the respondents' impact on decision-making. Information about decision-making revealed that seven of the interviewees were not able to intervene in decisions affecting their lives before joining the group. In contrast, at present, five of them decide for themselves and four of them in consultation with their husbands. One respondent was a widow who made all decisions independently, which may also indicate her ability to take control over her life. Five respondents had become able to make decisions in all aspects at all three levels: individual, household and business. The kinds of decision they make include the purchase of dresses, jewels, groceries, household items, actions relating to children's schooling, getting loans and use of loans. Five of them now say they are aware of their rights and make their own decisions on whom to vote for in local elections; they add that this was impossible before their membership in the group.

### 5. 1. 3. *At the Family Level*

Access to credit and participation both in self-help groups and income-generating activities is assumed to be an indicator of empowerment which strengthens women's bargaining position within the household, thereby allowing her to influence a greater number of strategic decisions (UNIFEM, 2002). In Indian context, men's domination of women is strongest within the household. There is no woman who can feel empowered without giving serious consideration to her household prosperity. The main aspects of

household prosperity in this context could be identified as food, education, healthcare, housing, assets and facilities. The respondents' empowerment is directly linked to household economic empowerment, as the family bond is especially strong in India (NABARD, 2002). The participants believed that their financial contribution had helped them earn greater respect from their parents, husbands and their children. They were not only happy to have reduced their dependency on their husbands but were also pleased to be able to help them.

Decision-making is one of the indicators of empowerment, which shows women's ability to handle money in the household (Sahai, 1998). It is also part of the personal level of empowerment determinant. Most of the respondents said that previously their husbands were the ones who brought earnings to the family and thus made all the decisions dealing with money. Now, they either directly or in consultation with their husbands, decide how to allocate money. In one case, the husband even gave his earnings to the woman, and she decided how much to spend and on what.

All the interviewees' households were able to eat either rice without curry or with a simple curry prepared once a day, either in the morning or evening, but eaten twice a day. Seven of the respondents have increased their eating to three times a day and improved their food intake by adding milk, vegetables, beans and meat. Two of them said that they have not only improved their food quality, but also have their own source for food. With the earning from their loans, they were able to secure their own sustainable source of food, such as livestock for meat and milk supply, and land to grow rice, vegetable and fruits.

Regarding access to healthcare (another indicator), six respondents said that they either do not have any serious health problems or they had been able to access healthcare even before their participation in the group. Eight of the respondents who were not able to access specialized healthcare beyond the traditional and local medical shops, reported that they are now able to access healthcare at the district level. For example, Elangiam had suffered from asthma and was only taking tablets for temporary relief. Since her income increased she went to the district headquarters and received proper medical care. It is evident that the participation in ASA groups has contributed to improved access to health by enabling participants to have more and better food. Many of them also acknowledged that they had a greater awareness of health services available in the village, and at union and district levels.

Owning a house or obtaining a better one is considered to demonstrate a good family economic status in Indian society as an indicator of empowerment (Hishigsuren, 2000). Home ownership also allows owners to create their own assets. However, all respondents invariably reported that there is no such improvement in housing condition, as had been expected. One of them has bought land for future house construction. All respondents wish to have either a new house or to repair their house to improve their living conditions. Not only the physical condition of the house but also the facilities and assets are considered to be an important factor for the household's status in society. Four respondents said that they had purchased additional assets and improved electric or water supply in their homes. Examples include purchase of a radio, television, grinder, electric and water facilities. They also reported that such improvements in their life condition

have resulted in more respect from the community. Two of the participants interviewed also affirmed that in spite their increased workload and responsibilities, they felt a great deal of pride and personal satisfaction (good determinants) in being able to make a substantial economic contribution to their household.

Three women interviewed were particularly proud of their financial contribution to their children's education not only because it helped them earn the respect of their husbands but also because it gave them the opportunity to ensure the best possible education for both their daughters and their sons. Women are putting what they have learned from their involvement in self-help groups into practice by educating both their sons and daughters. Two of them even said that they are sending their children to college and trade schools. They are thus, expanding better opportunities for educating their children for a bright future.

According to UNIFEM (2002), role transformation plays a vital role as an indicator of empowerment both in the family and society, and this was seen during the interviews. Traditionally, a woman has to do all the household work by herself. However, as a result of participation in the group and the economic activities undertaken, some respondents reported receiving more respect from the family members and helped with household work, as a result of improved status based on their bringing more money to the family. As a result, these women said that this allowed them to focus more on their businesses and go out of their house and participate in public meetings and village events. Roseline stated:

“Now, I enjoy special respect at home and better mobility. My opinions are sought and respected. I am able to think and act independently. I am able to go wherever I want to go. I get permission from my husband easily go out for various reasons. Now, it is even enough if I just cook the food. My husband eats by himself, and also feeds the children. Sometimes, as we commence cooking, some visitor might come. I ask my husband to complete cooking, and he does without objecting. He understands, cooperates and shares in my work. He washes at least his own clothes if not the children’s, and sometimes mine. He reminds me now to go and attend the meeting on time. He has realized that there is benefit in my being member of the group.”

Laila stated the following on behalf of the group:

“We no more depend upon men for money. We consult, but we can spend on our own also. Now, we are seen as one who saves, has self-confidence, solves problems, is mobile, has outside contact, knows a lot of information, and gets loans for the benefit of the family.”

Generally, after the women’s parents see the benefits of the activities of the groups, there is no opposition from them to the women’s participation. Instead, they show a lot of interest, inquiring on their own about group activities.

“Parents also encourage us to attend the meetings and raise our hopes. In-laws do not speak against us. Actually, they share our work. They even take over our work if we have to go out. They speak proudly of our group. Even our children tell proudly "my mother is in a group".

Lakshmi expressed the following:

My husband gives me more value since my membership in the group and my income. I know, because now he hands all his earnings to me. If I had not become a member in the group, not gone to the meeting, not taken a loan, not learnt the work, I would not get the value I have now, I would have to continue to ask my husband for everything in total dependency. My husband knows I am very busy, so he washes our clothes and dishes and cooks for us and I think it is because I am helping him financially.

In contrast to these accounts, five respondents were not able to say that there was any change in family role. Roseline expressed that her earnings (economic independence) has lead to a problem:

“My husband’s contribution to the household decreased once I began to earn more income and became able to cover more of the household’s expenses. Occasionally, my husband withdrew his support to the extent that I was forced to my loan primarily to meet consumption needs instead of investing in my business.”

Here the researcher’s understanding from the interviews is also that because women are traditionally responsible for providing food, clothing, cooking and cleaning supplies, a women’s earning a little money to cover household expenses may not necessarily earn her more respect in the eyes of her husband. If, however, she earns enough to help cover typically male expenditures like school fees, rent, furniture, and transport, her decision making power within the household often increases greatly.

Gender equality at the family level needs to be measured as part of the empowerment indicators (Mayoux, 2001). Bringing up girls in equality with boys is considered in the interviews.

Akkamma said:

“Previously, I thought that education up to primary level was sufficient for a girl because studying more would involve her going to a school outside the village. Now, I am educating the girl children more, even if it involves going outside the village and I want them to study at least up to higher secondary. I am sending them to schools outside the village even after their coming of age. I want them to go to college to become a doctor or a collector. Before, I bought two sets of dresses for boys and only one set for the girls. Now, I buy equally for both. Previously, I did not wish to spend money for treating our own and our girl children's illnesses. Importance was given to the husband and the boys. Now, even if our treatment is expensive, I take a loan from the SHG and take proper treatment. I have opened savings accounts in the bank in the name of girl children, and am depositing amounts. Previously, I did not want to give equal rights to girls. Now I am becoming aware that they are equal to boys and that they must be given equal rights. Our girls ride cycles like boys. The society has come to accept it.”

There is also observable economic empowerment in the family in general although it is not considered as a separate indicator but as part of many indicators. Nine



respondents' families depended on agricultural labor only and had no source of their own income. Low agricultural wage labor was a major cause for poverty for most households in villages. After getting loans for various economic activities, most of the respondents increased their income. Two have even created additional jobs for others through their income-generating activities. Laila started a telephone booth with her second loan. Gradually, she saved enough to buy a generator that she rents out. Now she says very proudly that her income is around 6000 rupees per month.

Participants had also expressed some constraints at the family level of empowerment. A few of them stated that their husbands take control of their loans, yet they themselves retain responsibility for paying off the loans, thus increasing their level of stress and dependency. Three reported that there is an increased workload and responsibilities as a result of their work. At the same time, another three were of the opinion that in spite their workload and responsibilities, they feel a great deal of pride and personal satisfaction in being able to make a substantial economic contribution to their household. There was a common consensus among the participants that their relationship within the family members had either improved or remained good since the women joined ASA.

#### 5. 1. 4. *At the Community Level*

Participation in public meetings is assumed to be an indicator, which is part of the community-level empowerment (Longwe, 1990). Previously, women did not participate in any public meetings and were not given any importance in the society. When a woman

becomes a member in a group, she is required to attend center meetings once a week, coordination committee meetings once a month, and international women's day once a year. All respondents participated in the meetings organized by the group and seven of them stated that they participated not only in the meetings organized by the SHG but also in other public meetings and functions organized by the villages. All respondents except one said that they were in the past not able to make any decisions at the community level, such as organizing village meetings and functions. Three of them even said that they are invited to local governing body meetings and religious gatherings.

Sumathi reported:

“Undoubtedly, my capabilities have been enhanced after joining the group: I can conduct meetings, and pass resolutions, I have learnt to work together as a group, I can maintain registers and accounts, I can meet outsiders (even men) without being shy, I can speak boldly, I can take part in any meeting conducted by outsiders, I can visit government officials without fear, I can meet with high officers and interact with them and I can petition regarding village issues.”

Rajathi expressed that she had been invited to participate in and speak at village meetings after her membership in the self-help group, whereas before she would have been ignored. I have been invited to participate in community meetings because I am now in a position to contribute to the local governance. Women are beginning to advise neighbors in business, family, health, and community matters. Women's giving advice is another positive sign, indicator, and source of empowerment for two reasons (UNIFEM.

2002). First, women are learning and putting into practice what they learn. Furthermore, they are sharing their knowledge and helping others, which mean that the knowledge benefits of the program are having an impact beyond its members. Second, women have enough self-confidence (personal empowerment) to offer advice and assistance to others. According to the researcher, giving advice also generates community respect for the women involved so that a positive cycle of self-esteem and respect in the community begins.

Women addressing social and infrastructure issues is another indicator of community empowerment (Sahai, 1998). Various meetings help the members build more confidence to take control over their lives, address social issues, and develop leadership skills. Through these meetings, members build networks (village, cluster and district level networks) with other members to strengthen their individual efforts and address infrastructure and social issues in their villages. Three of the respondents took leadership positions (local village governance) in their villages and were involved in obtaining local electricity, water facilities, road repairs, and bus service and drainage construction. This was only a dream before joining the group. Two of them said that they have become confident that collective action (through conscientization) would enable them to transform the oppressive situation of women as manifested in the dowry system, infanticide of female children and wife beating.

One of the major causes for poverty in India is considered to be caste discrimination (NABARD, 2002). There are people from different castes living in each village under study, mainly Dalits and non-Dalits. Dalit denotes members of castes who

face social exclusion and economic deprivation. Dalits are considered untouchables by non-Dalits. The degree of caste discrimination varies from village to village. Scientific and technological improvements have brought citizens into contact regardless of their caste, as there are, for example, public buses and schools in most villages. However, overall attitudes in the population have not changed. In contrast, some respondents said clearly that after joining the group, they could attend center meetings, international women's day and other common activities together regardless of their caste. Many of them also stated that they sit together regardless of their caste and talk to each other. According to them, significance of penetration of caste-inclusion included Dalit and non-Dalit members visiting each other's houses, sharing food, and celebrating festivals together. This attitude shows a major change in the caste structure in the villages. However, it is extremely difficult to change the mindset of the people in a culture where caste discrimination has existed for 3000 years. Therefore, the impact of the SHGs in reducing caste discrimination may not prove highly significant, although there is some change.

SHG members are clearly positive about their changing role and status in the community:

“Before, people didn't know me, but now everywhere I go, people are calling my name Selvi Aunty “(Selvi). “A lot of people know me, and everywhere that I reach and I need help I receive help, so I feel very happy about it and to be part of ASA” (Manickam). “Some people even marvel

at what ASA has done for us. If you are with ASA SHGs, there is no way you have to look down upon yourself” (Sumathi).

One of the participants (Roseline) expressed her opinions about the positive and negative aspects of community-level empowerment on behalf of the group in the following ways:

“We have established very good contact with ASA, as well as government offices. We are able to go out freely to represent the community, its problems and issues. We take up issues as a group, and not as individuals. We have learnt to work as a group. The group can take up community and women's issues. We are invited to the Gram Sabha (village governance) meetings and are given special respect. There is a general acceptance in the village that the work we are doing is useful. We are now seen as one who gets programs from the government and non-government sources. Our direct contact with higher officials enhances empowerment. We feel empowered just by being part of our own group. However when the group members stand in election, the political parties threaten to break the group. Personal safety is also questioned when we get back late from meetings and training program.”

#### 5. 1. 5. *Summary*

These qualitative interviews helped to assess the life conditions of the women as the process of empowerment before and after their participation in self-help group micro-

credit program and to corroborate the veracity of reported progress from the survey to shed some light on the specific factors that contributed to their empowerment in line with their present quality of life at personal, family and community levels. Empowerment is a movement from a prior (before) condition to a future condition (after) with the positive changes at the personal, family and community levels.

## CHAPTER SIX

### DISCUSSIONS

#### *6.0. Findings*

Indian women in general have proven in recent years that given the opportunity, they can equal men and even surpass them in many walks of life whose accesses were previously denied to them. Interestingly, rural women have not lagged behind their urban counterparts in establishing their credentials to be reckoned with in future development programs. The establishment of Micro Credit Self-Help Groups (SHGs) in rural areas is an additional support for women and a further step towards the empowerment of women.

The present study was undertaken to assess the performance of women in micro-credit functioning under the protective care of women Self-Help Groups. It has identified various indicators that have contributed to the empowerment of women in SHGs. The operational model posited in this research covers personal, family, and community aspects for the women. The data results show a positive impact on the women subjects in each of the three areas.

#### *6. 1. Impact on socio-economic factors*

This research evaluates the performance of rural women in micro-credit self-help groups. The participants' socio-economic background is a significant factor influencing their performance. Following are the significant findings of their socio-economic background.

The present study has clearly shown that the majority of the participants are mature enough to make independent decisions. The age group, namely, 26-40 also realizes its responsibility towards family and society. This finding can influence micro-credit organization in two ways. It could influence these organizations to give micro-credit to only that age group. Taking into account the age factor, it could also influence micro-credit providers to gain some understanding as to why the other age groups do not fare well in their economic and social activities. From an economic point of view - are they poor credit risks or do they simply need to be educated in business acumen?

The participants in the study were either from backward community, most backward community or the scheduled community branded as underprivileged sections of society. No participants came from the forward community who are economically well off. Historically, all communities discouraged women from taking up any other responsibility than that of housewife. Furthermore, the situation was worse for the backward and the scheduled communities. The situation is fast changing; indeed, there is a progressive change in the attitude and orientation of these communities, which were once the most oppressed sectors of Indian society. Now, this finding reveals that the micro-credit organizations are reaching out to the underprivileged communities of women with credit and credit plus (economic and social) services.

A large proportion of the participants belong to the Hindu Religion, which at one time had forbidden women from performing any work except household chores. In India, the Hindu religion permeates every aspect (social, economic and political) of an individual's life. Religious obscurantism and bigotry have for long acted as obstacles to



the economic development of the country in general and especially to the development of women in rural India. From a sociological point of view, the result from the survey is very encouraging. In as much as the participants were from the lowest socio-economic status, it shows an emancipation from the bottom up, a welcome phenomenon in civic societies.

Most of the participants are married women. Generally, married women in India faced multiple problems when they wanted to take up a job to supplement the family income. With the decline of the extended family system and the emergence of nuclear families, and with the continuous increase in the cost of living, it is now more socially permissible for women to engage in economic activities. The question that needs to be raised is: would they have been involved, if it was not for the encouragement they received from the self help group. The self-help groups, indeed, play a vital role as a motivator for the women to be involved in economic activities.

The majority of the participants are literate with primary, elementary, and high school education. Education in general is an important asset to the women in SHGs, as it helps them to acquire the knowledge required to use credit and start businesses. Through education, women also learn about different occupational opportunities. The phenomenal growth in women's education in recent years, especially in rural areas, has improved the position of women in society. This finding reveals that education either formal or informal helps women become successful in their economic activities.

Most of the participants are involved either in trade or in small enterprises, which is a major change from traditional occupations like homemaker and agriculture.

Occupation is one of the factors that indicates economic status. As is well-known, agriculture is the main occupation of India's rural population. Agricultural families in general are conservative and are prone to resist changes. This finding reveals that rural women are able to take up either trade or small enterprises if given an opportunity for development. It is also true that the micro-credit organizations reach out to the rural poor who are agricultural farmers.

More than half of the participants belong to nuclear families. This indicates that the decay of the extended family system is one of the factors contributing to the emergence of rural women in micro-credit activities. The reason for the larger number of participants from nuclear families could be that women in these families have more leisure time and are free to make plans and take decision on their own. In the extended families, women have to spend more time on household activities, and solicit opinions and consent from everyone in their families before taking up any new venture. This finding shows that the women from nuclear families are more successful in micro-credit activities.

Many participants have four to six members in their families. Family size is also one of the factors determining the emergence of women entrepreneurs in rural areas. There is a direct relationship between the number of members of a family and the participation of women in groups and economic activities. The present study has shown that the families with four and six members are found to be more favorable for the participation of the women in group and economic activities.

## 6. 2. *Empowerment at the personal level*

In terms of changes at the personal level, there are significant changes in the participants past and present conditions. They are now capable of meeting financial crises in the family, confident in helping neighbors, confident in meeting micro-credit officials, communication skill in the self help group meetings. Furthermore, their responses in the qualitative interviews suggest that they now react to social problems such as the abuse of women in films, spousal abuse by the husband, and husbands' drinking and gambling. In all the variables, there are remarkable changes in the participants' life conditions before and after joining the micro-credit self-help groups. The participants were able to take crucial decisions regarding the pricing and purchase of raw materials, to plan and realize their activities, to create additional job opportunities for others, and to arrange credit and other inputs regarding their business while respecting deadlines. In other words, there is a notable change in women's management ability after joining the group.

Some of the participants received training on various topics. The majority of them who participated stated that compulsory group training, women's legal rights training, social and health awareness programs, local governance training programs, and women leaders' training programs were either useful or very useful. The participants' attitudes changed due to their participation in these trainings. Taking into account, the number of women who participated, out of the total sample size 230, in different trainings (women legal rights training 69, social and health awareness programs 48, local governance training programs 50 and training of women leaders 27) is very discouraging. This finding shows that more importance should be given to training programs by the micro-

credit organizations. Furthermore, active recruitment or encouragement to participate in these programs must be on the agenda of the micro-credit providers.

From the qualitative analysis of the data, it is evident that self-confidence definitely increased for most of the participants in terms of planning for their future, their physical appearance, independent mobility, savings, and ability to influence and make decisions. From an economic point of view the women's involvement in the micro-credit enterprise was successful overall. The frequency of repayment is weekly. More than half of the participants are involved in trades. In all, the last loan is used more for income generating purposes. Repayment of loan is 100 per cent. For most of the participants, income has increased in the past twelve months and there was an additional income ranging from Rs.1001 to 5000 by investing their last loan.

Every member in the group deposits weekly savings. Most of them started to save only after joining micro-credit SHGs due to their active participation. Saving habit is acquired by the members due to their membership in a group. There is a high percentage of women having a saving habit irrespective of their educational status after joining ASA. For example, saving has significant correlation with age, monthly income and years of membership in the SHG which means higher the age, higher the savings; higher the monthly income, higher the savings; and higher the years of membership in the SHG, higher the savings and these associations are normal and hence not that substantial.

On the one hand, the participants have acquired new skills and values like independent mobility, and effective communication after joining the micro-credit self-help groups and on the other hand many have not acquired new skills and values like

business management, maintenance of accounts, reading and writing, group facilitation, time management and listening capacity due to lack of sufficient trainings. This is, because, the number of participants in different trainings are very few in relation to the total sample size. There is a significant association only between the type of community and skill in maintenance of accounts. Also, a significant association is found in educational status with maintenance of accounts, effective communication and group facilitation.

### 6. 3. *Empowerment at the Family Level*

This section discusses the concepts indicating family economic condition, and family relationship as evidences of participants' empowerment. The participants have owned business tools for their economic activities, better housing, and domestic animals. With regard to consumer goods, the participants have acquired furniture, bicycle, radio and television after joining the group and undertaking economic activities. For example, there is a correlation between household size and asset values, monthly income and asset values and years of membership and asset values which means higher the household size, the higher the total assets; the higher the monthly income, the higher the total assets; and the higher the years of membership, the higher the total assets. They have become owners of assets.

There is a significant difference in participants' ability to provide sufficient food for their family, to meet medical expenses, and to educate their children. Qualitative analyses indicate an increase of expenditure for food, healthcare, housing conditions and

education for most of the participants. Thus, the economic status of the participants increased to a great extent after joining the micro-credit self-help groups.

From the perspective of attitudinal change from the participant's families, there is an increase of respect from the husband, the parents, and the children after the women join the SHGs. Subsequent to joining, most of the participants are consulted in decision-making within the family. Interviews with 10, randomly selected, women reveal that there is both increase and no change in role transformation and gender equity within the family. Gender equity as evident in bringing up girls in equality with boys was noticed in many participants. In many ways, however, gender stereotypes and expectations remain unaltered. For example, although women have substantially increased their decision-making power especially regarding the purchase of household assets and are consulted more often in the decision-making process, men still tend to have the final word on major decisions. Women are still expected to conform to gender norms even if they are also pursuing non-traditional roles for themselves. On the whole, there was a common consensus among the participants that their relationship within the family had either improved or remained good since the women joined ASA.

#### *6. 4. Empowerment at the Community Level*

This section discusses the concepts indicating community participation and community relationship as evidences of empowerment. Many of the participants are very much involved in public activities like, celebrating international women's day, providing drinking water, street light and sanitation facilities, laying roads in the village, conducting

medical camps, sending street children to schools, and stopping liquor sales within the village. From the interviews, it was evident that there was an increase in the participation of women in public and village council meetings, of women addressing social and infrastructure issues, and participants meeting government officials. There is also an increased amount of village community acceptance of the membership in and recognition of the SHGs. Finally, SHG members working together irrespective of caste discrimination has contributed towards lowering caste barriers.

#### *6. 5. Suggestions for Future Practice and Policy Implications*

In a diversified society like India, social factors are fundamental in determining even the economic well-being of the people. Therefore, any full-fledged women's empowerment programs must be multi-dimensional in nature, encompassing social as well as economic criteria. In general, financial service programs for the women in SHGs do not sufficiently address the issues of skill training, unequal access to and treatment in supply and product markets, nor do they take into account such other constraints on women's economic participation as household work and child rearing. NGOs provide credit to large number of poor women, but not the other resources that promote their empowerment. Access to credit is not the only problem facing these rural women in SHGs. Occupational segregation into low-growth, female-specific activities, and lack of alternative opportunities in the wider economy are also constraining factors. Although, the present study has given more of the positive impact results, the researcher provides

the following suggestions from his research, experience and interactions with SHGs in order to further increase the empowerment of rural women in SHGs.

First, capacity building empowers women socially, economically and politically. In fact, the greatest need for many rural women in SHGs was not capital, but training and technical assistance. According to Balkin (1989b), the financing aspects of encouraging low-income people to start small businesses has received too much emphasis at the expense of training. The women's world banking organization advocates that assisting the poor in community organizing and providing them with appropriate technical training and business assistance is as important as providing them with financial services (Jani & Petroni, 1997). Dichter (1996) argues that "without other inputs than credit, a great many micro-loan recipients have enormous difficulty making productive use of these small loans. Training is the backbone of the Self-Help Groups (p.262)."

Training should include entrepreneurship development training, skill training, vocational training, agriculture and animal husbandry training, training in marketing skills and focused literacy training. Rural women in self-help groups require awareness programs focusing on gender sensitization, legal rights, nutrition, and health. Business training can benefit poor rural women entrepreneurs when it is carefully designed to complement their existing skills and address their most pressing needs. Training should focus on the practical aspects of rural entrepreneurship. With the help of market research and other tools to ensure relevance for clients, business training can be a valuable component of micro-lending programs.



As is often said, to provide knowledge to the poor is to give them power.

Development of women is possible only by means of providing education. The gender gap may be successfully reduced by means of empowering women through education, self-employment and income-generating activities. Self-employed rural women in SHGs should be brought within the ambit of non-formal education. Women's general education and literacy are important if they are to reach their full potential and become empowered (Mayoux, 1995). Illiteracy creates a situation of dependency on others that can limit an individual's prospects for empowerment. In addition, educating women has benefits for their children. World Education has documented that women who attend education programs dramatically increase their commitment to educating their children and to educating their daughters in particular (Sherpa, 2001).

Discussion of social issues affecting women's lives and communities can lead to greater awareness of the causes of the problems they face and allow them to take more effective action to address the problems that are holding them back. Discussion of women's rights, community problems, politics and common family problems can foster a sense of solidarity that can empower women both as individuals and as a group to address their problems. With some support, groups of economically-empowered women can take steps to address the cultural and legal barriers that limit their social and political empowerment.

Many participants have expressed the view that they do not have access to information relating to their economic activities, namely, about the availability of raw materials, substitutes available for their products, marketing prospects and linking

agencies. Rural women in SHGs need information on profit opportunities from various sources. NGOs are also key sources that acquire information and make it available to the rural women in SHGs at low cost (Casson, 1982). In order to provide rural women entrepreneurs in SHGs better access to information, an integrated system could be developed harnessing all the available communication media including newspapers, radio, TV and Internet. Feedback of information from past activities is crucial to the long-term success of economic activities.

In addition to educational disadvantages, one of the most difficult challenges that many women face as they start or expand group and economic activities is the balancing of their increasing business responsibilities with their household responsibilities (Wheat, 1997; Mayoux, 1997; Chen & Sebstad, 1997). Although the ultimate goal may be for household responsibilities to be shared between the men and women in the household, this sharing never happens overnight. Not only do women have limited time to spend on their economic activities, but often they also must be able to abandon them completely for certain periods to deal with family crises or children's illnesses. As a result, many women's employment opportunities are limited to those that can be done on a part-time and often irregular basis. It is thus advisable to experiment with ways to influence husbands by including them in selected orientation sessions, having special events for spouses, and inviting them to group meetings occasionally. Family support facilities should also be provided to rural women entrepreneurs by means of starting childcare centers and preparatory schools.

A glance at the participants in microfinance training and conferences shows plenty of women in attendance, yet men predominate on boards of directors of MFIs, in senior management, in program design, and sometimes as loan officers (Cohen & Sebstad, 2001). That means that women and men are not equally involved in critical areas of decision-making including establishing the vision, defining the client target population, and designing products and services. Recognizing the importance of increasing women's representation in governance is important. Hence, support systems congenial for rural women's empowerment should be staffed with female workers in development, financial and commercial institutions, training and extension and consultancy services.

There is also a need for convergence of programs, resources and human resources from various departments of the government and NGOs around the self help groups. The convergence could be defined as an attempt by the government and non-governmental agencies to work in a coordinated fashion, fully understanding each other's roles, speaking the same language, avoiding and preventing overlaps and adding value to each other's work in facilitating sustainable linkage for the poor (Gariyali and Vettivel, 2004). Many of the government programs simply need to reach their target groups. Today the membership in self-help group cuts across caste, religious and geographical barriers in every village. SHGs have the capacity to participate in the development process. They represent women who want to be and who need to be brought into the mainstream of public participation. Rural women's self-help groups today are readily available forums for all those who wish to work with them. Hence, they are the appropriate bodies to be

chosen as beneficiaries under various programs of both government and non-governmental agencies. They can be utilized by all such entities both in meeting their own goals and in strengthening and supporting the efforts of members of self-help groups to rise in socio-economic status. Hence the NGOs need to network with supportive agencies like District Rural Development Agencies (DRDA), District Industrial Centre (DIC), and Tamil Nadu Corporation for Development of Women (TNCDW) for the goal of comprehensive empowerment of women.

Women in SHGs have slowly but steadily got involved in agriculture, trade, animal-rearing and small enterprises. A sizeable number of these women have reached the stage of generating production, coming out of their homes for the first time and taking their goods to market (UNIFEM, 2002). They are courageously trying to stand on their own terms in the traditionally male-dominated market places. In order to support this movement into the marketplace by women, society as a whole must choose to buy the products made by women in SHGs. Many groups of women have started manufacturing products, but there has not been any substantial and organized local expertise and avenues available to sell these products made by women. It is time for both governmental and non-governmental agencies to create conducive marketing facilities (places), conduct marketing workshops, organize exhibitions of women's products in every district, and create websites displaying the products. All these steps would help rural women compete with multinational goods.

In order to foster an awareness and acceptance of women entrepreneurs, role models or success stories of rural women entrepreneurs should be broadcast on radio or

television episodes to create a desire on the part of women to improve their socio-economic status. Successful rural women in SHGs undertaking economic activities should be recognized by both monetary and non-monetary awards for their outstanding performance. It would be most appropriate to present such awards to them on International Women's Day.

The Self-Help Group concept must also be extended to other needy and marginalized groups like the disabled, widows and single mothers, commercial sex workers, eunuchs, endangered artisans and affected weavers.

#### *6. 6. Limitations of the Study and Proposals for Future Research*

This study compares the life conditions of women participating in SHG micro finance before and after joining the group, over a period of three years. The impact is measured as the difference in the magnitude of a given variable between the post-and pre-SHG situations. However, a major limitation of this study is the absence of a comparison group. This applies to both the quantitative and qualitative study. There are thus two possible avenues for future research. It would be better to compare a micro-credit control group of non-members (who do not have membership in SHGs) with the existing members in SHGs micro-credit. Another possibility is to compare evidences of empowerment indicators for newer members with those demonstrated by long-term members of the program, on the hypothesis that members with greater seniority will have higher levels of impact than newly joined members.

The present study is a micro-level study confined to a selected NGO, the ASA in Tiruchirappalli District, limited to women's self-help groups in Tamilnadu State and therefore, it has no global application. The study is limited to the period of one year from September 2004 to September 2005.

## 6. 7. Conclusion

One of the positive contributions that SHG-based lending methodologies make to women's empowerment is the opportunity for women to gain experience in making decisions and leading and influencing others. Groups provide a means for women to know and be known by other women; a forum for learning leadership and public speaking skills; and a basis for development of trust, friendship, and financial assistance. Group membership can help foster a sense of equality among women and break down social barriers such as caste as well as gender.

Practitioners in the field need to gather information on women's needs and design products specifically to meet those needs. They must incorporate programmatic elements such as training or leadership opportunities that contribute to women's empowerment, and track empowerment benefits along with institutional financial performance and economic impact indicators. Women and women's perspectives must be incorporated into the governance, management, and implementation of microfinance programs. Organizations should collect gender-disaggregated data for use in the design and improvement of programs, and review organizational policies to ensure gender sensitivity and gender equity. NGOs and SHGs must design individual loan products and graduation

strategies that meet the needs of women, as well as create performance incentives for loan officers and other staff based on client empowerment as well as portfolio quality and quantity.

Donors need to support holistic approaches to microfinance as part of an ongoing commitment to innovation, research, and development. Donor organizations should conduct and support action research on best practices in empowering women and on appropriate measures of empowerment that practitioners can use to monitor and improve their empowerment impact. Empowerment impacts should be considered when evaluating microfinance program performance and making funding decisions.

In terms of policy implications and program attributes, to achieve better results in reducing poverty and empowering women, government and NGOs should look beyond credit and follow the 'credit with social development' approach (Wood and Sharif, 1997). Social development approach means a comprehensive approach towards the empowerment of socio-economic conditions of the participants. This approach is essential in order to transform the status quo. It will break the gender division of labor by providing important services for women such as access to markets, skill training and technological support. The 'credit with social development' approach will further mitigate gender hierarchy by changing misconceptions about household relations and, it is hoped, promote significant global improvements in the status of women.

# The relevance of Tamilnadu's women Micro Credit Self-Help Group for Empowerment

## QUESTIONNAIRE

Client Code:

### 1. Demographics

1.1 Full Name and address of the Member

1.2 Age

1.3 Date of birth

1.4 Community

 FC  BC  MBC  SC  ST  OC

1.5 Religion

 Christian  Hindu  Muslim  Others

1.6 Marital Status

 Single  Married  Seperated  Divorced  Widowed

1.7 Educational Status

 Primary  Elementary  High School  Higher  
 Secondary  Graduate  Technical  Illiterate

1.8 Occupation

 House Wife  Domestic Work  Agriculture  
 Trade  Animal Rearing  SmallEnterprise  Others

### 2. Family Information

2.1 Nature of the Family: Nuclear  Joint or Extended

2.2 Household  size:

2.3 Number of  the Children:





**3.4** Date of joining this group?

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|

**3.5** Reasons for joining this group:

1. -----
2. -----
3. -----
4. -----

**3.6** Who introduced you to ASA?

- ☐ ASA directly approached
- ☐ Relatives
- ☐ ASA Existing Clients
- ☐ Directly approached ASA
- ☐ Govt. officials/ BDOs/ TNCDW/ DRDA
- ☐ Others

**3.7** What are your duties and responsibilities in the group?

1. -----
2. -----
3. -----

**3.8** Are you happy with your group performance?

1. Very happy ☐    2. Happy ☐    3. Unhappy ☐    4. Very unhappy ☐

**3.9** Your expectations from the group:

1. -----
2. -----
3. -----
4. -----
5. -----

### 3.10 More details about the number of group members

| Members | At the time of Group formation | At present | Drop outs between | Reason if there is drop out      |
|---------|--------------------------------|------------|-------------------|----------------------------------|
|         |                                |            |                   | 1. _____<br>2. _____<br>3. _____ |

### 3.11 Any shift of occupation by the member in three years

| Particulars            | At the time of Group formation | At present | Reason for deviation |
|------------------------|--------------------------------|------------|----------------------|
| Small Farmer           |                                |            |                      |
| Agricultural labourers |                                |            |                      |
| Petty trade            |                                |            |                      |
| Non farm activities    |                                |            |                      |
| Artisan                |                                |            |                      |
| Any other              |                                |            |                      |

## 4. Loan Details

### 4.1 Financial sources before coming to Self-help group

| Sources           | Loan amount | Interest rate |   | Mode of repayment |        |         |        |
|-------------------|-------------|---------------|---|-------------------|--------|---------|--------|
|                   |             | Upfront       | % | Daily             | Weekly | Monthly | Others |
| Nationalised bank |             |               |   |                   |        |         |        |
| Cooperative bank  |             |               |   |                   |        |         |        |
| Scheduled bank    |             |               |   |                   |        |         |        |
| Private finance   |             |               |   |                   |        |         |        |
| Money lenders     |             |               |   |                   |        |         |        |
| Pawn brokers      |             |               |   |                   |        |         |        |
| Local chits       |             |               |   |                   |        |         |        |
| Others            |             |               |   |                   |        |         |        |

## 4.2 Loan Purposes

| No. of loan | Loan amount | Purpose           |           |        |               |                       |         |         |          |
|-------------|-------------|-------------------|-----------|--------|---------------|-----------------------|---------|---------|----------|
|             |             | Income generative |           |        |               | Non-Income Generative |         |         |          |
|             |             | Agriculture       | Livestock | Trades | Manufacturing | Education             | Medical | Housing | Marriage |
|             |             |                   |           |        |               |                       |         |         |          |

4.3 Amount of Last loan \_\_\_\_\_

4.4 Frequency of repayment: ☐ Weekly ☐ Monthly ☐ Others \_\_\_\_\_

4.5 Last Loan Term \_\_\_\_\_ (Months)

4.6 Did you get this loan when you need it the most? ☐ Yes ☐ No

4.7 Have you paid the loan as per Schedule? ☐ Yes ☐ No

4.7.1 If no what is the reason for over due

- |                                                    |                                                       |
|----------------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> Natural Calamities        | <input type="checkbox"/> Children/ Relatives Marriage |
| <input type="checkbox"/> Death                     | <input type="checkbox"/> Other Debts                  |
| <input type="checkbox"/> Interest rate is high     | <input type="checkbox"/> Low/ No profit from business |
| <input type="checkbox"/> Any other (Specify) _____ |                                                       |

## 4.8. Asset Details after joining the Group

| Asset          | Value in Rs. | Asset                      | Value in Rs. |
|----------------|--------------|----------------------------|--------------|
| Housing plot   |              | Goat/Sheep                 |              |
| House          |              | Bullock/ Cow/ Buffalo      |              |
| House Repair   |              | Duck/pigeon/Rabbit/Poultry |              |
| Agri.Land      |              | Bicycle/ Cart              |              |
| Business Tools |              | 2 Wheeler                  |              |
| Jewels         |              | Other                      |              |
| <b>Total</b>   |              | <b>Total</b>               |              |

## 5.1 Details about newly acquired Consumer Goods:

| S.No | Consumer Goods | Value in Rs. | S.No | Consumer Goods | Value in Rs. |
|------|----------------|--------------|------|----------------|--------------|
| 1.   | Cot            |              | 6.   | T.V            |              |
| 2.   | Bureau         |              | 7.   | Fan            |              |
| 3.   | Mixie          |              | 8.   | Fridge         |              |
| 4.   | Grinder        |              | 9.   | Gas            |              |
| 5.   | Radio          |              | 10.  | Furniture      |              |
|      | <b>Total</b>   |              |      | <b>Total</b>   |              |



**7.1 Do you like to save in any other agency other than ASA?**1. ☐ 2. ☐ 3. ☐ 4. ☐ 5. ☐ 6. ☐**7.2 Did you start to save only after joining ASA?** ☐ Yes ☐ No**7.3 Amount of compulsory savings saved**☐ Weekly ☐ Monthly ☐ Other

Savings when joined ASA \_\_\_\_\_(in Rs) Current Savings \_\_\_\_\_(in Rs)

Total Savings \_\_\_\_\_

**7.4 During the last 12 months, has your personal cash savings...?**

|                      |           |              |           |                      |               |
|----------------------|-----------|--------------|-----------|----------------------|---------------|
| Increased<br>greatly | Increased | No<br>change | Decreased | Decreased<br>greatly | Don't<br>know |
| 1                    | 2         | 3            | 4         | 5                    | 6             |

**7.5 What are the main reasons for the increase in your savings?**

- ☐ Increased income from business
- ☐ Improved money management  
(Reduced expenses, cut household costs, good investment etc.)
- ☐ Improved savings strategies (Knowing how to save, why one should save, etc.)
- ☐ Other \_\_\_\_\_
- ☐ Don't know

**7.6 Were any of these reasons for savings increase due to your participation in ASA program?**☐ Yes ☐ No ☐ Don't know**8.Details about Insurance – Before and after joining ASA:**

| Institution | Before ASA |        |            |         |           |        |                |
|-------------|------------|--------|------------|---------|-----------|--------|----------------|
|             | Life       | Health | Live Stock | Vehicle | Any other | Period | Assured Amount |
| LIC         |            |        |            |         |           |        |                |
| ICICI       |            |        |            |         |           |        |                |
| HDFC        |            |        |            |         |           |        |                |
| ASA         |            |        |            |         |           |        |                |
| Any other   |            |        |            |         |           |        |                |

| Institution | AFTER ASA |        |            |         |           |        |                |
|-------------|-----------|--------|------------|---------|-----------|--------|----------------|
|             | Life      | Health | Live Stock | Vehicle | Any other | Period | Assured Amount |
| LIC         |           |        |            |         |           |        |                |
| ICICI       |           |        |            |         |           |        |                |
| HDFC        |           |        |            |         |           |        |                |
| ASA         |           |        |            |         |           |        |                |
| Any other   |           |        |            |         |           |        |                |

## 9. Family Expenditure Details

### 9.1 Expenditure (in Rs. per annum)

| Famly Expenditure | Before group formation | After group formation |
|-------------------|------------------------|-----------------------|
| Food              |                        |                       |
| Clothing          |                        |                       |
| Education         |                        |                       |
| Health            |                        |                       |
| Festivals         |                        |                       |
| Gifts/ Recreation |                        |                       |
| Others            |                        |                       |
| <b>Total</b>      |                        |                       |

### 9.2 Changes in Food and other habits: [Tick the answer]

9.2.1 No. of meals per day    ☐ 1-2    ☐ 2-3    ☐ Always three meals

9.2.2 Any New habit of drinking?

If yes,specify ☐ Tea    ☐ Coffee    ☐ Cool Drinks    ☐ Other

9.2.3 Change from ration rice to open market rice.

☐ Yes    ☐ No    ☐ Not Applicable

9.2.4 How would you describe your financial ability to provide a sufficient amount of food for your family during the last one year?

|                      |           |              |           |                      |               |
|----------------------|-----------|--------------|-----------|----------------------|---------------|
| Increased<br>greatly | Increased | No<br>change | Decreased | Decreased<br>greatly | Don't<br>know |
| 1                    | 2         | 3            | 4         | 5                    | 6             |

**9.2.5** How would describe your ability to pay for medical expenses and medicine of your family in the last 12 months?

|                           |                |                   |                |                           |                    |
|---------------------------|----------------|-------------------|----------------|---------------------------|--------------------|
| Increased<br>greatly<br>1 | Increased<br>2 | No<br>change<br>3 | Decreased<br>4 | Decreased<br>greatly<br>5 | Don't<br>know<br>6 |
|---------------------------|----------------|-------------------|----------------|---------------------------|--------------------|

**9.3 Improvement in Children's Education:**

| Items                        | Before ASA |    |                 | After ASA |    |                 | Extra<br>amount<br>spent |
|------------------------------|------------|----|-----------------|-----------|----|-----------------|--------------------------|
|                              | Yes        | No | Amount<br>spent | Yes       | No | Amount<br>Spent |                          |
| Public school                |            |    |                 |           |    |                 |                          |
| Private school               |            |    |                 |           |    |                 |                          |
| College studies              |            |    |                 |           |    |                 |                          |
| Rejoining<br>school/ College |            |    |                 |           |    |                 |                          |
| <b>Total</b>                 |            |    |                 |           |    |                 |                          |

**9.3.1** During the last 12 months, has your ability to pay school fees increased?

|                           |                |                   |                |                           |                         |
|---------------------------|----------------|-------------------|----------------|---------------------------|-------------------------|
| Increased<br>greatly<br>1 | Increased<br>2 | No<br>change<br>3 | Decreased<br>4 | Decreased<br>greatly<br>5 | I am not<br>paying<br>6 |
|---------------------------|----------------|-------------------|----------------|---------------------------|-------------------------|

**9.3.2** If yes, why did it increase?

- ☐ Fewer children in school
- ☐ Using loan to pay school fees
- ☐ Using profit from my business to pay school fees
- ☐ Other
- ☐ Don't know

**9.3.3** If no, why did not increase?

- ☐ Increased school fees too high
- ☐ No longer receiving help from husband/ partner
- ☐ Business income low
- ☐ Other
- ☐ Don't know



#### 9.4 Changes in Recreational habits

| Details                           | Before group formation |    |              | After group formation |    |              | Extra amount spent |
|-----------------------------------|------------------------|----|--------------|-----------------------|----|--------------|--------------------|
|                                   | Yes                    | No | Amount spent | Yes                   | No | Amount spent |                    |
| Going to the theatre individually |                        |    |              |                       |    |              |                    |
| Going to the theatre with family  |                        |    |              |                       |    |              |                    |
| Individual tour                   |                        |    |              |                       |    |              |                    |
| Family tour                       |                        |    |              |                       |    |              |                    |
| Indoor games                      |                        |    |              |                       |    |              |                    |
| Outdoor games                     |                        |    |              |                       |    |              |                    |
| Reading periodicals and books     |                        |    |              |                       |    |              |                    |
| Any other                         |                        |    |              |                       |    |              |                    |
| <b>Total</b>                      |                        |    |              |                       |    |              |                    |

#### 10. Changes in Family and Social relationships after joining ASA (Tick the correct option)

| S.No | Particulars                            | Absent | Decreased | Increased | No Change |
|------|----------------------------------------|--------|-----------|-----------|-----------|
| 1    | Respect from Husband                   |        |           |           |           |
| 2    | Respect from Parents                   |        |           |           |           |
| 3    | Respect from Children                  |        |           |           |           |
| 4    | Social Acceptance                      |        |           |           |           |
| 5    | Recognition within group               |        |           |           |           |
| 6    | Responsibility in the living area      |        |           |           |           |
| 7    | Participation in the Public Activities |        |           |           |           |
| 8    | Any other                              |        |           |           |           |

| S.No  | Particulars            | Absent | Rare | Less Frequent | Frequent | More Frequent | Stopped |
|-------|------------------------|--------|------|---------------|----------|---------------|---------|
| 10.9  | Quarrels in the family |        |      |               |          |               |         |
| 10.10 | Wife Beating           |        |      |               |          |               |         |
| 10.11 | Alcohol Habit          |        |      |               |          |               |         |

12. Participation in decision making      Neglected ☐ Consulted ☐

### 11. Training

Have you received training for the activity chosen    1. Yes    2. No

If Yes:

| S.No | Topic of Trainings | Duration | Effectiveness |            |                  |             |
|------|--------------------|----------|---------------|------------|------------------|-------------|
|      |                    |          | Useful        | Not Useful | Some what Useful | Very Useful |
| 1.   |                    |          |               |            |                  |             |
| 2.   |                    |          |               |            |                  |             |
| 3.   |                    |          |               |            |                  |             |
| 4.   |                    |          |               |            |                  |             |
| 5.   |                    |          |               |            |                  |             |

#### 11.1 Change of attitude through trainings:(Tick the correct option)

Absent ☐ Decreased ☐ Increased ☐ No Change ☐

### 12. Management ability

| Particulars                                                                                                           | 1.Yes<br>2. No |
|-----------------------------------------------------------------------------------------------------------------------|----------------|
| Do you take crucial decisions in purchase of raw materials, pricing of the product of your activity?                  |                |
| Do you plan your activities and get the things done by others                                                         |                |
| Have you created any additional job opportunity for others to get employed in your enterprise after joining the group |                |
| Are you able to arrange the credit and other inputs in time                                                           |                |



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## 13. Social Impact and Empowerment

(1-YES, 2-NO)

| Sl. No.                                                                                                                                                                                 | Particulars                                                                                                                                       | Before Group | After Group |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|
| <b>Self Confidence</b>                                                                                                                                                                  |                                                                                                                                                   |              |             |
| 1.                                                                                                                                                                                      | Are you confident of meeting financial crisis in the family                                                                                       |              |             |
| 2.                                                                                                                                                                                      | Do you go for helping the neighbors                                                                                                               |              |             |
| 3.                                                                                                                                                                                      | How many officials you met and spoke to                                                                                                           |              |             |
| 4.                                                                                                                                                                                      | How do you communicate in the meetings<br>1. Freely talk, 2. Sometimes talk, 3. Hesitates to talk and hence does not talk, 4. Talks only if asked |              |             |
| <b>Reaction to social evils.</b>                                                                                                                                                        |                                                                                                                                                   |              |             |
| 1.                                                                                                                                                                                      | Abusing women in films                                                                                                                            |              |             |
| 2.                                                                                                                                                                                      | Husband beating the wife                                                                                                                          |              |             |
| 3.                                                                                                                                                                                      | Drunkards/ Gamblers                                                                                                                               |              |             |
| <b>Behavioral Changes:(Use the code for the following)</b><br>(Codes: 1. Resist, 2. Submit yourself, 3. Lodge complaint in the group, 4. Complain to relatives, 5. Warned, 6.Avoidance) |                                                                                                                                                   |              |             |
| 1.                                                                                                                                                                                      | Verbal abuse in family                                                                                                                            |              |             |
| 2.                                                                                                                                                                                      | Beating/ Physical violence                                                                                                                        |              |             |
| 3.                                                                                                                                                                                      | Negligence                                                                                                                                        |              |             |
| 4.                                                                                                                                                                                      | Psychological and emotional abuse                                                                                                                 |              |             |

## 14.Basic Amenities( Health, Water supply, Sanitation and Resources)

(1-YES, 2-NO)

| Particulars                                              | Before Group | After Group |
|----------------------------------------------------------|--------------|-------------|
| Access to medical facilities                             |              |             |
| Improvement in Sanitation (toilet) facility within house |              |             |
| Improvement in Sanitation facility within village        |              |             |
| Water supply within house/ street                        |              |             |
| Water supply within village                              |              |             |
| School for Children                                      |              |             |
| Market facilities                                        |              |             |
| Adequacy of transport facility                           |              |             |



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## 15. Acquired new skills and values after joining the group

| Skills and values                                                         | Tick yes or no |
|---------------------------------------------------------------------------|----------------|
| 1. Independent mobility                                                   |                |
| 2. Skills regarding one's business                                        |                |
| 3. Maintenance of accounts                                                |                |
| 4. Effective communication                                                |                |
| 5. Reading and writing                                                    |                |
| 6. Group facilitation                                                     |                |
| 7. Effective negotiation                                                  |                |
| 8. Time management                                                        |                |
| 9. Self reliant / independent                                             |                |
| 10. Listening capacity                                                    |                |
| 11. Maintenance of records                                                |                |
| 12. Better inter-personal relationship in the family, group and community |                |
| 13. Reading habit                                                         |                |
| 14. Artistic skills like singing, dancing, painting and drawing           |                |
| 15. Planned and systematic way of doing things                            |                |
| 16. Capacity to take loans and repay                                      |                |
| 17. More disciplined in repayment and savings                             |                |
| 18. More understanding of other needs                                     |                |
| 19. Desire to be more active and upright                                  |                |
| 20. Desire to learn more                                                  |                |

## 16. Why do you prefer ASA than any other financial agencies? (Rank any 3 answers)

| Indicators                                                      | Rank |
|-----------------------------------------------------------------|------|
| 16.1 Easy to approach                                           |      |
| 16.2 Simple Procedures                                          |      |
| 16.3 More Human                                                 |      |
| 16.4 Flexible                                                   |      |
| 16.5 People oriented                                            |      |
| 16.6 Better Package/ Product                                    |      |
| 16.7 Possibility to grow not only financially but also socially |      |
| 16.8 Any other                                                  |      |



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## 17. What are the problems faced by you in ASA?

High Interest rate ☐ Staff not friendly ☐ Any other (Specify) 1.

High Deposit ☐ Less Installments ☐ 2.

Long waiting period ☐ Less loan amount ☐ 3.

## 18. Clients expectations from ASA

1.-----

2.-----

3.-----

4.-----

## 19. Any six social activities undertaken by the group:

### Basic needs obtained through Government:

- ☐ Laying roads in the village
- ☐ Construction of drainages
- ☐ Drinking water bores and construction of the water tanks
- ☐ Women group has taken few government contracts
- ☐ Bus facility to the village
- ☐ Construction of individual and common toilets
- ☐ Street light facility

### Welfare programs obtained from the government:

- ☐ House sites for the poor
- ☐ Government lands for the landless
- ☐ Medical camps
- ☐ Old age pension for the old women
- ☐ Widow pensions
- ☐ Grants for the pregnant women and the disabled
- ☐ Literacy programs for the adults
- ☐ Sending children to the schools
- ☐ T.V. sets for the village
- ☐ Telephone for the village for easy communication.

**Life-based issues: Justice, women's rights and values**

- ☐ Elected women village presidents and ward members
- ☐ Increased wages for women
- ☐ Seminars on women rights as against discrimination
- ☐ Released people from bonded labor
- ☐ Released children from child labor
- ☐ Hunger strikes and protests for justice
- ☐ Justice to the women regarding distribution of wealth
- ☐ Anti-liquor activities
- ☐ Celebration of international women's day
- ☐ Change in the way of speaking, food habits and dressing
- ☐ Village level awareness programs on society, health, education and politics

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