Assessment of Impact of the Urban Microfinance Programmes on Empowerment of Women in Maharashtra

THESIS

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By

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Under the Supervision of

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Annexure III: Format of Certificate from the Thesis Supervisor to be incorporated in the Thesis

BIRLA INSTITUTE OF TECHNOLOGY AND SCIENCE
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CERTIFICATE

This is to certify that the thesis entitled "Assessment of Impact of the Urban Microfinance Programmes on Empowerment of Women in Maharashtra" and submitted by Prema Vasant Deshpande ID NO. 2006PHXF418 for award of Ph.D. Degree of the Institute embodies original work done by her under my supervision.

Signature in full of the Supervisor R Parchure

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Date: 1st May, 2011

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'Naiya mori, nike nike chalan chali...'

This poem, written by Kabir in the 15th century, reflects my feelings about this work in a true sense. In the last five years, it has wobbled and stumbled many times, and yet is slowly sailing through. In this process, many have contributed. It is perhaps impossible to mention all of them by name, but I would like to take this opportunity to convey the appreciation I feel for them all.

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I am completely aware of the fact that in an ever expanding field such as 'microfinance', my contribution can only be a drop in an ocean. While I am immensely grateful to the aforementioned persons for their contribution I would like to state that all the limitations of this study are mine alone.

Prema Basargekar

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1. AMM - Annapurna Mahila Mandal
2. CGAP – Consultative Group to Assist the Poorest
3. FML – Forbes Marshall Co. Ltd.
4. IRDP – Integrated Rural Development Porgramme
5. JLG – Joint liability group
6. MFI – Micro finance institutions
7. MMM – Maharashtra Mahila Mandal
8. NABARD – National Bank for Agricultural and Rural Development
9. NGO – Non Governmental Organization
10. RMK – Rashtriya Mahila Kosh
11. SHG - Self Help Group
12. SMS – Stree Mukti Sanghatana

Abstract

Microfinance is the provision of small-scale financial services to people who have so far not been reached by formal financial institutions by replacing the need for physical collateral with peer pressure and peer monitoring. Since the 1980s microfinance has become a popular tool used by developmental organizations, policy makers as well as international donors to fight poverty and empower weaker sections of society, especially women. Three major factors have contributed to its growth. These are a) the realization that government sponsored development programmes for brining about desirable changes in the lives of poor people are limited in their effectiveness., b) the rising feminization of poverty despite the rise in development outlays mainly because of women are still deprived of access to modern technology and resources, and c) the changing mindset of development planners in favour of funding more economically viable and sustainable development programmes. Two major approaches are shaping in the microfinance industry in recent years. The first approach which is called the 'minimalist' or 'credit only' approach considers lack of 'credit' to be the missing link in the self-development process of the weaker sections and thus focuses mainly on building a business model based on scalability and economic viability. The second approach, which is termed the 'integrated' or 'credit plus' approach, considers poverty to be the result of the multi-faceted socio-economic as well as cultural construct of the society and hence infers that the mere provision of 'credit' will not be sufficient to eradicate it or minimize it. This approach thus believes that along with the provision of financial resources such as credit and savings, it is also necessary to build the capacities of the people to use these resources effectively. At the same time it is also necessary to bring about changes in government policies at a macro level through collective action.

Microfinance in India emerged during early 1980s and has been actively promoted by government policy support. There are a number of working models existing today which are popularly known as the Self Help Group model, Joint Liability model, Mixed model and Individual Banking model. The NABARD promoted SHG Bank Linkage model is one of the most popular models in India. There are today more than 41 lakh SHGs providing financial services to more than 54 million households. The second model popularly known as the Micro Finance Institution (MFI) model has covered more than 22 million households. Together, in either forms microfinance has reached over 70 million households.

Though microfinance basically took firm roots in rural areas, in recent years it is also branching out to urban areas. It is estimated that nearly 35 to 40 percent of the urban population does not have access to formal financial services. The population of poor people in urban areas is also growing at a faster rate than in rural areas due to migration from rural to urban areas. This huge volume of potential clients provides an attractive opportunity for business organizations that are operating in the area of microfinance. At the same time urban microfinance also poses certain challenges for the implementing organizations. It is found that as compared to the rural market, the potential clients in urban areas are less homogenous in their socio-economic character and this makes the 'group based' and 'peer monitoring' based lending model more risky. It is also seen that as compared to rural areas the proportion of self-employed clients in urban areas is smaller as many urban poor are working as casual labour or as un-skilled or semi-skilled labour. Thus, their requirements for loans are mainly for consumption purposes as against the requirements of rural clients which are for production purposes. At the same time, due to high costs of living in the cities, they also require higher amounts of loans to satisfy their daily needs such as housing, education, illness, etc as compared to rural clients. It is also found that they have greater exposure to and therefore greater awareness of organized financial institutions working in urban areas. As a result, their requirements related to financial services are more diverse.

Though 'empowerment' is considered to be a major outcome of any microfinance programme, the meaning of empowerment is not very clear due breadth of the concept and a lack of precision in defining it. The existing literature throws light on various topics such as its meaning, its dimensions, its applications as well as its assessment. It shows that empowerment as a process is transformational in nature. That is, as a result of this process women become able to organize themselves, to increase their self reliance, to assert their rights, to make independent choices and to control the resources which help in challenging and eliminating their own subordination. The researchers agree that empowerment is a multifaceted process which touches the lives of women every level such as individual level, family level, enterprise or business level as well as community or social level. It is a process that one starts of one's own free will and which the participant himself or herself decides the path of growth. She chooses the areas she finds most crucial for bringing about the desirable changes in his or her life. The concept of empowerment is deeply intertwined with the concept of 'power' which can be manifest in various ways. The concept of 'power to' relates to the provision of essential resources such as financial and non financial resources to use for one's own wellbeing. The concept of 'power within' relates to the process of capacity building and raising consciousness of one's 'strengths' and 'weaknesses' and awareness of the social and gender construct of the society that inhibits one's growth and thus strengthens/enables the person to overcome them. 'Power with' mainly focuses on developing collective consciousness about dealing with social issues at the macro level and taking collective action to raise one's voice against the injustices and inequalities existing in the society. Lastly 'power over' focuses on enabling people to change the underlying inequalities in the power structure of society and helps them gain access to resources which constrain people's aspirations and their ability to achieve them. It is argued by many researchers that though microfinance can be used as a powerful tool to empower women from weaker sections, it may not always be a natural outcome of the programme. In fact the empowerment process is completely understood only when one analyses the relationship between the three elements of empowerment, namely, the provision of resources which is considered to be a 'pre-condition for empowerment'; capacity building of women to use and control these resources which is termed 'agency'; and lastly the 'outcomes' of the process in terms of empowerment at various levels such as economic, self, socio-political level, etc.

The main objective of the study is to assess the impact of selected urban microfinance programmes on the empowerment level of women from weaker sections of society. Research in this area is likely to throw light on various aspects of empowerment such as the various dimensions of empowerment, perception of the programme participants about their own empowerment, the factors or the features of the programme which contribute to impact upon the level of empowerment, etc. It is also likely to help policy-makers and implementing organizations in developing the programme in such a way that it will enhance the empowerment of the participants. The specific objectives of the study are as follows:

- To understand the socio-economic background of the urban microfinance programmes of the selected organizations and to see whether the programme has reached those clients which were previously considered to be un-bankable.
- To compare the financial services provided by private sources with microfinance programmes and to bring out the differences between the two.
- To assess the impact of urban microfinance programmes on the empowerment level of individual participants in terms of economic, self and socio-political empowerment.
- To assess the impact of external factors such as socio-economic background, educational level, etc. on the empowerment of the programme participants.
- To find out to what extent the differences in microfinance programme models in terms of different objectives and strategies lead to differences in the empowerment level of their participants.
- To find some concrete empowerment tools for the microfinance organizations so as to assist them in developing their programmes in a more effective way.

Four different organizations working in the area of urban microfinance were selected for the study. These are Forbes Marshall Ltd, Pune, Stree Mukti Sanghatana, Mumbai, Maharashtra Mahila Mandal, Navi Mumbai and Annapurna Co-operative Credit Society, Pune and Mumbai. The study uses quantitative tools such as analysis of the data collected in the survey of 698 programme participants from the four selected organizations as well as the qualitative technique of focused group discussion of the Self Help groups and Joint Liability Groups.

The study found that the implementing organizations have become successful in reaching the economically and socially weaker section of the society in urban areas. A majority of the clients (more than 60 percent) did not have any access to formal financial services before joining the programme. It was seen that most of the participants joined the programme in order to get easy access to small savings and easy access to credit which they did not have before. The survey found that around 35 percent of the participants had earlier raised loans from private financial sources before joining the programme and the rate of interest varied between 3 percent to 10 percent per month. The comparative study between the loans taken from private financial sources and from the microfinance programme revealed that though the average amount of loan taken from private sources is higher than that taken from the microfinance programme, the proportion of loan used for developmental purposes such as education of the children and setting up or expansion of business is higher for the loan taken from the microfinance programme. The study also found that the microfinance programme has helped women to raise their economic status by helping them improve their monthly average earnings, monthly average savings and ownership of assets. It was also found in the survey that very few participants have used loans to buy economic or household assets. The loan amounts were mostly used for consumption purposes or for buying working capital.

The perceptions of the participants related to their own economic, self and socio-political empowerment level reveal that microfinance programme has had an overall positive impact on their lives as well as their families. In the three dimensions of empowerment, namely, economic, self and socio-political empowerment assessed in the study, the impact on self-empowerment was found to be most significant followed by the impact on the economic empowerment. While the impact seen on socio-political empowerment was the least of the three.. Overall it was found that microfinance programmes have been highly successful in reducing vulnerability at the time of a crisis, giving more security to participants, increasing their level of self-confidence, giving greater exposure to the outside world and higher status at home. At the same time it was found that microfinance progammes assessed in the study had limited success in raising the collective consciousness of the participants to bring about desirable changes at macro level through collective action.

The study found that there is a strong association between economic, self and socio-political empowerment each being impacted positively and being reinforced by the impact on the other. It also found out that capacity building programmes or the programme for raising level of 'agency' of the participants is a strong determinant of the total level of empowerment. The number of years of association of the participant with the programme, the total loan amount, opportunity to earn higher income is the other factors which have a positive and significant relationship with the level of empowerment. It was also seen that though social background and educational level do not play any significant role in determining the level of empowerment of the participants, the economic status, earning status and the occupational status of the participants significantly affect the level of empowerment.

Another finding of the study is that the objectives, policies and strategies of the organization implementing microfinance programme have a strong bearing on the impact of 'economic' and 'socio-political' empowerment of the participants. At the same time 'self-empowerment' is found to be a natural outcome of all the microfinance programmes.

Finally, the study recommends that for achieving a higher impact on empowerment the implementing organizations should firstly have a clear focus on 'empowerment' as one of the major objectives of the programme and, in an integrated approach, unite the financial services with the non-financial services. Various types of capacity building programmes such as business training, health awareness, educational awareness, leadership training, etc. play a very vital role in the empowerment process and their importance should not be underestimated. The organizations must play a more active role in promoting social capital by involving participants in more social and collective action and raising their level of consciousness towards bringing about changes at macro level or community level. It is also necessary that the implementing organization monitor the use of loans and encourage the participants to use them for more productive purposes. Monitoring of the use of loans will also help them in developing appropriate new products or venturing out in to the provision of other financial services such as micro health insurance, educational loans, etc. It is suggested that now that the implementing organizations have achieved some success in empowering women to a certain extent, it is time they moved further and raised the programme to a higher level by means of deeper penetration, collaboration with other organizations in capacity building programmes, diversification of financial services provided, etc. so that they can better address rising aspirations of their participants.

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Chapter I

Introduction

1.1: Introduction:

Micro credit is the provision of small loans, usually provided for emergency needs and income generating activities to individuals who are normally excluded from the formal banking system. Micro finance can be described as 'the provision of financial services involving very small deposits and loans' (Bastelaer, T.: 1999). Micro finance is the provision of services (financial as well as non-financial) that complement micro credit and includes services such as such as savings, insurance, transfer of money, etc. These services aim to motivate and organize the poor through financial training and building backward and forward linkages (CGAP: 2006).

Robinson, S. (1998) defines microfinance as 'a small-scale financial service for both credits and deposits —that are provided to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas'.

1.2: Need for Microfinance:

Developing countries like India are characterised by financial dualism. On the one hand we have formal financial organizations like commercial banks, investment banks, cooperative banks, credit societies, etc. which are mainly governed by rules and regulations laid down by monetary and financial authorities. On the other hand there is an informal financial structure which comprises a whole range of moneylenders, rotating savings and credit associations (ROSCA), pawnbrokers, traders, jewelers, friends and families, etc. which is not regulated by any authority or law and which mainly caters to the clients which do not have easy access to formal financial organizations. They deliver their services in the most personalised, efficient and flexible manner. Though they play a very vital role of in meeting financial and social needs of the poor people by acting as a safety net, they may take undue advantage of the poor by charging exorbitant rates of interest or by grabbing personal assets in case of default in repayment of loans. Microfinance operates between formal and informal financial structures as an intermediate or semi-formal sector. It generally uses institutional resources and innovative saving and lending technologies to deliver the financial services to the poor or the 'non-bankable' i.e. to those who were earlier denied the access to institutional financial services. Microfinance has thus played a significant role in expanding the outreach of organized financial institutions. At the same time it has to be understood that all these three sectors are part of continuum and there is an overlap in clients, services and the practices which they follow (Joshi, M.: 2005).

1.3: Unique features of Microfinance:

Though various models of microfinance such as the SHG model, Grameen model, individual banking model, mixed model, etc are in operation today, there are certain underlying principles which are common to all.

- Reaching the clients which are unable to access credit in the formal financial market.
- Replacing the need of physical collateral with social capital or peer pressure. The peer lending technology serves both the purposes. It gives a philosophical base and creates a platform for collective action to bring about social change while at the same time it is also the most practical way to guarantee repayment of loans.
- Using alternative methods of guarantee for repayment of loans such as group guarantee, character assessment, client's history and past experience, etc.
- Charging a marginally higher rate of interest than organized financial market in order to cover the higher transaction cost associated with giving large number of small loans.
- Most of the organizations have different objectives other than profit maximization and are in fact non-profit organizations in nature.

1.4: Microfinance in India:

1.4.1: Microfinance policy in India:

Microfinance took first root in India formally as well as informally in the 1970s and has been growing since then. It grew much more and faster after it was officially recognized by policy-makers as an effective tool for combating poverty and increasing the participation of poor people in the development process by empowering them to take decisions related to their own lives. Reddy, C. (2005) gives a brief history of the micro finance movement in India. There has been no definitive date for the actual conception and propagation of SHGs. In India, the development of small groups of people banding together to form a savings and credit organization took place informally. In the early stages, NGOs played a pivotal role in developing this model on a larger scale. In the sixth plan (1980-85), a modest attempt was made to include women in overall development programmes such as reservation for women candidates in IRDP scheme, etc. Development of Women and Children in Rural Areas (DWCRA) was launched in 1982 as a sub-component of the IRDP to target women by organizing them in a group to start some productive activity. It can be considered to be the first concrete approach that involved women in development programmes.

The gender focused policy of India took shape in the 1980s when government released a report of the National Commission on Self-employed workers, 'Shramashakti', in 1988 (Bhatt, E: 1988). While recognizing the role of self-employed women and their contribution to the economy, the Commission strongly recommended improving their economic conditions by devising certain concrete policies which would give them better control over finances and ownership of assets. The Commission also urged government to take an integrated view of the needs of women belonging to weaker sections of society and to help them address their problems such as housing, training, education, etc collectively, by organizing women.

Over a period of time, government policies began to recognize women as 'producers' and more and more efforts were targeted towards building their capabilities through education and training. Government also recognized the need for a coordinated approach in looking at women's problems and the Indira Mahila Yojana (Women's plan) was set up to coordinate different policies and programmes directed towards women.

Financial inclusion of women through formation of Self Help Groups was first time implemented by MYRADA, (initially known as Mysore Resettlement and Development Agency), an NGO working in Karnataka and other states. MYRADA for the first time linked unbanked SHGs from rural areas to the formal financial market through local branches of banks. In the 1980s, policy-makers took notice and worked with development organizations and bankers to discuss the possibility of promoting these savings and credit groups. State governments established revolving loan funds which were used to fund SHGs. By the 1990s, SHGs came to be viewed by State governments and NGOs not merely as agencies of financial intermediation, but as instruments for carrying out development projects. The spread of SHGs led also to the formation of SHG Federations. These are umbrella organizations with more sophisticated form covering a hierarchy of smaller organizations. At the bottom of the hierarchy are the SHGs several of which form Village Organizations (VO) / Cluster Federations. A number of VOs go to form cluster federations which ultimately form SHG Federations.

A most notable milestone in the SHG movement was when NABARD launched the pilot phase of the SHG-Bank Linkage programme in February 1992. This was the first instance of mature SHGs being directly financed by a commercial bank. The informal thrift and credit groups of the poor were recognized as bankable clients. Soon after, the RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations, thus creating the SHG-Bank Linkage. The linkage of SHGs to banks helped SHGs to scale up their operations upwards and to get access to formal financial services and banks to tap a larger market.

In 1993, Rashtriya Mahila Kosh (RMK) or National Women's Fund was established in order to finance NGOs and other co-operative societies to extend credit to poor women through promoting formation of SHGs. The RMK which operates under the Ministry of Women and

Child Development lends money directly to NGOs at 8 percent and also supports NGOs and other organizations in the formation of SHGs, SHG Federations, capacity building, etc.

1.4.2: Growth of Microfinance in India:

Two main operating microfinance models i.e. The Self- Help Group (SHG) – Bank linkage programme and Micro Finance Institutions (MFIs) have recorded an impressive growth in the past few years. Table 1.4.1 gives the details of the client outreach of these two programmes.

Table 1.4.1:

Number of Clients covered under microfinance programmes (in millions):

Programme	2006-07	2007-08	2008-09	Growth – 2009 over 2008
SHG Bank Linkage programme	38.02	47.1	54.0	6.9
MFIs	10.04	14.1	22.6	8.5
Total	48.06	61.2	76.6	15.4
Total adjusted for overlap	44.97	56.0	70	14

Source: Srinivasan, Microfinance India: State of the Sector Report 2009, 2010, Sage Publication India Pvt Ltd.

The overall coverage of microfinance after adjusting the overlap between SHG-Bank Linkage programme and MFIs programme increased from 45 million clients to 70 million clients between 2006-07 to 2008-09. If we take a broader definition of microfinance which includes small accounts of commercial banks as well as small and vulnerable borrowing members of the Primary Agricultural Societies, the outreach will be seen to go up to 135 million clients. Though microfinance also covers non-poor as well as transient poor in large numbers, it is estimated that more than 50 per cent of low income households out of about 130 million in India are covered under the microfinance programme (Srinivasan: 2010). The total outstanding loans have increased from Rs 229.54 billion to Rs 359.39 billion during the financial year 2008 to 2009.

The details of the SHG–Bank Linkage programmes are given in Table 1.4.2:

Table 1.4.2:

The Growth of SHG-Bank Linkage programme in India:

Sr. No	Description	2002	2005	2006	2007	2008	2009
1	No. of SHGs provided with Bank loan (in lakhs)	4.61	16.18	22.38	29.24	36.25	41.45
2	% of southern region	-	58	54	52	51	55
3	Average loan size of new groups (Rs)	22,919	32,019	37,574	44,343	46,800	74,000
4	Repeat loan size (Rs)	22,215	49,130	62,960	78,682	-	-

Source: Annual Report, NABARD – 2008-09.

NABARD annual report (2008-09) states that during 2008-09, 10.81 lakh new SHGs were credit linked and bank loans totaling Rs 11,132 crore were disbursed. The programme covered more than 7.01 crore poor households making this the largest microfinance programme in the world. The share of the southern region has increased to 55 percent, while some of the other regions such as West Bengal, Orissa, Uttar Pradesh, etc are under-represented. Agency-wise comparisons show that 55 percent of SHGs are members of commercial banks, 26.5 percent SHGs of Rural Banks while only 16 percent of them are members of co-operative banks.

MFI programme: According to the Bharat Microfinance Report (SaDhan: 2009), there are around 786 MFIs in India. In the global microfinance sector ten Indian MFIs find place in the top 100. SKS Microfinance, Cashpor, Sarvodaya Nano Finance, Spandana Sphoorthy, Share Microfin Ltd., etc are some of the large MFIs in India. Out of the 786 MFIs, 222 MFIs have provided data in 2009. The details of the same are given in table 1.4.3.

Table 1.4.3:

The details of the MFI programme in India:

Type	No of MFIs	Client outreach (%)	Share of loan volume (%)
Class A: Loan business more than Rs. 500 million.	96	82	88
Class B: Loan business between Rs. 50 to Rs. 500 million.	85	13	11
Class C: Loan business less than Rs. 50 million.	41	5	1

Source: Srinivasan, Microfinance India: State of the Sector Report 2009, 2010, Sage Publication India Pvt Ltd.

The MFIs have different legal forms such as non-banking financial companies (NBFC), co-operative societies, trusts, cooperative banks, companies under section 25, etc. The most common form is that of co-operative societies followed by the NBFC. Southern States have a share of more than 54 percent in loans as well as in client outreach. The MFIs follow different lending models such as the SHG model, Joint Liability Group (JLG) model, Hybrid model or Individual Lending model.

1.4.3: Microfinance lending and saving models:

Micro finance models are generally classified into four categories (Sinha, S.: 2003): Self Help Group (SHG), Individual Banking Programme (IBP), Grameen model and Mixed model.

- SHG Model: The SHG is the most dominant microfinance model in India. An SHG generally consists of around a minimum of 10 to a maximum of 20 members and their operations run on the principle of revolving the members' own savings. After a minimum period of six months of successful working the resources can be augmented by external financial assistance such as from an MFI or a bank. Interest rate, deposit rate, minimum and maximum amounts of loan, tenure of loan, etc are decided by the group itself. Regular meetings which are held for the purpose of savings collection and loan disbursal also serve as monitoring strategy. The main feature of the SHG model is that saving by the members precedes borrowing by the members. The volume of individual borrowing is in most cases determined either by the volume of member savings or the savings of the group as a whole. NABARD plays a vital role in refinancing commercial banks lending directly to SHGs. In the SHG bank linkage model we have three different types or sub-models, namely the SHG directly formed by banks (Type I), the SHG formed by an NGO but directly linked to banks (Type II) and the SHG formed and run by NGO as an intermediary between banks and clients (Type III). The most popular is Type II where SHGs are formed by NGO and linked directly to banks (Pitre, V. and Sangle, S.: 2005).

- Individual Banking Programme (IBP): Nationalized banks and other private banks have entered in microfinance in a big way. They are using various channels to connect to SHGs such as forming federations of SHGs, collaboration with an MFI or direct banking. Indian Bank's Indus Branch is one such example of direct banking. Indian bank has established a separate branch for SHG financing and the spread of microfinance. SEWA cooperative bank is a leading example in this category as all the clients of SEWA bank are also its shareholders and all financial transactions are done independently. Other banks like ICICI Bank have followed a partnership model. ICICI Bank ties up with an MFI like Dhan Foundation and provides a large amount of loan to it. The major advantages of this model are sharing of risk, larger reach with reduced costs and the expansion of the range of financial services other than credit to the poor.
- Grameen Model: This model introduced by Grameen Bank, Bangladesh is based on the formation of Joint Liability Group (JLG) of a minimum of five to a maximum of 20 members who become liable to each other for loan repayment. A group of 5 to 7 members is eligible to receive loan from the credit organization. It is used as an effective screening technique as how much each member will receive is decided by the group and access to a subsequent loan depends on complete repayment by all members. This approach is based on joint liability of credit. Saving is the compulsory part of the loan repayment schedule but the magnitude and timing of loan disbursement is not decided by its proportion. Peer pressure plays a key role in ensuring repayment. This model differs from SHG model in that here credit can precede savings and the amount of loan is not necessarily determined by the total amount of savings.

- Mixed model: This model is a combination of the Grameen and SHG models. The lending procedures are Grameen i.e. joint liability is insisted upon but at the same time the number of members in each group can be as large as that in an SHG (around 20 or more).

In practice there are many other different versions of these four models mentioned above. Two important models prevailing in India are the SHG and MFI. The debate on comparative advantages and disadvantages of different models continues. The SHG model is advocated by some on the ground that it is easier to operate, can be easily scaled up and are more empowering in nature as it gives full autonomy of decision making to the group. The main disadvantage is that as it depends more on self-reliance and own saving, the average sizes of savings and loans are comparatively smaller. The major strength of the MFI model on the other hand is that as it can be an intermediary between the bank and clients it can give higher amounts as loans and can have a greater impact.

1.4.4: Legal framework of microfinance in India:

Guha, S. (2004) describes the legal framework of MFI in India. MFI can operate in India under four different legal structures, namely Charitable Institution, Cooperative, Non-Bank Financial Companies (NBFC) and as a Bank. There are different rules and regulations governing these structures. For instance, charitable institutions are not allowed to raise equity and mobilise deposits. They survive mainly on grants. The State cooperatives are controlled by the Registrar of Cooperative Societies and the State Governments. National cooperatives and multi-state cooperatives have more flexibility of operation. NBFC is under section 25 are not allowed to accept public deposits but seven categories of NBFCs are exempt from RBI registration. They are allowed to mobilize deposits after registering with the RBI and satisfying certain conditions. An MFI as a bank has to register with RBI and can undertake all the normal banking operations.

1.5: Urban Microfinance in India:

Urban micro finance is a relatively new phenomenon in India. Till recently the microfinance movement had met with success predominantly in rural areas. Initiatives taken by organizations like the SEWA Bank (established in 1974 in Ahmedabad) and Working Women's Forum (established in 1978 in Chennai) were the exceptions rather than the rule. Due to those of its features which distinguish it from rural microfinance such as the different demographic characteristics of its clients, their needs and requirements, the competition with organized financial sector, etc., urban microfinance poses different challenges and demands detailed discussion.

1.5.1: Scope for Urban Microfinance:

The reasons for the rising demand for urban microfinance are as follows:

- Compared to rural areas, the population growth in urban areas, at 29% per annum, is very high. Approximately 28% of India's total population or nearly 280 million people reside in urban areas. According to the 2001 census of India, the urban poor comprise 35 to 40 percent of the population and out of these only 0.01 % has access to formal organized financial services[1]. The Rangarajan Committee's report on Financial Inclusion (2008) states that there is no clear estimate of the number of people in urban areas having no access to organized financial services due to migratory nature of urban poor.

- Nearly 89 percent of workers are employed in the informal sector a majority of whom are women. Most of the poor urban migrants possess low technical skills and minimal formal education. In spite of there being a large network of banks and their branches in cities, most of the urban poor do not have access to them for various reasons such as not having proper documents like ration cards, proof of residential address, etc, having an irregular income and not being comfortable visiting banks.
- There are several reasons why such a huge chunk of the urban population remains un-bankable. Some of these reasons are the small amount of loans required by the individuals and lack of information and the absence of credit history of people with small means, the lack of collateral they can offer, the high transaction cost, etc. (Honark, L. : 2007). On the other hand due to various reasons such as lack of awareness, non-availability of suitable products, prior experience of rejection or indifference, high transaction cost in terms of travel cost, wage losses, etc urban poor hesitate to approach formal banking sector.
- One of the main reasons for the rise in urban microfinance as mentioned by Honark, L. (2007) and Mehta, A.(2007) is the large number of urban poor whose aggregate demand for credit is estimated to be as high as Rs. 222 crores. Mankar, V. and Gidwani, L. (2007) estimate that Mumbai itself has more than 15 million people residing in slums. Secondly, though the Indian economy has experienced unprecedented growth after the

[1] Census of India – 2001.

liberalization process began in 1991, it has also seen widening inequality between rich and poor. It has created the opportunity for a new breed of social entrepreneurs who take a different approach to tackle urban poverty, urban microfinance being one of them. Swadhaar FinAccess, Ujjivan and Ajeevika are examples of such urban microfinance institutions that have stepped in to meet this need.

- Ghosh, S. (2007) states that commercial viability of urban microfinance could be higher than of rural microfinance because of as higher population density, higher client service efficiency and potentially larger loan sizes as a result of which the breakeven may come more quickly than in rural areas.
- In addition, most of the authors agree that there is a ready market for microfinance products in urban areas. Bansal and Gupta (2007) state that there are more than 20 million micro enterprises which provide employment to more than 40 million people. These enterprises have very limited access to formal credit due to their informal structure, lack of registration, the highly seasonal nature of their business and lack of properly maintained accounts. This is a market that is ready and waiting for microfinance.
- In comparison with rural poor, the support structure for urban poor is lower. At the same time due to higher level of monetization, implications for poor households in case of food security, access to health care, child care all get linked to the extent of women's earning capacities and productivities (Rustogi, Sarkar and Joddar: 2009). It thus forces women to become economically active and support the families.
- Though some specific steps like 'The Swarna Jayanti Shahar rozgar Yojana', etc. were taken by State Governments to alleviate urban poverty during the 7th Five Year Plan, they failed to make any significant impact on the urban poor (Nair: 2009). At the same time

gender aspect of urban poverty and emergence of unorganized sector have not been addressed adequately in developing policies. Significant proportion of urban poor engaged in construction industry and informal sectors is still outside any financial inclusion policy.

1.5.2: Challenges faced by urban microfinance:

Though it is agreed that there is a huge scope for the spreading microfinance activities in urban India, it is also true at the same time that the rural model of microfinance cannot be easily replicated in the urban market because the two markets have different characteristics and demand different strategies. Compared to the rural market, the urban market is more complex and poses different challenges.

- Due to the great diversity of socio-economic backgrounds, educational and cultural characteristics and client requirements, Micro finance institutions in urban India will have to devise different strategies for client targeting, product designing, delivery channels and assessment of risk.
- Mankar, V. (2007) describes some of the major supply and demand side challenges faced by urban microfinance. Lack of formal documentation for identity proofs, heterogeneity of clients, greater need for consumption loans are some of the demand side constraints faced by urban MFIs.
- Another major challenge faced by urban MFI is the lack of trust among the group members (Mehta, A. 2007).

- Kindo (2007) asserts that technology will play a major role in the development of urban microfinance. By helping to identify the demands of the clients, achieve confidentiality, provide security of transaction, improve staff management, etc technology will play a major role in the growth of the microfinance services.

1.5.3: Leading Micro Finance institutions in India:

In all 3.50 million (22 %) out of a total of 14.1 million of MFIs clients in India, are urban. Of these clients nearly 30 percent have joined microfinance programmes only in the year 2007-08 which states that urban microfinance is a new phenomenon[2]. There are very few official documents which provide compiled data on urban microfinance in India. One of these sources is 'Sa-Dhan', an Indian NGO that serves as a trade association for MFIs. The study conducted by Sa-Dhan shows that around 3.5 million urban residents received microfinance services in 2007. Around 22 percent of clients of large MFIs come from urban areas whereas in case of medium sized MFIs this proportion is as large as 40 percent. The size of the given to urban clients is, on an average larger than that given to rural clients. More than 40 percent of urban clients have borrowed amounts higher than Rs 10,000. Data compiled from a few research studies like the one conducted IFMR, Chennai and that found on MFI websites and in annual reports of MFIs , etc. is presented in table 1.5.1.

[2] N. Srinivasan, Microfinance in India: State of the Sector report 2008, Sage Publication India Pvt. Ltd.

Table 1.5.1:

Leading Urban Micro Finance Institutions in India: Brief Information

Name of MFI	Year of Est.	Urban locations	Parent org	Nature of organization	No of clients
Ujjivan	2004	Karnataka	Nil	NBFC	25,000
SEWA Bank	1974	Gujarat	SEWA-labour union	Co- op bank	1,50,000
Indian Coop. Network of Women	1981	Tamil Nadu, Karnataka, A. Pradesh	Working Women's Forum	Multi-state co-operative society	8,50,000 (2,00,000 in urban area)
Village Welfare Society	1995	West Bengal	Village Group, NGO	Society	50,000
Janaklakshmi Social Services	2006	Karnataka	MYRADA, Sanghamitra	Not-for-profit Co.	25,000
Annapurna Mahila Mandal	1976	Maharashtra	AMM, NGO	Credit co-op Society	10,000
Stree Mukti Sanghtana	1980	Maharashtra	SMS	NGO	4000
Maharashtra Mahila Mandal	1988	Maharashtra	Nil	NGO	5000
Bandhan	2002	W. Bengal & 10 states	Nil	NBFC	17,14,000
Swadhaar Fin Access	2006	Maharashtra	Nil	Indian Co Act, Non Profit org	10,500
Ajeevika	2005	Delhi	Nil	Not-for-Profit Co.	14,000
Equitas Microfinance P. Ltd	2007	Chennai	Nil	Pvt. Ltd. Co.	4,00,000
Adhikar	1999	Orissa	Nil	NGO and NBFC	71,000
Bharatha Swamukti	1997	Karnataka	Nil	NGO	1,80,000

Samsthe (BSS)					
Grama Vidiyal	1993	Tamil Nadu, Trichi	ASA	NBFC	4,20,000
Grameen Koota	1999	Karnataka	Nil	NGO	2,40,000
MIMO	2006	Uttarakhand, Dehradun	Nil	NBFC	86,000
Samhita Community Development Services	2007	Madhya Pradesh, Rewa	Nil	NGO	24,000

Source: Data compiled by the author from various websites and reports

The data reveals that except for a few organizations like SEWA Bank and Annapurna Mahila Mandal, most of the organizations have been established in the last 20 years. They are spread all across the country, but are mainly concentrated in mega-cities like Mumbai, Chennai, Bangalore and Delhi. The legal structures of these organizations vary from Bank to NBFC to cooperative credit societies. The average number of clients also varies greatly and ranges from 4000 to 8 lakh.

To cope with the challenges, urban microfinance institutions have come up with various innovations and strategies. Most of them have trageted specific segments of the market such as domestic servants, self-employed women, women rag-pickers, micro-entrepreneurs, housewives, street children, etc. so as to understand the specific need of the targeted customer and serve them better. The diverse needs of the urban clients have also led to customization of products such as housing loans, education loans, business loans, consumption loans, medical insurance, life insurance, pension, etc. Various new technologies such as smart card, ATM banking, tele-banking have been adopted by the organizations to reduce the transaction costs.

1.6: Present dilemma before microfinance sector:

The last three decades have seen a rise in the importance of microfinance in India as well as in other countries. Although microfinance programmes have been implemented as independent development programmes by a number of organizations since 1970s, it is in the last two decades that microfinance has grown in importance as it has caught the imagination of development planners and policy makers. Though initially the idea was evolved as a result of failure of the organized financial institutions to reach poor, it came to be looked upon later as a powerful tool not only to fight poverty but also to empower weaker sections, especially women. There are several reasons for the growth of this phenomenon. In the early 1980s it became clear that any organized efforts at developing the weaker sections of the society through planned development programmes like IRDP are highly ineffective in bringing about desired change, while at the same time they generate tremendous amount of red tape and corruption and put great pressure on the government treasury. Secondly, it was also found that most of these programmes have led to the feminization of poverty due to their limited access to education, knowledge and resources as well as due to the socio-cultural barriers which women face in a patriarchal society. In short, women did not gain much from these development interventions. In fact in some cases they became further marginalized. The Human Development Index (HDI), a composite index of the quality of life shows that female HDI is less than male HDI in every country in the world (World Bank: 2000). Bijing platform for Action in 1999 also strongly stated that in the previous decade the number of women living in poverty has increased substantially, in comparison with men, due to economic as well as non-economic reasons including such reasons as rigidity in socially assigned gender roles and women's limited access to resources like education, power, training, etc. Thirdly, in the early 1990s, with the change in the mindset in favour of globalization, privatization and liberalization, the role of the policy makers also changed towards promoting economically sustainable programmes, amongst which microfinance was a prominent one. Microfinance provided a viable alternative as it proved that poor people, specifically women, are not only credit-worthy, but are also capable of bringing about desirable changes in their own lives, in their families as well as in localities, given an opportunity to develop their capacities and express their opinions. This view was further strengthened as many international organizations such as World Bank (with support of their microfinance arm the Consultative Group to Assist the Poorest – CGAP), United States Agency for International Development (USAID), ACCION, Ford Foundation and many others promoted and encouraged micro finance in developing countries by raising finances from the global market and bringing professionalism into the industry. The financial inclusion policy promoted by the RBI and the role of NABARD as the refinancing, coordinating and guiding body of all commercial banks also played a vital role in the growth of microfinance.

It can be argued that one of the most important reasons for the rise of microfinance is that the emerging approaches of neo-liberalism and of gender empowerment have found common grounds in promoting microfinance. At the same time, these two approaches pursue on two different objectives. The gender empowerment approach focuses on changing unequal gender relations with access to credit as one of the tools to achieve. And, the neo liberal approach focuses on poverty alleviation with efficient use of credit given to women. The rapid propagation of microfinance has started showing certain side-effects. One of the most visibly seen undesirable side-effects is that it is been used more and more for gaining political mileage. Most of the political parties try to woo women voters by offering a paltry sum as a subsidy or grant other small benefits to set up self-help groups. The core objective of microfinance, of making weaker sections of the society self reliant and economically independent so as to boost their self esteem and confidence, gets defeated in this process as the women are again as likely as before to get used as puppets this time in the larger game of politics. There is also a fear that more and more of the development funds and efforts of welfare and non-government organizations are diverted from other equally crucial issues such as employment generation, environment protection, education and health, etc towards microfinance as it is found to be a much easier way to organize women and obtain their participation. With the increase in its reach, the competition amongst MFIs and other organizations entering this space is rising and some unhealthy practices such as wooing away each other's clients or managing finances so as to show high recovery rates in order to get higher investments, etc. are creeping in its wake. Lastly, with higher growth, the role of donor organizations in determining the objectives and strategies of the implementing organizations is also rising in such a way that concerns of financial sustainability are gaining supremacy over many other core objectives such as eradication of poverty, capacity building of the poor, empowerment of the weaker sections, etc. The narrow view of those overtly concerned with financial sustainability generally militates against the overall development of the poor as all the strategies and policies of the implementing organizations such as selection of clients, tenure of loan, amount of loan, 'credit plus' activities or activities undertaken for capacity building, functions of the loan officers or area mangers, etc.

are targeted towards increasing economic viability through upward scaling as early as possible at the cost of long term objectives of empowerment of the clients.

1.7: Focus on empowerment through microfinance:

In the light of this reality there is a need to refocus attention on empowerment of weaker sections, specifically women which is the core objective of microfinance programmes. The unique feature of microfinance is that it has the potential to make a significant impact on the lives of millions of poor women by providing them with an opportunity to overcome socio-economic barriers by giving access to financial services, involving them in income generating activities and thus improving their bargaining position and decision making ability within the family. Over the time this is expected to lead to their greater involvement in the social and political sphere and to making their voice heard so as to bring about the desired structural changes in the patriarchal economy through collective action. The empowerment approach recognizes the multiple roles played by women and tries to address them by bringing about changes at various levels such as individual, family, market, macro policies, etc. It organizes women around issues of practical importance in order to bring about strategic change. However, unless and until all the partners involved, such as policy makers, donor organizations, implementing organizations, government organizations, financial institutions as well as the microfinance clients themselves, have a common understanding of and evolve a consensus about this long term vision monitoring and guiding their progress this vision is difficult to realize. It is therefore required that the meaning of empowerment, its various elements and its linkages with microfinance should be studied in a systematic way so that microfinance activity does not stray from its favoured objectives and become just another commercial enterprise.

1.8: Research need:

The primary objective of this research is to assess the impact on the empowerment of women from weaker sections of the society of urban microfinance programmes. Urban microfinance is a relatively a recent phenomenon in India. Though it has its roots in rural microfinance, it has its own distinct potential, challenges and limitations due to the differences in clients' backgrounds and requirements as well as differences in the market characteristics. Thus, it requires special attention. Four organizations from Pune and Mumbai (Maharashtra, India) were selected for conducting a survey of programme participants in order to assess the impact of the microfinance programme on the level of their empowerment.

An attempt has been made to understand the meaning of empowerment in the socio-economic context of the weaker section of women in relatively developed and progressive cities in Maharashtra, to link up with relation with microfinance programmes, to assess its impact on the lives of the programme participants, to understand the role of the implementing organization in creating the virtuous cycle of empowerment and discover some tools for promoting empowerment.

1.9: Outline of the Report:

The study is reported here in the following scheme of chapters:

Chapter I – Introduction

Chapter II – Review of literature and gap analysis

Chapter III – Research design, methodology and tools of the study

Chapter IV – Data analysis and findings

Chapter V – Focused group discussions

Chapter VI – Conclusions and discussion

Chapter VII – Recommendations and scope for future study.

Chart 1:

Number of Clients covered under microfinance programmes (in millions):

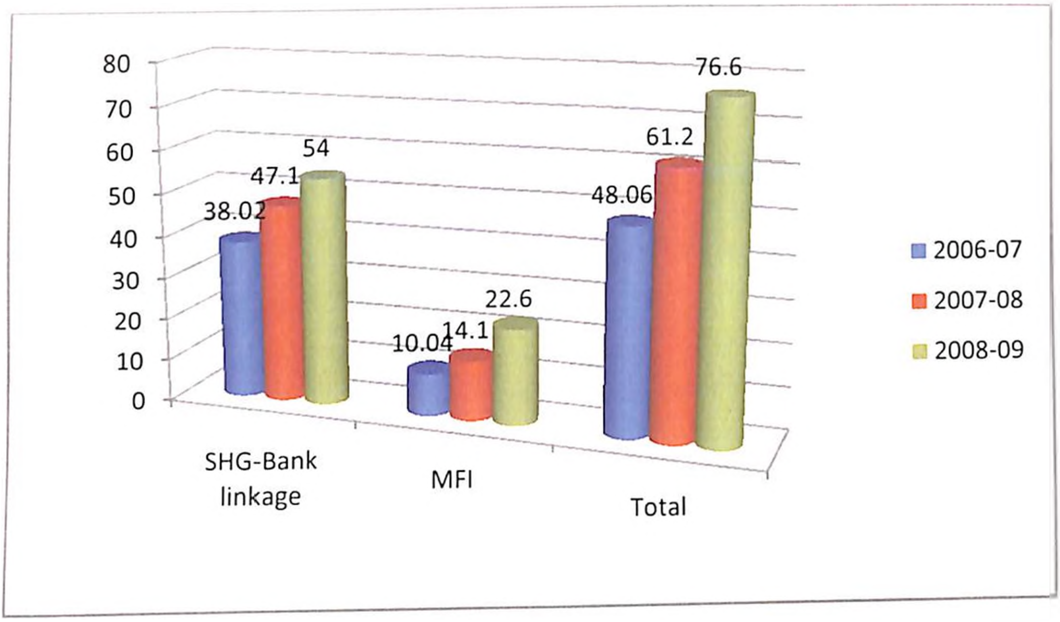
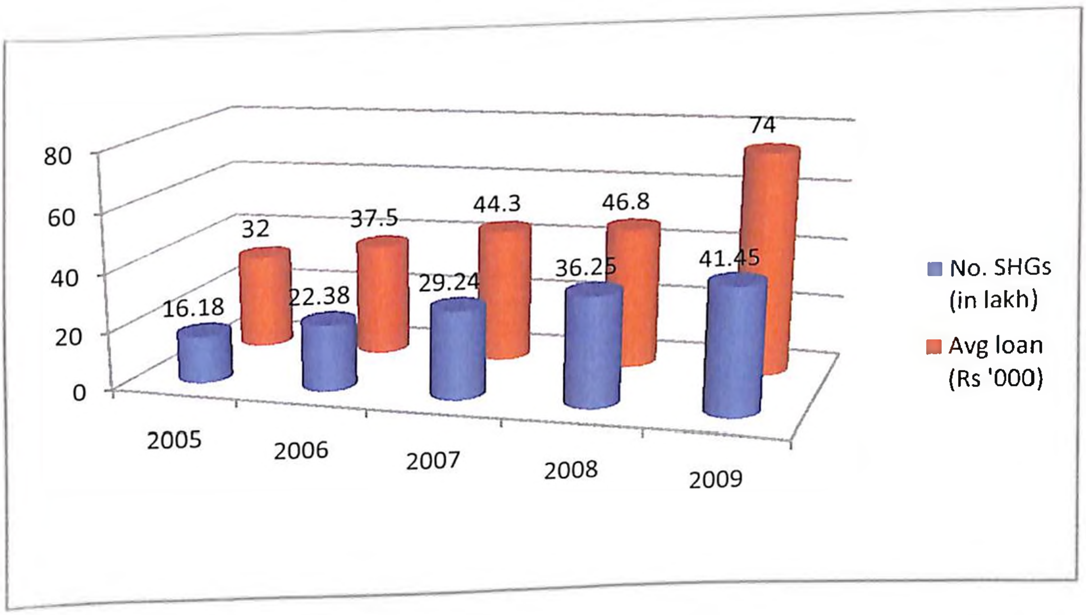


Chart 2:

The growth of SHG-Bank linkage programme in India:



Chapter II

Review of Literature

2.1: Introduction:

The assessment of the impact of the microfinance programmes on the empowerment of women is a broad topic and addresses various questions about the meaning of empowerment, its parameters or dimensions, the relationship between microfinance and empowerment as well as its assessment, etc. At the same time, it also includes a review of earlier impact assessment studies. Over the years several researchers have expressed their views with respect to development of the various dimensions of the concept of empowerment so that this area of study has become rich in content and more specific and suitable for application. This chapter gives a concise view of the work done by earlier researchers on the several major components such as meaning and importance of empowerment of women belonging to the weaker section of the society in the overall development interventions, various components and levels of empowerment, microfinance as one of the powerful tools for empowering women, different tools and techniques to assess the impact on empowerment and various empirical studies conducted in other countries as well as in India to assess the impact of microfinance programmes on empowerment of women.

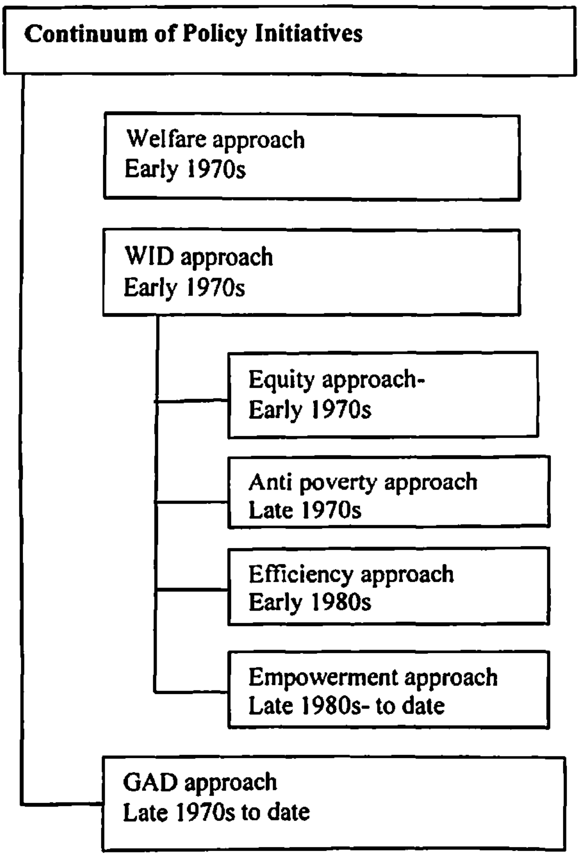
2.2: Evolution of the Empowerment Approach:

The policies about the role of underprivileged women's participation in the development process underwent several stages of change. Three main phases can be identified as the welfare approach, the women in development approach (WID) and the 'gender and development' approach. From 1950 to 1960, the 'welfare' approach was adopted in which women were mainly considered to be passive beneficiaries of the development programmes with a strictly top down approach. During the 1970s, because of the growing dissatisfaction with the welfare approach, the new 'women in development' approach, a term coined by the Women's Commission of Washington D C was adopted by USAID and other international organizations. This approach differed from the first welfare approach in the sense that it looked at women in a provider's role as against the strictly non-provider and maternal role of the first approach. It also tried to integrate women into the economic system by recognizing their economic role. WID approach evolved over the years and embraced various aspects of development such as equity, anti poverty struggle, efficient use of resources, etc. The equity approach recognizes the productive role of women in the economy and challenges the subordinate position of women and aims at providing a better equity through access to employment, resources, etc. The anti-poverty approach sees poverty as a reason for economic inequalities between men and women and puts emphasise on reducing income inequality by providing better resources to women to improve their productivity. The efficiency approach focuses on improving efficiency and making more effective use of development resources by helping women become more economically productive and integrating them in the main economy.

The latest approach of 'Gender and Development' was first reconceptualised and developed in the early 1980s and refocused the role of development policies from 'women' to 'gender'. It brought about an understanding of various issues faced by women in the context of social relations between men and women and laid stress on bringing about change in this social relationship. The earlier approaches isolated women as a category and tried to see how in the best possible manner they could be integrated; whereas the Gender and Development approach tried to look deeper to find the socio-economic and cultural issues behind subordination of women. The changing approach about role of women in development is best depicted in following chart:

Chart 2.1:

Changing approach of development policies towards the role of women:



Source: Bagati, D., Microcredit and the Journey to Empowerment: Changing Gender Relations for Women in an Urban Community in India, 2002, an unpublished source of PhD dissertation submitted to the Faculty of the Graduate School of Social Work and Social Research of Bryn Mawr.

The empowerment approach which evolved in late 80s was a bottom-up approach which had its origin in the experiences of organizations from the working at grass roots level from the Third World, focuses on the mobilization of women by instilling greater self- reliance and enhancement of their economic roles by capacity building and increasing their control over crucial material and non-material resources (Moser:1993, Mayoux: 1995, Karl: 1995). This approach differs from earlier approaches by recognizing that women's subordination is due to several economic and non-economic factors such as class, ethnicity, values, beliefs, race, culture, etc. and that they affect all the aspects of her life. It, therefore, focuses on organizing them, building their capacities and developing their consciousness to take charge of their own lives. This approach also integrates WID and G & D approaches. However it is argued that there is an overlap between all these approaches.

2.3: Evolution of the concept of Empowerment:

2.3.1: Meaning of empowerment:

Empowerment is a very broad concept and is likely to be interpreted in different ways as per the requirement of the situation. In a general sense it tries to encompass self strength, self control, self-power, self-reliance, power to make one's own choice, life of dignity in accordance with one's values, capability of fighting for one's rights, independence, power to take one's own decision, being free, awakening and capacity building, etc. Empowerment is relevant at the individual as well as at the collective level. In the broadest sense it means expansion of freedom of choice and action. It also means increasing one's authority and control over the resources and decisions that affect their lives. It is also different from self-development. Self-development is a continuous process which anyone can consciously take up whether he/she is empowered or not. Empowerment is more closely related to the people who are powerless due to some socio-economic and cultural barriers in the society of which they are part. The choices of the powerless people are extremely limited due to lack of resources and lack of better negotiations with the range of formal and informal institutions. Since this powerlessness is embedded in the institutional relations, the empowerment as a concept also needs to be defined in a broader framework. The working definition of empowerment is "The process through which those who are currently disadvantaged achieve equal rights, resources and power" (Mayoux: 2005).

2.3.2: Various dimensions of the concept:

Empowerment as a concept started gaining popularity in the early nineties. In the initial years most of the researchers contributed to identifying various dimensions or elements of empowerment - self, economic, socio-political, etc. which touch almost every aspect of human life, personal, family or social. Friedmann (1992) identified four kinds of power: economic (access to income, resources, etc), social (access to information, knowledge, network, etc.), political (involvement in decision making process) and psychological (self- awareness and self-development). Friedmann also believes that social power leads to political power which brings about legal and institutional changes. A few researchers like Moser (1993) and Batliwala (1994) focused their attention on self-development and self-reliance as the beginning of the empowerment process. Moser (1993) defines empowerment as the capacity of women to increase their own self-reliance and internal strength. Though she considers economic empowerment crucial for achieving individual empowerment she does not consider it to be a sufficient condition. She argues that economic empowerment can increase self-esteem and sense of self-confidence which helps a woman to mobilise external resources to bring about changes such as reducing their subordination in the family and in society. Batliwala defines empowerment as control over material assets, intelligent resources and ideology. She states that the concept of empowerment emerged from the women's movements particularly from Third World countries which focused on challenging the patriarchal power relations in the society which had traditionally deprived women of any control over resources.

The concept of empowerment of the weaker section is grounded in the socio-economic environment in which people live and how they themselves use their local knowledge, resources, creativity to cope with the challenges which they perceive to be important. Thus, it is a process that raises the consciousness of the target population by putting values to what they have in their surroundings, in what they do, how they do it and how they can use their indigenous knowledge to sustain themselves independently without outside assistance or intervention (Singh, A.:1999). Hence, any development programme focusing on empowerment cannot be thrust from the downwards, but has to see what range of choices people have, how the local systems of management can be built and how the target population is involved in decision making.

Mayoux (1997) defines empowerment as a multidimensional and interlinked process of change in power relations for the people who are disempowered and are most disadvantaged. Conflicts of interest always arise against most of the empowerment strategies as empowerment is inherently linked with the concept of equality and lays more emphasis on women's own agency in bringing about and defining the parameters of equality. Empowerment is a long term process and should be defined by those disempowered and not imposed by any external agency. She believes that though the strategies and the priorities should be decided by the subjects themselves, it also requires a broad macro level framework to enable women to get access to information, and consider the options and potential consequences of various choices. The capacity to make effective choices to bring about desirable changes in one's life has been the central idea of empowerment (Alsop, R. and Heinsohn, N.:2005, Mahmud: 2003). It is a shift from passive acceptance of wellbeing-enhancing assistance to one of active participation in attaining it. The degree of empowerment depends on various aspects such as asset endowments in terms of material, psychological, informational, organizational, social assets, etc. Many researchers believe (Martinez, E. and Glenzer, K.:2005, Lincoln et al: 2002) that any empowerment related intervention must include efforts for the development of positive self-image and attainment of freedom from physical coercion along with access to physical resources. Lincoln, N. et al (2002) identify two components in women empowerment namely intellectual empowerment which refers to the knowledge and expectations which a woman holds and secondly, experiential empowerment which is the capacity to control behaviours. The authors also argue that empowerment at one level does not guarantee empowerment at another level.

Price (1992) and Young (1993) explained empowerment in the context of political awareness and higher participation in political activities. They believed that political empowerment is a logical end of empowerment process and it should aim at bringing transformation in systems and processes at macro level and encourage women to take decision making positions at local and at national level. This aspect of empowerment which deals with bringing out structural change in the economy looks at empowerment beyond personal growth to increasing the awareness about political power and active participation in social action in bring out macro level policy changes.

Young further stated that while empowerment as a concept has gained importance in the mainstream development course, it is often perceived as individual rather than as collective and is focussed on entrepreneurship and individual self reliance rather than on cooperation to challenge power structure which subordinate women. This has also led to limiting the role of state in provision of welfare oriented services to women.

2.3.3: Empowerment seen through institutional angle:

Most of the international development organizations have accepted 'empowerment' as one of the important policy goal. The World Bank (2002) defines empowerment as "the expansion of assets and capabilities of poor and powerless people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives". Thus the World Bank sees empowerment as a process of enhancing the capacity of individual or groups to make choices and to transform these choices into devised actions and outcomes. Central to this process are actions which build individual as well as collective assets and improve the efficiency and fairness of the organizational and institutional context which governs the use of these assets. Thus it is a self determined change which focuses on giving higher freedom of choice and action by capitalizing on local resources.

The UNDP also uses empowerment as a policy goal and approaches it to promote through increasing women's decision making powers, supporting income generating activities and provision of skills and education to women. Empowerment requires people's participation in decision-making processes which are likely to shape their lives. Oxfam stresses that empowerment involves challenging the forms of oppression which compel millions of people to play a part in their society on terms which are inequitable or in ways that deny their human rights. Empowerment as seen by NABARD (2002) covers six components, namely the woman participant's control over the 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 other members of her group/ community and improvement in her technical and managerial skills. The Human Development Report, 5, stresses that empowerment involves development that must have taken place *by* the people and not *for* them. Empowerment requires people's participation in decision making processes which are likely to shape their lives. The Gender Empowerment Measure (GEM) measures women's active participation in the public sphere. It captures (in)equality in opportunities in three areas: the representation and participation of women in politics (measured by the share of women's parliamentary seats), employment and power of decision making (measured by the share of women in senior and executive positions and the share of women in professional and technical positions) and the overall economic resources (estimated income ratio).

2.3.4: The process of empowerment:

Though most of the researchers agree that empowerment touches various aspects of life, there is no common consensus on whether the process of empowerment should start by bringing about a change within or by raising collective consciousness. Many researchers also believe that there is no direct connection between various levels of empowerment. Batliwala (1994) has emphasised that though the empowerment process starts from within, it may get access to new ideas and information from outside to gain new consciousness. Ultimately, the empowerment process should aim at transforming existing power relationships in society. Batliwala has pointed out that empowerment is not necessarily a result of economic enhancement as even rich women have to face discrimination. She firmly believes that in the process of empowerment women must recognize the ideology that legitimises male dominance and build up consciousness to take action against it. Empowerment according to Batliwala is the exercise of informed choices within an expanding framework of information, knowledge, analysis and processes which enables women to discover new possibilities. Oxaal and Baden (1997) also supported Batliwala's views and state that empowerment corresponds to women challenging existing power structures witch subordinate them. They stated that empowerment is necessarily a bottom up process and any organization's policies and structures should be formulated to encourage women's participation, acquisition of skills, decision making, capacity building and control over resources. Empowerment can be approached by three different ways - economic programmes such as microfinance, political movement and protecting sexual and reproductive rights and health. Each approach may have different results. They further stated that need to empower women comes from the realization that women in developing countries lack control over resources and opportunities to participate in decision making process. This results in having a partial effect of all the development efforts. Thus empowerment strategies are required to bring women in mainstream programmes.

Rowlands, J. (1997) defines empowerment as a process whereby women become able to organize themselves to increase their own self-reliance, to assert their right to make independent choices and to control resources which will assist in challenging and eliminating their own subordination. She asserts that the concept of 'power' is central to the understanding of empowerment. The concept of 'power' has four dimensions namely,

a. 'Power within' which enables women to articulate their own aspirations and strategies for change. In practice, it implies as increasing self-esteem, awareness or consciousness raising and confidence building. It is a personal or psychological power in the minds of the people which can be seen in their sense of self-confidence, self-esteem and self-respect. It develops a sense of ability to overcome internalised oppression.
b. 'Power to' which enables women to develop the necessary skills and provides access to necessary resources to achieve their aspirations. It can be developed by adopting measures for capacity building, supporting individual decision making and leadership. It is a capacity to take action by mobilising resources.
c. 'Power with' which enables women to examine and articulate their collective interests, to organize and to achieve them and to link with other organizations for change. It involves social mobilization, building alliances and coalitions. It is a collective force where people cooperate with each other to solve problems and to achieve goals.
d. 'Power over' which enables women to change the underlying inequalities in access to power and resources which constrain women's aspirations and their ability to achieve them. In practice, it translates into conflict and direct confrontation between powerful and powerless interest groups. It is a resisting force which compels some groups to do things against their will to overrule dominance and unequal structure of power.

Thus, the 'power over' is controlling power; 'power to' is generative or productive power creating new possibilities and actions; 'power with' is relational and 'power within' is seen in terms of self-reliance and self-esteem. The three levels of empowerment are closely interlinked as 'power within' and 'power to' and 'power with' help women to tackle 'power over'. Rowlands believes that personal empowerment is the key to the entire empowerment process which involves changes in psychological and social spaces. Personal empowerment is based on the concept of 'power within' where a woman confronts gender conditioning and renegotiates her role within the household and the community. At the same time, without collective empowerment i.e. 'power with', it is very difficult for women to achieve personal empowerment. In fact, there is a circular relationship between the two. She further states that a model of empowerment can be developed which has three levels, namely, personal empowerment which is associated with self-awareness and development, relational empowerment which is associated with changes in women's relations with others within and outside households which includes an ability to negotiate, communicate, defend oneself, pursue rights, etc. and collective empowerment (Rowlands:1998). In short, Rowlands states that empowerment is not only about opening up the access to decision making, but also must include processes that lead people to perceive themselves as able and entitled to occupy that decision making space. Power can also be understood at different levels such as individual, household and institutional. If women's empowerment is taken as less power for men, then it would necessarily involve conflict. But if more importance is given to 'power within', 'power to', 'power with' rather than 'power over' then men would also benefit from the consequences of women's empowerment with both getting the chance to live in a more equitable society and explore new roles. Thus feminists believe that women's empowerment should lead to the liberation of men from false value systems and ideologies of oppression. It should lead to a situation where each one can optimize their potential regardless of their gender and use their fullest capabilities to construct a more humane society for all.

Kabeer's framework for analysing the process of empowerment has been used by various researchers in impact assessment studies. Kabeer (1999) states that empowerment is the process of change by which the disempowered or those who have been denied the authority to make strategic life choices such as choice of livelihood, etc acquire the ability to do so. She states that the disempowered people are bound by the conditions where they have very limited choices to make. She emphasises that 'power within' is crucial as a primary step of empowerment and which arises out of reflections upon analysis of women's subordination and acts as a new form of consciousness. Thus the change in the self-perception that involves undoing negative social construction and believing in oneself as having the capacity and right to act is essential for empowerment. Kabeer believes that collective action is important in bringing out this consciousness in the individual as well as in social and political empowerment.

Kabeer states that mere provision of resources may not result in bringing about empowerment as women need to have control over the resources as well as the ability to use resources for their wellbeing. Kabeer tries to bring out the relationship between three inter-related elements of empowerment, namely, resources (pre-condition), agency (process) and achievements (outcomes). Resources include material resources as well as human and social resources which help to enhance the ability to exercise choices. Agency refers to the ability to define one's goals and act upon them. It takes into consideration the motivation and the purpose which individuals bring to their activity, i.e, the 'power within'. It also refers to people's capacity to define their life choices and pursue their life goals. Capability is a combination of resources and agency brought together. Disempowerment is understood in the context where failure to achieve one's goals reflects deep seated constraint on the ability to choose.

Mahmud (2003) states that the process of this change evolves over three dimensions: the condition for empowerment, the route to empowerment and the achievements of empowerment. The effect of participation in microcredit programme on women's agency is not uniform across all the three dimensions. The condition for empowerment which includes the access to a set of choices or options to women to increase wellbeing has limited success because impact on resources through microcredit is very small. The route to empowerment involve active agency of women to use material and non-material resources to achieve wellbeing through self-perception and cognitive and perceptual empowerment. In this process the intra household dynamics play a very important role.

Many researchers have stressed on bringing structural transformation of existing patriarchal system as the ultimate objective of empowerment process. Young, K. (1993), Price (1992) focus on political empowerment which is the ultimate end of the empowerment process. This aspect of empowerment which deals with 'power over' looks at empowerment beyond personal growth to increasing the awareness about political power and active participation in social action in bringing about macro level policy changes. She further states that while empowerment as a concept has gained importance in the mainstream development discourse, it is often perceived as an individual attainment rather than as a collective one and is focused on entrepreneurship and individual self-reliance rather than on cooperation to challenge the power structure which subordinates women. This has also led to limiting the role of the State in the provision of welfare oriented services to women. Froehhich (2005) states that as poverty is multifaceted, the structural approach of social transformation is required in which the disempowered people are empowered by provision of resources, reduction in power inequalities in relationships, unmasking of the oppressive structures, facilitation of collective consciousness and political activism. Thus, the ultimate objective or logical end of the empowerment process is gaining voice and establishing oneself in the public presence (Johnson: 1999). Friedmann (1999) also states that empowerment implies the translation of the social power of women being translated into political power resulting in legal and institutional changes.

Speaking in the Indian context, Deshmukh-Randive, Ranjani K and Murty (2007) define empowerment as a process whereby constraints that impede equal participation are reduced so that the social structure of inequality gradually moves towards becoming a structure of equality. The areas of inequality where changes must be made to move towards equality are various: education, health services, housing, employment, etc. To remove the constraints in these processes of gaining equality, expansion of spaces is required. The space refers to the place/freedom/margin to do what one intends to do. Its allotment is determined by the domestic and macro environment within which the individual operates. The restriction or constriction on spaces brings disempowerment. The resources can be both tangible and intangible. Physical space relates to woman's ownership/ access to / control of immovable or movable property and income. Socio-cultural space relates to woman's position within the household and also within the kinship structure. Political space relates to the household level where in power dynamics within household are determined along with women's access and control over public offices. Finally the authors talk about mental space which deals with the feeling of freedom that allows a person to think and act. The expansion of mental space is given more importance as it leads to a feeling of strength and then to an action based on change in perception. Though the expansion of economic and political spaces is necessary, it is not a sufficient condition for empowerment by itself. Expansion of mental space is also a pre-requisite. It is observed by the authors that two factors such as collective action and access to information and knowledge lead to expansion of mental space. The factor which is most critical to unleash a process of empowerment is knowledge of the structures of 'power within' which the lives are placed and the vital information about rights and duties as a citizen and as a member of family. Such knowledge is likely to bring about changes in self-perception and awareness about oppression and exploitation. Collective action allows women to express the injustices they face as a member of larger community. The expansion of physical, economic and political spaces will lead to expansion of mental spaces, which is likely to lead to socio-cultural empowerment which can be the final stage of empowerment.

2.3.5: Different ways to target empowerment:

There is no common consensus of how to target empowerment amongst the policy makers and researchers. It is argued that different domains of intervention and different approaches of empowerment taken may lead to different outcomes.

One way to look at empowerment is through three different approaches namely the feminist, the poverty alleviation and the financial self sustainability approaches (Mayoux: 1997). The feminist approach aims at transforming power relations within the society. The poverty alleviation approach focuses on provision of finance and other resources to create self-employment and thus reduce poverty level where as the financial self- sustenance approach aims at providing economic empowerment through expansion of individual choices and capacities for self-reliance. These three fundamental approaches have a wide impact on the various ways through which empowerment can be attained. For instance, the feminist approach emphasizes bringing about structural reforms through collective action in patriarchal society, involvement of women in political action, change in social policies, etc. The financial self-sustenance approach emphasizes self empowerment and thus focuses on self-reliance and entrepreneurship development. The poverty alleviation approach focuses on provision of resources such as finance, assets, etc. Thus, though all empowerment strategies are required to bring women into mainstream programmes, the way to attain them can be different. As the objectives of each approach are different, it is bound to result in different outcomes in terms of development efforts.

Smith, P., Trontner, J. And Hunefeldt, C. (2004) state that there is no single or unique blueprint of empowerment of women as different countries in Asia and Latin America have shown different ways of empowering women. Four major paths that have emerged in Asia are empowerment through State development policy (South Korea), large scale political mobilization (India in Gandhian movement), higher involvement in economic activities (South East Asian countries) and State imposed mobilization (China, Vietnam, etc.). The authors conclude that though various factors such as government policy, institutional and socio-cultural framework have led to these various paths, the outcome in terms of empowerment is somewhat similar. Ackerly (1997) states that the first target of the empowerment process should be to bring about changes in women's institutional environment i.e. changes in values, norms, laws, etc. Only then they turn to bringing about changes in the individual woman's own ability to take action. The author argues that it is essential that the credit programme should be designed in such a way as to challenge and bring about changes in the institutional framework so that the empowering effect will be maximised.

Institutions like World Bank, UNDP take the middle path and try to take a comprehensive approach to attain empowerment. World Bank considers four elements of empowerment viz access to information, inclusion and participation of disempowered in planning and programmes, increasing accountability of service providers and capacity building of local organizations to solve their own problems. Empowerment can be approached through various programmes such as provision of basic services, improved local governance, improved macro governance, pro poor market development and access to justice and legal services. As empowerment is essentially a bottom-up process rather than the implementation of a top-down strategy, no organization can claim to empower women as women have to empower themselves. The role of the organization can only be limited to providing external support and to fostering empowerment. This can be done in various ways such as encouraging women's participation, acquisition of skills, increasing decision making capacity, enhancing control over resources, promoting their participation in political system, supporting women's collective empowerment programmes and fostering dialogue between those in position of power and women organizations, etc.

Oakley, P. (2001) identified five ways to approach empowerment - empowerment as participation, empowerment as capacity building, empowerment through economic improvement, self-empowerment and empowerment as democratization. He concluded that empowerment through participation provides a vital link to other empowerments. Empowerment through capacity building and economic improvement help to reduce the powerlessness of women which arises due to lack of access to education, training and credit. Ultimately, it is empowerment as democratization at macro level through political activities which is the result of the raised consciousness of the individual, which in turn takes place through self-empowerment which is important. Klugman, J. (2000) also emphasised the involvement of women in the policy-making process especially of politicies related to health, and implementation of policy effectively to empower women so that they have better control of their lives.

Mosedale (2003) explains that the 'power over' can be achieved by three different ways such as either by winning in an open conflict or by preventing the opponent from being heard or through a way in which the candidate is completely unaware about the conflict of interest. It is a zero sum game in which some change in the existing power structure can be expected. The other three concepts of power such as 'power to', 'power with' and 'power within' are non-zero sum games of empowerment. In order to understand the process of empowerment it is essential to map or identify power relations as well as factors which are hindering the process and any kind of intervention such as an education programme or microfinance should aim to nullify them.

Empowerment can also be approached by looking at various levels of interventions such as (a) changing the power relations within and outside household and bringing about changes in values, attitudes and belief systems i.e. through mechanisms of consciousness- raising (Wieringa:1994, Batliwala: 1997), (b) enhancing the opportunities available to women, challenging existing norms to expand their choices and helping them in decision making (Carr, Chen, Jhabvala:1996) or (c) developing self-reliance and unleashing the individual energy and potential by developing entrepreneurial spirit (Karl; 1995, Moser: 1993).

Two main approaches which emerge out of these discussions are (i) the financial sustainability or minimalist approach also called the 'credit only' approach and (ii) the integrated or 'credit plus' approach. The minimalist approach looks at credit as the "missing piece" in the jigsaw puzzle of poverty alleviation and looks at empowerment in very narrow terms as economic empowerment alone (Sabarwal, G.:2002). The financial self- sustainability approach or "credit only" approach is based on the belief that credit alone represents a means for economic empowerment. When women become independent producers and bring in cash resources to the household economy, it enhances their self-confidence and the status within the family. Thus, women's empowerment is assumed to be an automatic outcome of micro finance intervention. This minimalist neo-liberal approach focuses on setting up a viable and financially sustainable credit delivery mechanism which enables the micro finance programme to meet the operational costs. Thus, the approach justifies the cutting down of other supportive programmes such as training, capacity building, etc., and widening the spread of the programme so that it can benefit from the advantage of economies of scale. It assumes that there is a linear relationship between access to credit and alleviation of poverty as access to credit will support women's entrepreneurial efforts and self-reliance which will further increase their self-confidence, status and bargaining position within the family. Thus, this approach supports neo-liberal ideologies of efficient use of resources and minimum state intervention.

The second approach is the integrated or 'credit plus' approach which attempts to deal with the structural causes of poverty through micro-finance delivery. It combines credit facility with social mobilization, training and education so as to maximise the impact on empowerment. This non-linear approach of empowerment lays stress on increasing the capabilities and capacity of underprivileged women to make choices and thus to decrease their vulnerability and dependence. Its basis is the belief that access to micro finance is only one of the missing links and it needs to be supported by broader macroeconomic policies and social investments. The integrated approach looks at empowerment in a holistic manner in which poverty and the weaker position of women is seen not only as a consequence of a lack of economic resources but also as a construct of historical and socio-cultural backgrounds (Mayoux, L.: 1998). It goes beyond increasing the income and consumption level of the poor to increasing their capacities and their choices. It tries to integrate micro level efforts with bringing about changes in macro policies. The difference between the two approaches is greatly significant for empowerment. Mayoux (1999) brings out the limitations of the minimalist approach by showing that such an approach may exclude the poorest of the poor (as seen in Camaroon) as their repayment capacity is limited. Secondly, social capital generated by peer pressure may not always have a positive impact as many times it doesn't allow individuals to move out of close circuits and explore new ideas. Thirdly, short term financial viability may force women to pursue their traditional roles in the economic sphere and may strengthen gender bias. Though the 'credit only' approach helps to make the programme economically viable and thus has easy scalability, it may not guarantee empowerment as mere availability of resources without the development of the capability to use the resources for their betterment may not lead to empowerment.

2.4: Microfinance and the Empowerment of Women:

Empowerment of women belonging to the weaker sections of society is considered to be the main outcome of microfinance programmes. In fact, microfinance and empowerment are often mentioned in the same breath as if empowerment is an automatic outcome of access to credit. Mayoux (2001) explains how the micro finance programme is assumed to bring about virtuous spirals by assisting poor women in getting access to credit. It is assumed that women's access to credit and savings will help them to take a bigger role in decision making which will further help them enhance their own and their family welfare. Investment in women's activities is also likely to enhance employment opportunities of women and increase the income at the household level. Access to savings and credit facilities also enables women to increase expenditure on their own and their children's well being and prevents the leakages from the household income into unproductive/ harmful expenses. Access to savings and credit also results in improved skills, mobility, and knowledge and support network. Along with this, group formation leads to wider social and political movements and helps women to improve their status at home as well as in the community. The underlying assumption is that group-based micro finance provides significant benefits to women not only in terms of reducing poverty level but also bring about empowerment through a series of interlinked and mutually reinforcing virtuous spirals. Economic empowerment may enable women to renegotiate changes in gender relations leading to social and political empowerment. At all the levels social capital is supposed to reinforce the ability to increase income and renegotiate power relations within the household and outside it as well. However, this assumption rules out the negative side or downside of social capital. At the same time Mayoux criticizes the framework on which the virtuous spiral theory is based. For instance, she shows that there are barriers and constraints on access to participation, that the impact on women's income is very small, that control over income does not always exists; that norms regarding intra- household responsibilities and rights may remain rigid and women's access to other more formal networks is not well established. Mayoux (2001) studies the down-side of micro credit programmes in Camaroon. Firstly, high social capital may bar entry of new players into the market. Secondly, community pressure can be harmful for an individual if he/she does not want to comply with its norms. Thirdly, if social capital gets organized along ethnic lines or religious lines, it can be harmful to the groups themselves and to society at large.

The second dimension of empowerment i.e control over income is about challenging the intra-household relations. Mayoux pointed out that the formation of groups in the microfinance programme has strengthened women's ability to negotiate change mainly in the areas where microfinance programme has been explicitly promoted as a means of strengthening women's position. In some cases it has been seen that women's ability to use savings and credit to increase incomes under their control is seriously limited by hierarchical relations within the household. In some case it has increased the burden and responsibilities of women as husbands felt less obliged to give them their own money to run household. It has also been seen that women themselves have felt the responsibility of expenditure for household. Thus it was found out that while women were taking loans and incurring responsibilities for repayment from low incomes and barely sustainable activities, it was the men who became the ultimate beneficiaries with an increase in their disposable income. Sometimes the macro economic conditions were also responsible for women being pushed into this situation due to the increasing cost of living. Mayoux states that though researchers have paid less attention to the downside of social capital, it is, none the less, important. Firstly, men's social capital strengthens gender subordination in relation to access to resources and the market. This may result in women's savings and access to micro finance programme being regarded as low interest loans to men. Social capital amongst women may sometimes result in higher level of inequality, as in order to promote financial sustainability, the poorest might be excluded from the programme and the largest amounts of loan might be given to the powerful or to members who are better off than others. It was found that the programmes which actively sought to organize collective action for change were few as compared to the programmes which have used social capital merely to reduce costs. She further concluded that when the microfinance programme ignores the complexities of power relations and inequalities and relies mainly on social capital to reduce costs, it fails to achieve not only empowerment but financial sustainability as well. Though microfinance has the potential to build social capital which can be used to alleviate poverty and empower the poor, it requires a lot of help for making changes at the macro level to alter the rules and norms and make them more equitable and just. Microfinance programmes could also be strengthened by including skill diversification training programmes, improved information about market, marketing assistance. Microfinance can be considered as the entry point for taking collective action for challenging vertical inequalities between women and men. Gender training should be made available for men. Microfinance should join other organizations to challenge gender subordination. The potential of microfinance to contribute to empowerment should not be undermined by focusing only on financial sustainability and not seeking to use the inter linkage between microfinance and other development aims.

It is expected that individual women who gain respect in their household then act as role models for others leading to a wider process of change in the community and a change in the male perspective. Thus microfinance is considered to be an entry point for wider social and political mobilization. The evidence shows that microfinance programme cannot automatically counter gender equations within the household. In fact, it may increase the burden of workload on women and may put an additional strain and especially increase the strain on health. It may lead men to withdraw their contribution from family responsibilities. Due to lack of any other substitute alternative services for child care and other domestic chores, it may also lead to daughters withdrawing from schools. Social and political empowerment is assumed to come from the microfinance programme as it pushes women to come out of their circumscribed role e.g. those which are prescribed by tradition. The evidence suggests that these changes are not automatic and there is no necessary link between individual economic empowerment and social and political empowerment. In some cases, microfinance programme may even lead to social and economic disempowerment. If repayment becomes a problem, microfinance group may put severe strains on women and may take away from other social and political activities.

Mayoux (2003) stated that there are three different paradigms which depict the relationship between microfinance and empowerment of women. The financial self- sustainability paradigm assumes that increasing women's access to micro credit services will in itself lead to individual economic empowerment, well being and social and political empowerment. Poverty alleviation paradigm states that the extent of poverty is higher in the case of women. Thus, increasing women's access to microfinance along with other interventions to improve their well being is likely to reduce gender inequality and bring empowerment. The feminist empowerment paradigm emphasises that microfinance is promoted as an entry point in the context of a wider strategy for women's economic and socio-political empowerment. Here, the focus is more on building awareness about gender issues and building social capital through networking. Mayoux (2006) states that a majority of the microfinance institutions today face a dilemma of whether to aim for short term financial sustainability for wider reach or to aim for the long term solution of poverty reduction and empowerment. Short term financial sustainability is desirable in order to enable access to financial services on a large scale and minimise the cost. But there is ample evidence to suggest that financial sustainability may not automatically lead to empowerment of women. On the contrary, it may lead to decrease in the ability to empower them. If microfinance programmes are to make a big contribution to empowering women, they need to develop explicit gender strategies to address gender issues. Mayoux states that unless empowerment is an integral part of the entire process right from the beginning of planning, designing strategy, implementing and assessment and monitoring, microfinance will make a limited contribution to it. Having a clear vision and commitment towards empowerment, loan assessment, mechanism for graduating from small loans to large loans, mechanism to help women to set up their enterprises and encourage them to take non-traditional activities, legal aid services, training and health related services, etc. are some of the ways to enhance empowerment of women. It is seen that women's ability to use micro-finance to increase incomes and control these incomes are also affected by the design of micro-finance products: types of collateral requirements, modes of disbursal, loan size and timing, types of savings product and so on.

Kabeer states that while assessing the impact of microfinance on empowerment three dimensions of change need to be looked into. First is the level of change i.e whether the change is occurring at individual level (thinking, understanding and confidence building), enterprise level (profitability, security), intra-household level (gender relations within the household) and community's level (whether women are seen as economic actors, etc.). Second is the domain of change. Is the change taking place within the household, within the community or within the civil society? Is it making any impact on policy making or on governance? The third dimension of assessment of change is that which finds out how interventions translate into outcomes or impact the domain of change. It tries to find out behavioural change, attitudinal change, relational change and the change at the institutional level. Kabeer (2003) explains that, as microfinance is considered to be a tool for addressing practical daily problems of poor women as well as to address overall gender issues resulting out of patriarchal structure, microfinance programmes may result in a range of possibilities rather than a predetermined set of outcomes depending on the approach the implementing organization is taking - whether holistic or minimalist.

2.5: Impact Assessment Methodologies and Techniques:

Due to several reasons such as the possibility of interpreting the meaning of empowerment in different ways depending on the context and the requirements of the implementing organization and lack of refined tools and techniques to measure its impact, assessment of empowerment poses a most challenging task. Though it is challenging, its importance cannot be ignored as most of the stakeholders involved in any development programmes such as donors, programme implementing organizations, planners, collaborative organizations as well as actual beneficiaries are interested in finding out the impact so as to maximise the benefits from the programme and continuously improve the performance. There can be several objectives of impact assessment of microfinance programmes such as finding out the income and wealth effect, making a comparative assessment of different models, assessing impact in different areas, assessing the empowerment impact, finding out new ways of product and service development, etc. Most impact assessment studies have a mix of objectives and approaches.

Impact assessment tools and techniques include development of indicators and development of methodologies to assess the level of empowerment. Impact assessment of any development intervention is often difficult to quantify because, often, objectives are qualitative, such as improving the quality of life or empowerment of people. At the same time quantification is also necessary to find out the effectiveness of intervention. Thus most of the impact assessment techniques are a combination of qualitative, quantitative and participatory techniques. Quantitative techniques help to measure actual impact; qualitative techniques evaluate how and why those impacts occur.

Initially, the impact assessment studies mainly focused on the needs of the donors such as justifying the purpose of funding. Most attention was given to the amount of loan disbursed and the repayment of the loan. Over the years, it became evident that financial performance would not necessarily measure change in people's lives. At the same time, it was realised that impact assessment is required by many other stakeholders such as practitioners, local development groups, etc to improve their programmes through learning. Thus, the impact assessment studies are shifting their focus from donor driven approach towards meeting needs of other stakeholders (Makina and Malobola: 2004).

There are a number of methods and techniques to assess the impact of any development programme such as continuous monitoring, comparing with base-line data, comparing between controlled group and experimental group, etc. In general, impact analysis requires a good combination of qualitative and quantitative tools. Hulme, D. (1997) reviewed the range of methods, such as sample surveys, rapid appraisal, participant observation, case study and participatory learning and action programmes, which are widely used today to assess the impact of microfinance projects. He stated that the key to selecting an appropriate methodology lies in achieving the proper fit between impact assessment objectives on the one hand and on the other the context of the programme and availability of resources. Cheston, S. and Reed, L. (1999) analysed some of the current practices of impact assessment and advocated that key principles for conducting impact audits should be the measurement of transformation seen in the clients. Secondly, many development tools such as access to microfinance are two edged swards which can they can pull poor people out of poverty or push them further into a debt trap. The authors further caution against using financial performance of the organization as a proxy indicator of the impact of the project. They state that two organizations having similar financial performance may have different impacts on their client's lives. They describe some of the tools used by organizations to measure their impact such as the Client Monitoring System through systematic development of data on different indicators such as health, education, financial status, etc; the Integrated Learning System through ongoing data collection by loan officers and managers, the Practioner Led Impact Assessment, the Client Exit Survey, etc. The authors concluded that impact assessment should not depend on only one tool but should use multiple tools and should be used by different stake holders such as donors, consultants, clients and managers as management tools to improve, discover, develop, refine and test new products and new practices. The World Bank (1998) stated that impact can be analysed in three different areas namely the economic, the socio-political and cultural and the personal or psychological. At the same time it can be seen at various levels such as enterprise, household, subsector or at community level. There are various qualitative as well as quantitative methods of assessment. Qualitative techniques such as focus group discussions with the respondents, structured observation techniques, asking open ended questions, etc. help to observe the social interaction in the field. Quantitative tools which rely on predesigned and pretested questionnaires rely mainly on the recall of the respondents.

Copestake, J. (2000) argued that impact assessment of any development programme like the microfinance programme has become a survival tool for the implementing organizations as survival of the organization depends on the ability to meet changing requirements of the clients along with change in the environment such as government regulations, financial landscape, competition, etc. The integrated approach of impact assessment through data collection required for market research, routine information system, participative impact assessment by the clients themselves, etc. and the development of a standard set of indicators to measure the performance of micro finance institutions such as statistics on the number of active borrowers and savers, average loan balance, percentage of women borrowers, etc will help the organization in measuring the impact.

Bond (2002) introduced a tool such as Livelihood Asset Status Tracking (LAST) to measure the impact of rural enterprise development activities. He stated that any impact assessment study which is a part of social auditing should cover six steps viz. identification of ethical standards or mission, identification of major stakeholders, establishment of performance indicators and measurement of performance through independent audit. Micro finance organizations can use innovative tools such as taking brief accounts from staff at various levels about the most significant changes taking place in their areas, using rolling baseline to overcome the problem of lack of baseline data from assessing the impact, participatory approach, etc. The Internal Learning System (ILS) is another participatory impact assessment technique designed to meet learning needs of the programme participants as well as programme implementers (Naponen: 2005). The ILS technique (through innovative methods such as use of pictures, charts, maps, diaries, etc) tries to get the perceptions of the participants related to changes in their lives.

Kabeer (1999) gave a framework to measure the empowerment in terms of relation to resources, agency and achievement. The resource dimension is a measure of the access to material and non material resources. Access to resources may not directly lead to ability to make choices. Resources are a measure of potential rather than actualised choice. Kabeer further stated that it is not possible to establish empowerment by taking only any resource-related or agency-related or achievement-related indicator without having reference to the other two dimensions. Grown, Gupta and Kes supported Kabeer's meaning of resources, agency and outcome and identified strategic priorities for strengthening women's empowerment by 2015 such as provision of opportunities for post primary education, development of infrastructure to reduce women's time burdens, improvement in property and inheritance laws, better representation of women in parliament and local government bodies and efforts to reduce violence against women. Moser (1993) suggested that evaluation of any gender-related programme should take into consideration gender appropriateness which means it should check whether the programme has addressed a gender-related need or not. Pradhan (2003) argued that measuring empowerment is very complicated because, often, quantitative techniques are unable to capture nuances of gender power relations as they fail to capture interactive processes through which the weaker section gains power. It is, therefore, required that the in-depth research should also be undertaken by anthropological methods to understand the socio-economic context.

Khalily (2004) has done a comparative assessment of research methods and the findings of the major microfinance impact studies such as the World Bank sponsored study by Khandker (1998) in Bangladesh, the AIMS study in Peru by Dunn and Arbuckle (2001), BRAC study in Bangladesh by Mustafa (1996) and Husain (1998) and The PKSF study in Bangladesh by Zohir et al in 2001. He states that the impact studies have largely been dominated by the demand side using individual, enterprise or household level data. The most common problems faced by quantitative methods such as econometric method are selection bias, endogeneity and fungibility of the credit funds. To tackle these problems many researchers have used descriptive analysis and case studies which provide a better understanding of the nature of the process of impact created by microfinance programmes. Khalily argues that though the approaches to and methods of impact assessment are diverse, the findings of various methods are more or less consistent. A positive effect is found on household level in terms of increase in income and consumption expenditure, assets creation and poverty reduction. At individual level there is a significant change in women empowerment in terms of participation in financial decision making, children' education, mobility and self-esteem. On the enterprise level, there is a positive change in profits and diversification of operations.

Imp-Act Consortium, a global group of organizers working to promote and support the management of social performance of MFIs has developed another tool 'Social Performance Management' tool. This tool helps MFIs to become more effective in translating their social mission into practice and at the same time helps donors and policy makers to effectively understand and assess social performance of MFIs. It helps MFIs in developing strategies, planning 'SPM' system, developing indicators for checking SPM, choosing tools to assess SPM as well as monitoring the changes and helping MFIs to use 'SPM' for learning processes to bring out required changes within the organization.

2.6: Selection of Impact Assessment Indicators and Tools:

Impact goals determine what is to be assessed such as economic growth, empowerment, etc. Indicators are tangible manifestations of the goal to be achieved and therefore determine "how" it is to be assessed or measured. They are generally more specific questions, the answers to which lead to inferences about the more generally expressed goals.

The social impact of any development programme, specifically microfinance, can be assessed at three levels - personal, community and regional. On the personal level, the effect can be seen in higher social status, better education, higher independence and income earning ability, better acquisition of skills and financial knowledge, better ability to cope up with economic shocks, better awareness about healthcare and sanitation infrastructure. On a community level, the effect can be seen in terms of higher quality of jobs, higher and more stable income of the community as a whole, better cohesiveness among the members, entrepreneurship development, improvement in economic base and resilience of the community. The regional level effect can be seen in terms of higher job creation, strengthening of micro entrepreneurship, spread of financial services in rural and in remote areas and reduction in migration from rural to urban areas in search of jobs. Some indicators such as the mission and vision of the organization, client profile or participant's profile, type of products and services offered, base level data, etc can be used to assess the outreach and contribution of a microfinance project.

The World Bank (2002) gives illustrations a few indicators which can be used to measure the impact at various levels. They are as follows;

- Enterprise level: output, asset accumulation, risk management, technology, employment, management, marketing, income.
- Household level: specialization, diversification, asset accumulation, savings, consumption level, food and non-food expenditure.
- Individual level: control over finances and other resources, contraceptive use, better health, nutrition, education of oneself and children.

Hashemi, S. et al (1997) used eight indicators of empowerment such as increase in mobility, economic security, ability to make small purchases, ability to make large purchases, involvement in major household decisions, relative freedom from domination within the family, political and legal awareness and involvement in political campaigning and protests. He tried to find a composite empowerment indicator by using direct and indirect questions under each of the above needs.

The Canadian International Development Agency (CIDA), (2005) has developed a range of indicators which are classified into indicators for legal, political, economic and social empowerment.

- Legal empowerment indicators: the enforcement of legislation related to the protection of human rights, number of cases related to women's rights heard in local courts and their results, the effect of enforcement in terms of treatment of offenders, increase or decrease in violence against women, number and growth rate of women gaining higher positions in judiciary, number and the growth rate of women actively involved in the police force, etc.

- Political empowerment indicators: percentage of seats held by women at local government level, percentage of women in civil service, percentage of eligible women voters, percentage of women members in unions, number of women participating in public campaigning.
- Economic empowerment indicators: changes in employment rates, changes in the time used for unpaid services, salary/wage differentials between men and women, changes in the percentage of property owned and controlled by women, average household expenditure on female and male education / health, percentage of available credit , financial and technical support services from govt and non-govt support going to women.
- Social empowerment indicators: Number of women in local institutions, extent of training and networking among local women, control of women over fertility decisions, mobility of women within and outside their residential locality.
- Awareness related empowerment: to what extent are the women aware of local, politics and legal rights, do women perceive that they are becoming empowered?, do they perceive that they have greater economic viability?, are there any changes in the way decisions are being made at the household level, are they more independent in taking the decision than before.

Millennium Development Goals (MDGs) provide a useful framework to measure the impact of an empowerment development programme specifically microfinance. Some indicators relate to direct outcomes of the programme such as accumulation of savings, use of credit, use of special loans, insurance, etc. Some indicators relate to the potential effect of increased income, resulting from the productive use of microfinance. The extent or reach of microfinance to the poor or very poor directly or indirectly is also one of the primary indicators of impact assessment. Impact indicators of microfinance as listed by MDGs are given below:

- Household level impact: increase in savings, increase in household assets, improvement in diet, reduced dependence on moneylenders, reduction in poverty, increased decision making role for women, increased participation of women in enterprises, increased spending on health care, etc.
- Enterprise Level: increase in productive asset, increase in turnover and sales, improved profits, increase in employment
- Wider impact: improved social network of women, increased higher networth of enterprises increased hired employment, other multiplier effects from increased enterprise activity.

2.7: Assessment of Impact assessment on empowerment through microfinance:

As mentioned earlier, empowerment can be seen at different levels and it has different elements which can be classified into three main categories: a) economic, b) self and c) social and political empowerment. A review of literature review of impact assessment studies made by different authors and organizations are classified into these categories for better analysis.

2.7.1: Economic empowerment:

The literature on economic empowerment covers various aspects such as the reach of microfinance programmes, their impact on poverty alleviation, asset generation, income generation, employment opportunities and micro entrepreneurship. It is seen that the formal financial sector fails to address the financial needs of the poor as it does not encourage either regular "small pay ins" which the poor can save or "large take outs" required by the poor to meet emergency need, life-cycle events or to buy any productive asset. This leaves them at the mercy of informal financial services and exclusion from the formal structure. Microfinance deals with the issue by adopting a group approach where by cutting the cost of provision of services and at the same time making the project economically viable. Empirical research shows that microfinance programmes have some positive economic impact on the lives of poor people by helping to meet their daily needs. In India, it is seen that the savings based approach of forming a group has persuaded women to join microfinance. However, there is also empirical evidence that microfinance has not been successful in reaching the poorest of the poor.

2.7.1.1: Impact of microfinance in development of micro entrepreneurship:

One of the most commonly researched topics on microfinance is promotion of micro entrepreneurship among women through microfinance programmes. Ghate, Ballon and Manalo (1996) make a case for development of micro entrepreneurship through micro finance by showing that many livelihood enterprises which are usually the source of a second income have the potential to grow via access to credit. The study also found that there is a strong link between business and household and the decision making process at the business level. The study conducted by Asian Development Bank (ADB) in 1997 draws attention towards improvement in micro enterprises credit programme to increase its effectiveness. The study concludes that the role of micro enterprises in the household economy in terms of reducing poverty, empowering women, generating employment is significant. The study also highlights the importance of nonfinancial services in efforts to help develop microenterprises and provides a framework for donors for the further development of policy and operations to support microenterprise development. The impact assessment study of development of micro entrepreneurship through microfinance in Tanzania (Raftus: 1998) also stated that the micro entrepreneurs used loans received from the programmes for buying new items, increasing inventory stock and improving quality of the product or service. Barnes and Keogh (1999) make a comparative study between repeat micro entrepreneurs client, new clients and non client micro entrepreneurs in Zimbabwe. Their study concludes that repeat clients of micro finance programmes are better off economically and have used their loan fund for the growth of the enterprises. The overall results of the study establish that participation in microenterprise programs has led to improvements in the economic welfare of households, in enterprise growth and stability, in the empowerment of women and has strengthened social networks. An empirical study in Camaroon (Mayoux: 2001) shows that credit made available from microfinance programmes undoubtedly helped women to set up micro enterprises. It was also seen that the social capital in the form of kinship, and network helped most of the economic activities in business development and survival in times of crisis. Dumas (2001) studied the impact of an entrepreneurship training and education program designed to prepare low-income women to start their own businesses. Results showed that the training empowered participants to achieve economic self-sufficiency; helped them to start building a strong business and to learn life management skills; may have had an influence on the growth of locally controlled businesses and has helped create new jobs in the inner-city neighbourhoods. The study also showed that there is a greater need for changes in revising the level of time spent developing the business; providing greater support in the form of additional mentoring, networking and workshops. In an another impact assessment study of the PULSE programme targeted at economically active poor to promote micro enterprises in Zambia (Copestake, Bhalotra and Johnson: 2001) also found that the borrowers who graduated from 1st loan to 2nd loan experienced significant growth in their profits mainly due to diversification of business. Business training, marital status, loan availability for increasing stocks had a positive impact on business performance, whereas rigid group enforcement of fixed loan repayment schedules without regard to fluctuating demand and income acted as a hindrance to better growth. Afrane (2002) conducted an impact assessment study of two microfinance projects for small and micro enterprises in Ghana and South Africa. The author concluded that microfinance interventions have achieved a significant improvement in terms of increased incomes and better access to facilities and have an empowering effect particularly on women. Coyle (2003) emphasises the importance of micro entrepreneurship in creation of jobs and income, equitable distribution of income, building strong backward and forward linkages with other sectors and reduction of income linkages from communities. She states that microfinance plays a vital role in reaching micro entrepreneurs and it needs to take up challenges in identifying and developing local leaderships, developing suitable products by continuous innovations. Gani (2003) assessed the effectiveness of skill training programme of BRAC, Bangladesh for female garment workers and concludes that micro credit services were more useful for trained workers than untrained workers in setting up any kind of economic activity and enhancing employment opportunities. The findings of EDA Rural System (2005) show that the programme has enabled households from all income brackets to invest in productive assets and diversify their livelihoods. The comparative analysis between clients and non clients shows significant difference in income generation, acquisition of assets and diversification of sources. At the same time, the study states that micro finance has not clearly shown that this tool is sufficient to move households out of poverty. Bates (2005) explores the role of a government sponsored micro finance programme in the development of micro enterprises in New York. He concludes that the programme has helped in creating new job opportunities for low to moderate income persons. Tripathi (2005) makes a comparative analysis of empowerment level of three categories of microfinance clients, namely micro entrepreneurs, non-entrepreneurs and housewives. He concludes that the level of empowerment in terms of reduction in gender inequity, higher level of decision making, asset ownership and equity in food consumption pattern is higher in case of micro entrepreneurs than in other categories. In another impact assessment study of microfinance programmes in Cameroon, Dingue (2005) stated that though initially in the first cycle of loan the difference between borrowers and non borrowers was found to be insignificant in terms of business profits and monthly incomes it increased with repeat cycles of loans due to business diversification and higher stock. One of the limitations of all microfinance impact assessment studies is the inherent bias of self-selection where members who are more entrepreneurial and adventurous in nature join the programme. Tedeschi (2008) found that even after controlling self-selection bias, credit leads to higher levels of micro enterprise profits. Impact assessment study of Swarna Jayanti Gram Swarozgar Yojana (SGSY) in India (Dasgupta and Dinkar Rao: 2007) found that microfinance has become successful in increasing group economic activities of the women; yet at the same time groups with prior experience in business and better marketing access have shown better performance than those with no prior experience and no market access.

2.7.1.2: Impact of microfinance in reducing economic vulnerability:

Besides development of micro entrepreneurship, participation in microfinance programmes also leads to other desirable effects such as reduction in economic vulnerability at the times of crisis, smoothening of consumption patterns, increase in monthly expenditure on necessities, better financial literacy, and overall development of economic independence of women, etc. Zaman (1999) examined the impact of micro credit programmes implemented by BRAC, Bangladesh. He concludes that microcredit programmes have been effective in reducing vulnerability, smoothening consumption, building assets and providing emergency assistance. Puhazhendi and Badatya (2002) found that the SHG-bank Linkage programme implemented in India was successful in reducing incidence of poverty through increasing the income generating capability of poor and enabled poor to build assets and reduce their economic vulnerability. Menon (2006) studied the impact of membership of microfinance programmes in smoothing inter-seasonal consumption fluctuations and found that as the period of membership increases, it reduces the fluctuations in the household cost of borrowings which in turn implies enhanced ability to smooth inter-seasonal changes. The impact assessment study of ASA Tamilnadu showed that the programme has not been successful in reducing the debt burden of participants towards moneylenders and reducing the use of loans for consumption purposes. It also noticed a negative change in livelihood portfolio of long term members that they have a higher share in total household expenditure thereby depicting reduced domestic responsibility of husbands.

2.7.1.3: Impact of microfinance in creating employment opportunities and alleviating poverty:

One of the limitations cited by many authors is that microfinance programmes are found to be ineffective as a tool for poverty alleviation as it is mainly concentrated on individuals and households without bringing about any macro level changes. A numbers of studies draw attention towards the penetration of microfinance amongst poorest class and its impact on removing poverty. Most of the authors conclude that though microfinance has reached the so far un-served and transient poor class not served by the organized sector, it has yet to reach the real destitute or the poorest of the poor class. Hashemi and Schuler (1993) found that a combination of access to credit, involvement in solidarity groups and consciousness raising has helped women in Bangladesh earn higher monthly income through self-employment activities. Hashemi (1997) tried to explore the reasons for the prevailing poverty in Bangladesh despite having a spread of micro credit programmes in the country. He states that one of the reasons is that the programme has as yet failed to reach the poorest of the poor even though BRAC and Grameen Bank are responding positively to the challenge. Khandkar (1998) studied the impact of different microfinance programmes on the level of poverty in villages in Bangladesh. He concluded that the programmes have been successful in reducing moderate poverty by 20 percent and extreme poverty by 22 percent. Mosely and Hulme (1998) assess the impact of 13 micro finance institutions in seven countries on various aspects. They found that, though the impact on household income is positive, the rise in the incomes has been moderate. The authors state that the MFI will have to face a trade-off between targeting the not so poor and achieving higher impact and accepting lower impact by targeting the very poor class. They also found that well designed schemes have higher impact in all economic classes over badly designed programmes. Amin, Topa and Rai (1999) study the reach of microfinance programmes among the poorest through subsidized credit programmes. The study concludes that the programme does help to reach the poorest and specifically women-headed poor households. In India similar kind of study to assess the impact of Ultra Poor Programme implemented by SKS and Bandhan in west Bengal is carried on by Abdul Latif Jameel Poverty Lab. The mid- term evaluations results which are out state that the programme allowed ultra poor to choose between alternative assets such as livestock, land development and other assets required to set up micro enterprises The programme is partly successful in inculcating saving habits, improving financial literacy and enhancing social capital amongst Ultra Poor Members (Huda: 2009). Study of three microfinance organizations, Working Women Forum, Chennai, GOS- PLAN, Chennai and WISE, Michigan shows that access to credit has helped reduce the indebtedness due to private loans and helped reduce vulnerability at times of crisis (Shetty, S.:2002). Access to savings has also provided a safety net and great psychological comfort to the participants. It has increased financial literacy among poor women. At the same time, the author states that it has rarely brought households out of poverty in a substantial way. Yet, few studies found that microfinance programmes help the ultra poor in diverting their income earning opportunities which increase their ability to cope with uncertainties by building assets and increasing monthly incomes (Halder and Mosley: 2004). In another study on poverty alleviation through microfinance in Nigeria (Fatukasi:2005) it was found out that though the percentage of poor people covered in microfinance programmes is small, the programmes have become successful in achieving greater depth of outreach in connecting with the very poor as compared to many other government sponsored development projects. Datta (2005) agrees with the criticism that micro credit has failed to reach the poorest of the poor and states that microcredit may not be necessarily the best way to help them. In another study to find out the impact of microfinance on poverty reduction in Bangladesh, (Choudhury, Ghosh and Wright: 2005) it was found out that microcredit cannot be effective as a real tool of poverty alleviation in a short time, as when the money earned is spent, people again fall back into poverty. In order to create a substantial increase in household ability to increase income and wealth, a period of around six years is required. There have been few efforts made deliberately to address the problems of the ultra poor or the destitute. Halder and Mosley (2005) described the measures adopted by BRAC to increase the reach of micro credit programmes in Bangladesh to include the ultra poor. The BRAC Income generation for Vulnerable Group Development (IGVGD) offered an integrated package of awareness building, food aid, savings, training, etc to climb up the ladder out of poverty to ultra poor which was found to be effective. In an another study the authors found that complementary services like food subsidy helped the ultra poor to save some part of their income and use it for income generating activities or for meeting emergency needs in the future. Matin (2005) studied the effect of micro credit programmes among the ultra poor comparing between those who participate and those who do not. He finds that the poorest who participate in credit programme are relatively better than those who do not. Barua and Sulaiman (2006) stated that despite the general criticism that microfinance does not reach the poorest, the evidence in Bagladesh showed that nearly 15 percent of the clients are from the poorest class. Some organizations like BRAC are making some deliberate efforts to include ultra poor households in their programmes by providing them extra support. Sulaiman et al (2006) studied the low reasons for low reach of microfinance in Bangladesh and state that one of the major reasons is the low borrower member ratio and the relatively small size of loans which make these programmes economically viable only in the long term. BRAC's programme to build asset base in physical, human and social terms is essential if the ultra poor are to be included in the micro credit programme. Mitra (2007) studied the macro impact of programmes in West Bengal by comparing loan recipients of microfinance, loan recipients of other loans and non recipients. She concluded that the benefits of microfinance programmes spread to non recipients as well through the multiplier effect of village level changes in terms of increase in consumption, savings, incomes, education level, etc. Walker and Matin (2006) suggested a few measures to increase the participation of the ultra poor in micro credit programmes. They suggested that an intensive programme for a certain period to give support in a range of dimensions of training, health, education, etc. is required before they can participate in a programme.

Khan (1999) analysed the loan use patterns by women clients in Bangladesh and concludes that credit used to get paid work and increase employment opportunities is valued higher than used for consumption by the client themselves. Another aspect of development of knowledge, skills and attitudes required for better management of finances was studied by Vyas (2003). In her study on impact of social intermediation on financial decision making of the members of SEWA Bank's Savings and Credit Groups, she found out that members of the group developed important knowledge such as how to cut and control expenses, how to use daily income to meet future needs, how to distinguish between productive and unproductive loans and how to plan for the future and build up financial security. These important skills helped them take better decisions at the household level. In an another study to find out the impact of ASA programme in Tamil Nadu, India, five parameters viz,, changes in livelihood base, savings and debt position, women's empowerment, consumption pattern and programme participation were selected (Naponen: 2005). The study used ILS tools of participatory approach and made a comparative analysis between long term and new members. The study found that the programme has resulted in increasing the self-employment opportunities, monthly earnings and asset base in terms of land and livestock for old members.

2.7.1.4: Impact of microfinance on bringing out changes at macro level:

Very few studies address the issue of assessing the impact of microfinance at macro level such as village or community level. An effort to quantify the impact of microfinance programmes at the village level in Bangladesh was done by Khandker, Samad and Khan (1988). Comparing programme implementing villages to non-implementing villages, they found that the overall effect of microfinance programmes in terms of agricultural and non-agricultural production, self-employment and rural wage level was positive. The programmes have also indirectly helped non-participants in the implementing villages. The positive effect is particularly seen in rise of income in landless households due to rise in self-employment opportunities in the non-farm sector. The authors stated that the programme would have been effective with stronger backward and forward linkages between agriculture and non- farm sector. Pitt and Khandker (1996) examined impact of four different credit programmes in Bangladesh on men and women. They found that credit has a significant impact on school enrolment of boys and girls, labour supply of men and women, asset holding by women, fall in fertility rate, increasing consumption and health of children. They also found that the impact was higher in the case of women clients than men clients. Based on the empirical study of micro finance projects from nearly seven countries, Hulme and Mosley (1996) concluded that microfinance programmes have been mainly successful in reducing poverty of the upper or middle segment of the poor class. The effect of microfinance programmes is found to be negative in many case of poorest of the poor class due to the higher burden of repayment. As a result, in order to become financially sustainable, the organizations have also started focusing higher on the middle segment of the poor leaving the poorest class outside their purview. Rahman and Khandker (1996) analysed the impact of three major micro credit programmes on poverty alleviation in Bangladesh. They concluded that the programmes have been successful in expanding the opportunities for self-employment and inclusion in the labour force of women. They found that employment per worker were higher among programme participants than among target group population in the control area. The study also found that the returns in the case of self-employment were higher than wage labour and they are also higher than in non-agriculture sector. Morduch (1999) studied the impact of the Grameen Bank programmes on rural households. He found that though there is no notable difference between the income level and the consumption level of programme participants and non-participants the difference is found in the lesser variation in the consumption level and less vulnerability in the case of participants than non-participants in the programme.

Khandker (2000) and Latif (2001) tried to find out the impact of micro credit on household savings and the extent of borrowings from informal sources. The authors found that micro credit has indeed helped to reduce borrowing from informal sources and has increased household savings. The author also found that the impact of micro credit is more pronounced on women whereas the impact of informal borrowings is more pronounced on men. Pitt and Khandker (2002) examined the effect of group-based credit used to finance self-employment by landless households in Bangladesh on the seasonal pattern of household consumption and male and female labour supply. The study concluded that an important motivation to join programmes is to smoothen the consumption pattern particularly in the lean season. Rashid, Sharma and Zeller (2002) studied the effect of micro credit programmes on use of high-yielding variety of seed by small farmers. The study found that access to credit and the amount of credit available are important factors which affect the decisions of the small farmers in choosing the cropping pattern and variety of seeds. Khandker (2003) studied the impact of micro finance in Bangladesh and confirms that microfinance benefits the poorest and has sustained impact in reducing poverty among program participants. It also has a positive spill-over impact, reducing poverty at the village level. But the effect is more pronounced in reducing extreme rather than moderate poverty. Khandker (2005) examined the effect of micro finance on poverty reduction in the local economy. The results suggest that access to microfinance contributes to poverty reduction, especially for women participants, and to overall poverty reduction at the village level. Microfinance thus helps not only poor participants but also the local economy.

Sharma (2005) concluded that microfinance projects in India have demonstrated positive changes in asset position, increase in savings, increase in employment and increase in consumption expenditure and reduced feminisation of poverty. Even so, to date it covers less than 5 percent of India's rural poor the coverage varying greatly from state to state. The author has suggested that it is necessary to aggressively expand the scope of microfinance in various ways such as by providing a big thrust and definite direction to the credit flows by identifying potential areas and developing sub-sectors, meeting the cost of promotion and training and helping SHGs to mature through convergence of resources and technology transfer, dissemination of information, bringing out innovative and supplementary credit delivery models and creating a conducive policy environment. The report made by EDA rural systems Pvt. Ltd. in 2005 found that MFIs are able to reach the un-bankable and are catering to all levels and not only the poor. Though the main focus of microfinance is on direct investment i.e for productive purposes, around 40 percent of funds are used for consumption purposes. The use of loan for productive purposes increases with higher income level and it is mainly used for supporting enterprises in the form of working capital mainly for non-farm sector such as dairy. Nearly one third of the new enterprises are started with micro credit. Micro finance programmes have become successful in enabling the poor to invest in productive assets, to diversify their means of livelihood sources and to reduce their vulnerability. The study pointed out that the MFI's approach in enhancing empowerment is more incremental than transformative. Though microfinance has increased access to save, credit, earn and learn through peer education and support it has achieved only marginal success in changing the constrictive patriarchal structure of the economy.

One of the major longitudinal study commissioned by SIDBI in 2001 covered impact assessment of microfinance programme implemented by 25 MFIs across 49 districts in India. The study found that MFI movement is better developed in southern states and in rural areas. Though it has become successful in serving poor clients, it has yet not reached very poor clients. The programme has become successful in improving the asset base, creating the multiple sources of income, reducing the dependency ratio, reducing the dependence on costly informal sources of finance and building the resilience of the poor in tackling risk situations. The study also pointed out that main hurdle in development of micro enterprises is lack of skills and lack of access and awareness about marketing the products. It also highlighted on rising and unanimous demand for skill development in income generating activities.

2.7.1.5: Limitations of microfinance in enhancing economic empowerment:

Though there is an overall consensus of all the authors that microfinance has led to desired economic empowerment of women, many authors mentioned certain concerns. A few studies point out that there is no direct relationship between the microfinance programmes and economic empowerment of women. In fact, some studies also bring out the negative side of these programmes.

A few studies also point out the limitations of the strategy of promoting micro entrepreneurship through microfinance. Triapthi (2005) found that though micro entrepreneurship overall improved status of women within household, it also increased their work-load. The study undertaken by Copestake et al (2001) found out that although all the participants of the programme were bunched around the poverty line, most of them were above the line than below it. In an another comparative study of two different micro enterprise development programmes in South Africa Hietalahti and Linden (2006) found that though the overall effect of micro enterprise development in building confidence, increasing willingness to participate in community activities is positive, it is the wealthier and better educated members who take more advantage from the programmes in terms of getting help to diversify or expand their enterprises and to protect themselves from financial shocks. Johnson (2000) drew attention towards gender impact assessment in development of micro entrepreneurship. She stated that targeting women for such programmes may not necessarily lead to their empowerment as financial and economic affairs inside the household are often not controlled by women. Hence it is essential to have a fair and systematic method for collecting gender based data and assess the impact at regular intervals. Eversole (2004), in the study on the role of women entrepreneurs in Sucre and Bolivia, stated that though women can control resources and can take advantage of opportunities as businesswomen, they have limited ability to reduce the poverty. Thus micro entrepreneurship development alone is insufficient for addressing all the issues faced by women. Mayoux (2001) in her study of micro enterprises in Camaroon also found that most women reported the income from the enterprises to be very small and that led to serious problems in expansion of the business. It is also seen that this is due to formalised and unequal men's social capital which does not give equal rights to women with respect to property and access to the market. Thus, she concludes that micro enterprises have serious limitations in increasing income due to unequal vertical linkages and macroeconomic and institutional discrimination.

Pitt and Khandker (1995) found that in many cases the control over the use of a loan is with the male members in the family. Thus access to credit alone may not always lead to the empowerment of women. They concluded that the gender relations and power differentials in the household which plays a very vital role in empowerment process cannot be overlooked in the empowerment process. Goetz and Sen Gupta (1996) found from their empirical research in Bangladesh that credit may also bring a burden of repayment which may increase tension within the family which will reduce the well being of women. The study concludes that microfinance has actually resulted in diverting attention and resources from other more effective development programmes for empowerment of women. Goetz and Sen Gupta (1996) found that even when men control women's loans, women's overall status within the household increases as a result of acknowledgment of their new role of provider of a new source of revenue.

Sinha and Matin (1999) also stated that micro finance does not reduce the dependence of the participant on informal finance. The authors state that the micro finance members rely equally on informal borrowings due to its timeliness and flexibility and use it for extensive cross-financing of their loans. Matin (2000) states that rapid credit deepening through simple loan size and simple lending techniques may lead to better outreach for micro finance organizations, yet, at the same time, may face the risk of failure in maintaining attractiveness in services and products for clients and in addressing the complexities of the issues.

Peace and Hulme (1994) critically examined the assumption that increase in household income due to micro enterprise will automatically increase the welfare of the children. They argue that this is not so as for most of the agencies children are invisible. They suggest some changes in income generating programmes to improve welfare impact on children. Sebstand and Chen (1996) studied the impact of microenterprise credit on different classes of clients and conclude that the impact of credit on growth, increase in household and enterprise income and assets, employment, empowerment of women and children's schooling is different. The paper concludes that the credit alone would not be sufficient to keep the growth and employment in microenterprises rising and that other factors such as policy framework are essential interventions.

Devika and Thampi (2007) studied the impact of the Kudumbashree Initiative, a microfinance programme initiated by the Kerala Government for the empowerment of women. The programme which was launched in 1998 with active involvement of the local self-governments such as Gram Panchayat, aimed at converging various Government programmes and development of women's micro-enterprises with the help of microfinance. The authors observed that though the programme became highly successful in increasing the income generating capacities of poor women through self-empowerment and giving access to their opinions by linking it to the Gram Panchayats, it is very difficult to say that it became successful in changing the power structure within the family. The authors suggested that without a strong intervention to bring about a change in the gendered nature and power, the newly found confidence and capabilities of women could not enhance empowerment. Feminist interventions are critical for creating awareness about the limitations of such economic programmes in bringing about empowerment and there is a need to promote public discussion in minimising these limitations.

2.7.2: Self Empowerment:

Self-empowerment is perhaps the most crucial step in the overall empowerment process. This aspect of empowerment focuses on building the awareness of women related to self- perception, self- esteem, self-confidence, self-control, decision-making and leadership abilities, as well as awareness related to gender issues and conscientizing them about their responsibility for of bringing about the changes in their lives.

2.7.2.1: Impact of microfinance in enhancing self-confidence and self-image:

One of the major changes brought about by microfinance is the development of human assets in terms of improvement in self-esteem, confidence, leadership qualities and the decision-making process and development of social assets in terms of social network, membership of group, interaction with the implementing organizations and other institutes. Various studies mention the positive relationship between economic independence of women achieved through microfinance programmes and improvement in their self-image and self-confidence (Hadi:1997, Carr, Chen and Jhabvala: 1996).

One of the observation made by Falaiye (2002) in the impact assessment study of the microfinance programme implemented by COWAN in Nigeria is that though the programme resulted in a very marginal improvement in economic conditions of the clients, it facilitated the creation of spaces for women where they could develop critical consciousness of ideas as a foundation for social action. Shetty, S. (2002) in his empirical study of three microfinance projects from India and Michigan concluded that group identity and collective action has helped women gain consciousness and self-identity and has marginally reduced their subjugation at the household level.

Bagati (2002) in her research on impact assessment of urban microfinance programme in India also concluded that increasing the economic power of women influenced their position in power dynamics at the household level though this change is very slow and complex. Microfinance developed new roles for women such as of loan recipient, group member, earning member, loan facilitator for other members and this expanded their traditional identity. The process of empowerment which began with women recognizing oppressive gender relations (consciousness raising), moved to changing these relations (changing ideologies) and finally led to change in a non-threatening way. Afrane (2002) studied impact results of two microfinance projects viz Sinapi Aba Trust, Ghana and Soweto Microfinance Project in South Africa. Both the projects involved promotion of small and micro enterprises through micro credit schemes. The author concluded that both the projects have a moderate positive impact on economic parameters such as business turnover, procurement of inputs, creation of additional jobs, acquisition of business skills, etc. The study found out that these positive economic developments also helped to enhance the social status of the clients by bringing them enhanced public respect, self-esteem, participation in common services and programmes for the empowerment of women. On the negative side, the projects have also increased the work-load of the clients and worsened family relations due to the higher pressure on them. It is thus necessary for micro finance institution to understand this and find ways of mitigating this pressure.

2.7.2.2: Impact of microfinance in enhancing bargaining position and decision making abilities:

Hashemi and Schuler (1993) stated that with enhancement of economic independence of the women, they could also enhance their bargaining position within households and increase their decision making abilities. Zaman (1999) also found that microfinance programmes had a positive impact on empowerment of women due to mainly two reasons namely higher control of women over assets and greater awareness about social issues. The author suggests that the impact would be higher if credit programmes are supported with other financial services such as insurance and savings and non-financial services such as legal education and food relief programmes, etc. Puhazhendi and Badatya (2002) also found that higher contribution of women in household income helped women to have a better control over decisions that affected their lives. It further helped in reducing the rate of child mortality and improving maternal health in rural India.

One of the major impacts of microcredit seen in the Grameen Bank programme participants found by Osmani (2007) was in terms of better bargaining positions within the household. He concluded that bargaining power of programme participants was much higher than that of non-participants even though it was possible to improve it further by involving herself fully in credit financed activities. Many authors emphasise the decision-making power of women in the overall empowerment process. Having control over decision-making with respect to the use of loan is an important feature of empowerment because for a credit or income generation programme to have a greater positive impact, women should take a more active role in allocation of credit and should be aware about how to increase the benefit from them. Rafiq, Abdullah and Ahmedi (2007) found that when loan money is used in setting up micro enterprises in which women have a strong niche and where they have direct access to the market, they have better control over decision-making.

Holvoet (2005) in her study carried out in Tamil Nadu with three groups of women viz (i) MYRADA organized SHG formed in 93-94, (ii) Group receiving loan from IRDP and (iii) another SHG group sponsored by MYRDA with longer duration. She found that channelizing loans through groups rather than individuals is more empowering and increases the decision-making ability of women. The study concludes that direct bank borrower credit delivery does not challenge the existing decision-making patterns, regardless of whether the clients receive the credit. Social group intermediation helps group members to shift overall decision-making patterns from social norm guided behaviour and male decision making to more joint and female decision-making. Regularity of group meetings and longer term of group members also affect decision making ability of the members positively. Based on the empirical study in Bangladesh Pitt, Khandker and Cartwright (2006) observe that participation in credit programmes by males and females have different impacts in intra household dynamics. Participation by women in microfinance programme is likely to bring more autonomy and decision- making power to her whereas participation by males in microfinance programme may bring negative impact in her empowerment.

2.7.2.3: Impact of micro entrepreneurship in promoting self-empowerment:

A few authors found that traditional norms of measuring the success of micro enterprises are profitability, turnover, sales and employment which mainly focus on norms of behaviour based on the male model. However, when women face socio-cultural constraints that limit their economic success as well as their ability to directly benefit from them, it is necessary that along with these traditional economic norms, empowerment should also be examined. The purpose of micro enterprise development in such a context should not only be to increase women's access to income but also to motivate a process of empowerment through which they gain power and status in household, market and community. This concept of empowerment as given in many definitions involves the "power within" of the disempowered groups and transformation of power relations so that the disempowered can achieve increased control and choice. Education, income and assets are the resources of empowerment which have to be converted into increasing control and choice. Access to income alone is not a sufficient indicator of empowerment as it does not illustrate whether the earner can use that access to increase the range of choices available to her or to exercise control over her life. Thus, access to income is not by itself evidence of empowerment. Many times women may be unwilling to convert their economic resources into empowerment outcomes due to prevailing social norms. The empowerment outcome is measured in terms of control over enterprise income which is determined by many other socio-cultural factors such as the woman's marital status, age group, spatial mobility, etc. Development planners need to intervene to develop a positive link between economic success and empowerment through improving access to develop skills, access to market, and access to organize themselves and helping changing power relations within the household.

2.7.2.4: Impact of microfinance in reduction in domestic violence:

Some studies focus on the impact of microfinance on reduction in domestic violence. Hadi (1997) studied impact of women's participation in productive activities through micro finance on marital violence, mental torture and physical assault in Bangladesh. She found that women's productive roles have not only improved women's position in the household but has also reduced mental torture and physical assault. Another study made by Ahmed (2005) found that the level of domestic violence reported during the initial stages of participation of women in BRAC, Bangladesh significantly reduced after introduction of skill development training among the participants over time.

2.7.2.5: Impact of microfinance on overall self-empowerment:

The study conducted by NABARD (2002) defined women empowerment as attaining an independent status equal to men in all respects and becoming a primary agent of their own development and that of the community to which they belong. The paper took into consideration six different components of empowerment of women such as influence over use of economic resources, influence over decision-making for her own development and other decisions of family matters, participation in local polity, increased interaction with other members of the community and improvement in technical and managerial skills of the member, etc which are related to the decision-making abilities of women at different levels. The study assessed the empowerment level of women of 13 SHGs promoted by leading NGOs in four southern Indian states. The comparative study between old and new SHG members concluded that on various parameters of empowerment such as financial position of the members in the family, contribution to total family expenses, decision-making related to financial and other matters at family level, etc. old members showed much improvement over new members. Old members have also shown a higher level of confidence and higher sense of ease in dealing with other people and other organizations. Their views are more respected than before in the famiiy and in the neighbourhood which enhanced their social status. Their leadership position has improved and they motivated other new members to from SHGs. They have also been able to convince family members about the importance of their work in SHGs as can be seen from the facts that most of the members' husbands are happy about their involvement and are also ready to share the burden of household duties. The study concluded that old SHG members show a higher level of confidence, mobility in travelling alone and mixing with other members of the community, a higher level of awareness about health and hygiene. In short, they have better control of their lives. Another study conducted on impact assessment of Swarna Jayanti Gram Swarozgar Yojana (SGSY) in India (Dasgupta and Dinkar Rao: 2007) found that there is an improvement in the self empowerment assessed on various parameters like awareness related to financial literacy, participation in intra household decision making and bargaining position, intra household attitude towards women, etc.

Cheston and Kuhn (2002) found that although microfinance does not address all the barriers to women's empowerment, it can have a positive impact if the programmes are designed properly. The authors state that along with material resources, women also require the ability or agency to meet their goals through the process of decision-making and negotiation. As women have been denied the right to take decisions since childhood it is very difficult for them to define the goals and act effectively to achieve them. Microfinance programmes which are mainly targeted at bringing about change at an individual level may have a powerful impact on the way women have been perceived and treated within their communities, yet the level of empowerment may remain limited if at collective level they fail to bring about any structural change. The authors enumerated a number of indicators as evidences of empowerment such as impact on decision-making in the areas of family planning, girls' education, decision-making in buying and selling properties, business decisions, improvement in self-confidence, improvement in gender relations and status at home, reduction in domestic violence, higher involvement in community activities and higher involvement in political activities and women's right movements. The authors concluded that different programme strategies intentionally designed to empower women can be brought out by organizations. These strategies relate to bringing about change in organizational structure by increasing gender sensitivity of loan officers, encouraging women to take up the positions of responsibility; implementing credit with an education strategy which addresses gender issues as well as the special needs of women such as business training, personal development training, etc; investing in clients as leaders through training and capacity building in SHGs; developing new loans and finally impact assessment through tracking loans.

Pitt, Khandker and Cartwright (2003) examined the effect of men's and women's participation in group-based micro credit programmes in Bangladesh in 1998-99. The study concluded that women's participation helps to increase their empowerment by expanding their role in household decision-making, giving access to economic resources, social network, greater mobility and a better bargaining position. Men's participation on the other hand might have neutral or sometimes negative impact on women's empowerment as it curbs their physical mobility and access to resources. Mahmud (2003) remarked that as route of empowerment requires the active agency of women to use material and non-material resources to achieve their own wellbeing through development of self-perception and consciousness, empowerment is directly involved with self-empowerment. The impact of microcredit programme is significant in achieving this empowerment which has also resulted in having a positive impact on achievements in terms of better literacy, health, nutrition of women. Mahmud (2003) tried to assess empowerment of women in terms of women's choice and active agency in attaining empowerment rather than access to greater wellbeing. He finds that microcredit programme may have a limited direct effect on access to wellbeing of women but may have a stronger effect in increasing women's ability to exercise agency in intra household processes. It also has a potential to reduce male bias in welfare outcomes.

Sullivan (2004) gave attention to the transformation in gender relations in the domestic sphere which arises as a part of a wider social process that involves slow transformative changes in consciousness and practice. Gender consciousness created by micro finance programme leads to interactive processes of change both at the ideological level as well as in day to day negotiations. The study made by EDA Rural System (2005) gave a mixed picture of impact on empowerment. It found that though micro finance does not necessarily reflect an empowering strategy for women in the fullest or transformative sense of actualizing women's capabilities and helping them to address fundamental gender inequalities, it promoted more autonomy and responsibility in women. It has enhanced personal empowerment by providing access to saving and lending, higher mobility and skill development and higher access to own productive assets. Yet, at community level the success of these programmes is limited to few case studies. Pitt and Khandker (2006) assessed the effect of men's and women's participation in micro credit on empowerment of women in Bangladesh. They observed that participation of women has significantly higher impact on their empowerment as it enhances their autonomy and decision making power in intra household interactions. In fact men's participation in micro credit may have a negative impact on women's empowerment.

In the impact assessment study by ASA, Tamilnadu it was found that the older members are more empowered in terms of higher decision-making abilities at home, greater role played in home and workplace, better physical mobility and lower incidence of domestic violence and alcohol abuse. Sabharwal (2001) in her research based on a review of literature on micro finance programmes in Bangladesh states that the social aspect of the micro finance programme through group based weekly meetings has played a significant part in contributing to personal empowerment or "power within". It has helped them to get over the feeling of fear and intimidation and has created a sense of awareness of social and political issues. Micro finance programmes run by BRAC have been successful in raising the critical consciousness of women and they have been exposed to new ideas and values. Women's participation in credit has increased the use of contraceptives. It has also enhanced the sense of self-confidence especially when they play a role of group or team leader. Networking programmes across different groups and villages have increased their mobility and allowed sharing of experiences and have provided exposure to the outside world. At the same time there is no documented evidence of how women have become successful in negotiating their position within the household.

2.7.2.6: Limitations of microfinance in enhancing self-empowerment:

A few studies also focus on the negative impact of the microfinance programme on self-development and social image. Rahman (1999) studied the impact of the Grameen Bank model in Bangladesh and drew attention towards increasing liability and pressure on women clients to repay loan over the years. He found that this may increase the intra-household tensions and produce unintended consequences. Thakrar (2006) focused her study on intra-household conflicts which any micro finance programme has the potential to create as well as reduce. She found that greater access to credit, greater self- confidence, higher bargaining power and decision-making ability over use of credit is likely to create conflict within household and this is unavoidable in order to bring about social change. At the same time, microfinance organizations have to be very careful about their unintended manifestation in the form of abuse of human rights. After analysing three different cases of microfinance projects in India, the author states that a micro finance project may lead to higher intra-household tensions when women start encroaching on men's economic spaces such as by taking over their economic roles or if men are excluded from empowerment process or if the programme directly challenges patriarchal norms. On the other hand, a male- friendly microfinance project where women expand their traditional economic spaces rather than encroaching on men's spaces, where participation of men is involved in such a way that they consider that development interventions are an approach for improving daily life rather than seeing it as a threat to their domestic status have resulted in reducing the intra- household tensions. The author finally concludes that to break patriarchal structure without increasing intra- household conflicts it is necessary that there should be expansion of mental spaces of both the sexes along with expansion of economic space of women. Kabeer (2001) tried to explore the reasons behind the conflicting conclusions of different evaluation studies in Bangladesh and concluded that different understanding of intra-household power relations in these studies is the primary cause of these conflicting findings. She further asserted that findings from participatory research from the women clients themselves may be necessary to understand the context of the impact. The NABARD study (2002) also brought out the fact that in certain areas the change has not been positive. Microfinance programmes have been unable to reduce the level of illiteracy, SHG members are still not looking at SHG as a means of earning income but only as a means of mobilising savings and loans. The habit of savings in bank account has not yet taken root. Lastly, the report states that the decision- making ability of SHG members has not penetrated beyond family level into local or panchayat level. Cheston and Kuhn (2002) also stated that the programme can have some negative impact such as increased burden of repayment, reinforcement of traditional roles and reduction of male contribution in to the home.

Johnson (2005) stated that there are number of aspects related to gender relations inside and outside the household which facilitate or constrain the empowerment of women. The paper which is based on an empirical study of microfinance programme run by FINCA in Mali, evaluated the impact on four pathways (dimensions) of empowerment namely the material pathway which implies change in access to or control over material resources such as income; the cognitive pathway which means improvement in skills, knowledge and awareness of wider environment; perceptual pathway which covers change in self perception, self-confidence, self-esteem, etc and the relational pathway which refers to the impact on changing decision- making roles, bargaining power, mobility, participation on wider platforms, etc. Johnson finds that in all the four pathways, gender dynamics plays a major role. For instance, microfinance programme may provide some autonomy to women to handle money and set up her own enterprise, yet the lack of skills, experience, social network and intra – household dimensions may constrain the growth of her business. She suggested that the microfinance programme should attempt to address aspects related to gender relations by responding to the gender needs of the clients. Seeking active participation of males from the households, enabling women to take individual loans of higher amount, providing better child-care facilities, changing products and service-delivery systems more gender sensitive, etc. are some of ways to bring this.

2.7.3: Social and Political empowerment:

This aspect of empowerment has to do with the wider impact of microfinance in bringing about changes at the community level, raising the awareness level about gender and social issues and bringing about changes for the better in the bargaining position of women at community and social level and putting them in a better position with respect to decision-making at the community level.

2.7.3.1: Microfinance and development of social capital:

The concept of social empowerment is very closely related to social capital. The broad meaning of social capital is the facilitation of collective action for mutual benefit. Social capital resides in the relation between individuals and its impact can be seen at the individual level as well at the community or group level. It refers to the quality of human relationship existing within some well-defined social groups which has an impact on achieving mutual benefits. Coleman (1988) defines social capital as an asset embedded in relationships that facilitates instrumental action among people and the passing on of knowledge and resources from one person to another. Putnam (1993) describes social capital as those features of social organization such as trust, norms and networks that can improve efficiency of society by facilitating coordinated action. World Bank also defines social capital as the norms and network that enable collective action and shape quality and quantity of society's social interactions. It considers social capital as one of the vital resources for bringing about desirable outcomes of any development programme. Bourdieu (1985) elaborates different forms of social capital such as 'bonding social capital' which connects individual to groups and networks, 'bridging social capital' which ties together different socio- economic and ethnic classes and 'linking social capital' which ties poor people with the other members of positions such as organization, development officers, etc. Social capital in any society can be seen in different dimensions such as i) groups and networks existing in the society which promote and protect relationships and improve welfare, trust and solidarity and which foster greater cohesion and willingness to take initiative in the social context based on the assumption that others will respond as expected, ii) collective action and cooperation which foster the abilities of people to work together towards resolving community/ social issues, iii) social cohesion and inclusion which mitigates the risk of conflict and promotes equitable access to benefits of development by enhancing participation of the marginalized and lastly iv) information and communication which provide improved access to information via network.

More than any other development programme, the link between microfinance and social capital is stronger and clearer. Social capital cultivated through peer group development replaces conventional collateral requirements and improves credit worthiness of millions of clients especially women. Along with that it also bestows other benefits such as greater sense of community, trust, reliance on each other in times of crisis, sharing of information, skill up-gradation, better decision-making and bargaining power within family and in community and creation of support system (CIDA:1999). Microfinance programme by nature and by objectives depends on creating a virtuous spiral the base of which is creation and utilization of social capital (Mayoux: 2001). Access to savings and credit contributes to economic empowerment of women through productive use of the credit. It leads to better control of women over resources and their greater wellbeing as well as that of their families. It further enables them to renegotiate and bring about changes in gender relations in their families as well as at the local or community level which leads to social and political empowerment. At all these levels social capital in terms of networking, greater access to information and skill up-gradation and collective action to tackle gender and social issues enhances their abilities to bring about desirable change. Ismawan (2002) explained the relationship between economic intermediation through micro finance programme on existing social capital. He stated that economic intermediation sometimes strengthens existing social capital such as local communities, local government, etc and destroys social capital such as money lenders, social hierarchy, etc. He stated that microfinance helps in building of social capital to enhance the degree of information sharing, democratic participation, collective decision-making and sustainable development. The study undertaken by Brata (2004) in a Javanese village threw light on the impact of social capital on access to and repayment of rural credit where social capital is assessed in terms of number of membership in a group, meeting attendance and participation in decision- making. The study found out that regularity in attendance of meetings and the higher positions in the group have positive influence over the amount of formal credit provided by the group.

Ronchi (2004) stated that social capital and micro finance reinforce each other. Any sustainable development requires a combination of natural capital, physical capital and human capital. Micro finance programmes make use of existing social capital and link that to physical capital to foster economic growth. The higher the social capital, the higher the cost of defecting and chance of foregoing of mutual benefits which enhances repayment performance. Similarly, the higher the social capital, higher the trust builds amongst members and higher will be the impact of microfinance programmes on other aspects besides access to credit. Ronchi studied the role of social capital in implementation of microfinance programmes in Ecuador and concluded that it has helped in bringing about wider political participation, stronger interventions in the decision-making process and thus improves the bargaining position of poor women. Oksan (2008) throws light on how the microfinance programme can contribute to the political awareness and social activism of its clients through the process of development of self- efficacy and social capital.

The crucial problem faced by any microfinance programme is imperfect information available about poor customers which reduces their credit worthiness. This problem can be tackled by using social capital effectively in screening customers by borrowers themselves using their knowledge about each other, by peer monitoring and peer pressure where private good like access to credit is made conditional on provision of public good like group repayment (Bastelare: 2000). Thus, social connectivity among borrowers and lenders allows significant savings in screening, monitoring and enforcement and reduces transaction costs. Olomola (2002) tried to assess the impact of social capital on the performance of microfinance projects in Nigeria in the mobilization of savings, repayment of loans and regularity of meetings held by groups. He found that impact of social capital is varied as per the nature of the groups formed. It is significantly higher in the groups which are autonomously developed emerging groups which have been the subject of neglect by the formal financial system than in well established organized groups which are assisted by NGOs. In case of the later, the ability of the NGO to build credibility and confidence amongst the members is very crucial for building social capital. Financial sustainability is one of the crucial challenges faced by many micro finance organizations. If MFIs can substitute professional managers and fieldworkers with voluntary inputs from saving and credit groups, it may act to reduce transactions costs substantially and simultaneously create social capital to address wider issues effectively (Baumann: 2004). Mosley, Olejarva and Alexeeva (2004) find that the impact of social capital created with informal associations is not uniform across all economies. Social capital is valued more where the issue of corruption is a serious impediment to the access to credit.

2.7.3.2: Impact of social capital in promoting micro entrepreneurship:

A number of studies focused on the role of social capital in encouraging and sustaining micro entrepreneurship. Morris, Woodworth and Hiatt (2006) made a comparative analysis of financial performance of individual lending and cooperative micro lending to self-employed entrepreneurs in Bulgaria and Philippines. They concluded that cooperative micro lending leads to higher survival rates and better performance of self- employed entrepreneurs due to higher level of social capital created by organizations. The social capital created through social ties and network help self-employed women entrepreneurs have flexibility in interest payment and repayment schedule, training and skill up-gradation, networking with suppliers and customers as well as sharing responsibilities such as child care, etc. Woodworth (2008) has shown a strong connection in the success of micro entrepreneurship and development of social capital. In fact, he gives more importance to access to social capital than to financial capital as it is this intangible asset which helps micro entrepreneurs in various ways such as leveraging relationships in building customers and suppliers, expanding businesses, reducing stress in times of economic crisis and building commitments towards the enterprises. Gomez and Santor (2001) study the effect of social capital on the performance of small entrepreneurs in terms of net earnings by making a comparison between performances of entrepreneurs taking loan from group based lending activity by micro finance institution and individual lending programmes. The positive relationship between social capital and better economic performance of the entrepreneurs comes through better 'instrumental support' such as provision of start-up capital, informal associations is not uniform across all economies. Social capital is valued more where the issue of corruption is a serious impediment to the access to credit.

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2.7.3.3: Limitations of social capital in enhancing empowerment:

Though relatively insignificant, the negative side of social capital needs to be looked at carefully. Mayoux (1997) mentioned that empowerment is not an automatic outcome of any microfinance programme as social capital also has its downside. It imposes restrictions on the growth and mobility of its members. Besides, the social capital of men often overpowers that of women in many spheres such as market. Rankin (2002) drew attention to coercive and exploitative dimensions of social capital when groups are formed on the basis of social hierarchies. In such cases it is also possible that social capital may justify and perpetuate inequality and leave people more oppressed and disadvantaged than before. Thus, the ultimate aim of bringing the collective consciousness to beat on the issue of changing the subordinate position of women in society is not an automatic outcome of any microfinance programme. Bislev (2003) also made a critical evaluation of a microcredit programme in Yunnan, China and finds that social capital may not be created if the objective of the micro finance programme is only to make members collectively responsible for better repayment without any focus on poverty alleviation. A greater sense of participation will be felt and transfer of vital information and knowledge will take place only if the microfinance programme has some higher content over and above providing low interest loans. Bateman (2006) also takes an opposing view and states that microfinance may create negative social capital as its selection for credit provision is anti-industry and anti-technology and in favour of tiny, informal, non-industrial areas with no clear direction towards sustainable development. In a study, Montgomery (1996) found out that sometimes peer pressure can also be damaging in meeting the needs of the poor. The success of solidarity group lending model where all members in the group are jointly liable for each individual's loans depends on mutual trust. It is found that in many cases peer pressure or group pressure is instigated by staff of MFIs by threatening to withdraw future loans. Inflexible and inaccessible savings, limited facilities for consumption loans and very heavy emphasis on timely loan repayment entail social costs and mitigate against the broader objectives of creation of social capital through mutual trust. Various studies show that giving greater autonomy to the group to decide how to use savings and loans, giving opportunity for self- management, ensuring transparent processes, and active participation of members promotes the creation of social capital which is the base for any type of collective action.

2.7.3.4: Impact of microfinance in promoting socio-political empowerment:

A few studies are focused on assessing the macro level impact on social parameters (such as change in health, education, nutrition, consumption patterns, etc) and political parameters (such as collective action, awareness related to gender issues, social issues, higher involvement in electoral process, etc.). Choudhury and Khandker (1996) do a comparative analysis of the nutritional status of the poor and the children of programme and non-programme villages and of 'credit only' and 'credit plus' health programmes. They found that nutritional status is higher in programme villages than in non-programme villages thereby concluding that credit programmes have a positive impact on the nutritional status of the poor. They also found that 'credit plus' health programmes show higher impact on health indicators of children such as height, body mass index, etc thereby showing that the poor require health interventions along with poverty alleviation programmes. In an another study, Falaiye (2002) mentions that the microfinance programme implemented by COWAN in Nigeria has successfully resulted in developing among the clients an increased understanding of political issues and their own ability to influence and/ or make decisions that affect their lives. Zeller et al (2001) state that micro finance services have reduced poverty and have improved food security and nutrition. The report suggests that micro finance should be expanded with careful attention to cost and viability. In another important study Choudhury et al (2003) conclude that group based credit programmes in Bangladesh have led to improved health status of children due to better intra-household allocations. The study also found out that credit provided to men has no statistically significant impact on the health of children. A study made by EDA Rural System (2005) found that though micro credit programmes helped in achieving higher enrolment of children at primary level, it has not been successful in increasing enrolment at secondary level and at this level, gender imbalance still continues. Chowdhury and Bhuiya (2005) study the impact of BRAC's programmes on poverty alleviation and other indicators of well-being. They found that the impact of the programme on child survival and nutritional status in the household, expenditure pattern, family planning practices and children's education has been positive. Kah and Olds (2005) studied the impact of microcredit activities in building social capital in Gossas, Senegal. In Gossas Micro Finance institutions formed alliances with several federations, associations and political parties to enhance women's participation in raising their collective voice against social injustice through active participation in politics. The authors observed that women became more sophisticated in their dealings with government organizations and started leveraging these connections. They conclude that though social capital has helped these women to raise their collective voice, it is not yet clear whether it would help to bring about socio economic change. Littlefield, Morduch and Hashemi (2003) studied the effectiveness of micro finance to achieve Millennium Development Goals. They found that the poor use micro credit for a variety of purposes such as to manage emergencies, invest in health and education, business and economic activities, etc. Evidence from various countries shows that access to credit enables poor to increase their incomes, build assets and reduce vulnerability.

The workshop organized by UNDP and ICICI bank (2002) concluded that though access to money and other non- monetized resources such as animals in some case and access to education in others are essential conditions for empowerment they are not sufficient conditions. Macro policies such as independent land rights for women, equal wages, non-farm employment opportunities, effective social legislation (to control dowry victims, alcoholism) act as better instruments of empowerment and are required to make micro credit programmes more effective in bringing about empowerment. Promotion of social mobilization based on class rather than caste and building groups based on common issues rather than only for credit purposes is an effective way to foster empowerment. The workshop also concluded that to make credit interventions more effective it is necessary that the size of the credit should be larger and it should be combined with non- credit interventions such as group building, capacity building, access to information and market, encouragement to group economic activities and stronger links between micro finance programme and macro-economic processes of empowerment programmes. The workshop presented five impact assessment studies of micro credit programmes in India such as South Asia Poverty Alleviation Programme (SAPAP) in Andhra Pradesh, Lokdrusti (Orissa), Share Microfin Ltd (Andhra Pradesh), Swayam Shikshan Prayog (Maharashtra) and Activists for Social Action (ASA) in Tamil Nadu. The overall findings of the study showed that micro credit programmes have resulted in improving members' access to basic needs and resources. In addition, it has expanded women's power to control their lives through control over their labour, mobility and resources. It has also improved self-confidence and self-esteem amongst the members. Women have begun to get recognition as a group at gram panchayat level and village level. They have also become successful in mobilizing government resources for their well-being. At a macro level micro credit programmes have become successful in reducing the money lender's rate of interest, diversifying rural economy to include more non-farm activities and increasing the level of consumption of vegetables and fruits. Collective bargaining has also helped women to negotiate government departments related to delivery of social services and has also helped in increasing awareness level. It has become successful in bringing gender issues on a common platform, getting community acceptance for women as leaders, reducing caste barriers and improving the social mobility of women in interacting with government machineries. It has also created a space for women in the public domain of the gram panchayat. However, micro credit programmes have failed to reach the poorest of the poor. It has also failed to bring about any significant change in the reproductive rights of women. It has made the workload of women greater while at the same time reducing men's economic responsibilities. The study also found that micro finance programmes have not become successful in tackling the issues related to women's health and domestic violence. The study also commented that the project could not create any significant impact in the domain of the market through collective bargaining. The study mentioned that micro finance could not bring about any significant change in the political process to make it more accountable to women. Mallick (2002) drew attention to the unwanted consequence of the micro finance project in increasing social disruption, causing domestic abuse and higher gender conflict. He suggests that micro level study is required before credit can be introduced into any community. Ahmed (2001) also stated that developmental programmes like micro finance give rise to tensions as women adopt new non-traditional roles which may bring them emotional stress.

Wong (2003) criticized World Bank led empowerment projects such as microfinance by stating that World Bank focuses only on two perspectives of power viz 'power to' and 'power with' completely ignoring the other two perspectives viz. 'power within' and 'power over'. This has resulted in overemphasising the positive side i.e its income generating ability and neglecting negative sides such as the failure of microfinance programmes to bring about change in oppressive social structures on a large scale. Kabeer (2005) drew attention to need for ensuring policy changes which are essential for bringing about changes in patriarchal power structures which may inhibit the empowerment process of women even with better access to education, higher share of non-agricultural wage employment and higher political participation, the tools identified by Millennium Development Goals for empowering women. Policy changes are required so that costs involved in implementing empowerment programmes should not outweigh benefits. Kabeer (2005) stated that microfinance cannot be considered as a 'magic bullet' for bringing about empowerment of women. Micro finance has empirically proved to have a positive impact on poverty reduction, higher access to financial resources. To use it further for purpose of the empowerment other development interventions such as education, political quotas, structural transformation should be undertaken. The overall empowerment depends on many factors such as designing of the programmes to fit the needs of the clients, governance of the organization, level of participation by the clients, etc.

Jakimov and Kilbi (2006) argued that the SHG programme has been entrusted with empowering women from low socio-economic cadre through reduction of internal, institutional and social constraints. While the SHG programme has some potential to empower women, the programme is limited in its ability to transform social relations. The authors argued that SHG's preoccupation with savings and credit has resulted in expanding the cognitive boundaries of women only in the spheres of economic activities which has helped them in pursuing their material gains. The full potential of empowerment is not often realised due to the 'top down' approach taken by the programme wherein more emphasis is given on economic performance. Increasing capabilities within the prevailing system will not overcome the long run disadvantage faced by marginal women. The authors conclude that the bottom-up development approach seen as essential in empowerment strategies may not be sufficient in removing all the constraints that prevent pursuit of interest.

2.8: A Discussion of the reviewed literature:

The literature on empowerment of women through microfinance reviewed above throws light on various aspects of empowerment such as the meaning and relevance of empowerment, relationship between microfinance and empowerment, different impact assessment methodologies and tools and various studies to assess the impact of microfinance at different levels such as economic, social, self and on a wider social level. Along with showing the breadth and the width of the subject, it also shows the importance and relevance of this subject as a policy tool to alleviate poverty and empower women. The main points which come out from this review are given below:

- Empowerment as a concept: The concept central to the empowerment of women is that which deals with the issues related to their subordination, inequality and inequity. It focuses on the shift from the position of powerlessness towards strategic and active participation in social, economic and political spheres. Thus, it is seen that empowerment is transformational in nature. Empowerment is the desired outcome of most of the development interventions. Earlier concepts of development considered participants to be mainly passive beneficiaries of the programmes, whereas empowerment focused development programmes envisage an active role for the participants in designing the outcomes and programme details. Empowerment cannot be bestowed by somebody else; it has to be developed within the self.

- Empowerment as a concept is studied in the context of those people who are disempowered due to several reasons such as their gender, socio-economic status and lack of access to essential resources such as education, information, credit, etc. Empowerment is not an automatic outcome of any development programme. It is a long term process which touches multiple dimensions of human life - economic, social, and psychological as well as political. The concept of empowerment is closely related to the concept of 'power' which can be seen in terms of 'power to', 'power with', 'power within' and 'power over'. Almost all the researchers agree that development of 'power within' or critical consciousness is vitally important to start the process of empowerment. Empowerment touches a person's life in its totality and therefore has many aspects – economic empowerment, self empowerment, social and political empowerment. Researchers like Price, Young and Johnson believe that the process of empowerment starts with economic independence through increase in incomes and greater self-reliance and logically ends with political empowerment with women having greater say and power in decision-making at community level. Some researchers like Mayoux and Kabeer do not agree that there exists the natural continuum between different levels of empowerment and suggest that economic empowerment or self-empowerment may not always necessarily lead to political empowerment.

- It can be stated that empowerment is a process by which people become conscious of the causes of their poverty or exploitation or inequality and organize themselves to use their collective skills, energies and resources to alter those conditions. Using microfinance as a tool of empowerment of women has found ideological acceptance from various groups such as government, development organizations, and practitioners as it is consistent with the neoliberal philosophy of self-help and against welfare dependency. As Rowlands has put it, it is a process whereby women become able to organize themselves, to increase their own self-reliance, to assert their independent rights to make choices and to control resources which will assist in challenging and eliminating their own subordination.
- The empowerment process works mainly along three different dimensions or levels namely individual or self-empowerment, economic empowerment and socio-political empowerment. These three dimensions are closely interlinked and any change in one dimension brings about change in either or both of the others.
- Most of the authors agree that empowerment is not an automatic outcome of microfinance. Kabeer's explanation in terms of resources (pre-condition), agency (process) and achievements (outcomes) helps to clarify that resources like micro- credit or provision of business-skills, etc. alone may not automatically bring about the desirable impact on empowerment. They have to be strengthened with capacity-building, collective action and developing decision-making abilities of the programme participants. Mayoux also asserts that access to credit may not automatically result in empowerment. In fact, if not guided properly, the microfinance programme may even lead to disempowerment of women as women may fall into a debt trap or may not be able to control the resources for their own benefit.

- Two approaches of empowerment i.e the financial viability or minimalist or 'credit only' approach and integrated or 'credit plus' approach will lead to differences in selection of clients, credit as well as non-credit programmes, scalability of programmes, etc and will have different impact on the overall empowerment level of the women. Many authors (Mayoux, Kabeer, etc.) oppose the minimalist approach as they do not see credit as the only missing link in the empowerment process and consider that credit along with capacity-building of women and having control over resources will together be necessary to address the problems of disempowered women.
- Assessment of empowerment through micro finance programme is considered to be important for various reasons. Firstly, it gives justification for introduction or continuation of micro finance programmes as the ultimate aim of any programme is to empower the weaker section of the society. Secondly, it provides suggestions for improvement of the programme for enhancing its development impact. Thirdly, credit is a double-edged tool. It can enhance welfare by providing access to necessary resources; and at the same time can also push poor people into a debt trap.
- Almost all the researchers agree that impact assessment study requires a combination of quantitative and qualitative methods and different tools such as interview of participants, participant's observation, participatory research, focus groups meetings, monitoring of key indicators and perceptions and views of the key personnel involved in the implementation of the programme. Empowerment also has to be seen in a socio-economic context in which the participants are living. The concept of empowerment is highly subjective in that the perception of the participant herself on the change which the programme has brought about in her life is extremely important.

- Empowerment also has different elements such as economic, social, self, etc which can be assessed at different levels. Selection of indicators can also be classified as per the level at which impact to be assessed and have to be assessed as per the context.
- Though various impact assessment studies focus on positive impact of micro finance programmes, they also reveal that they are no substitute for the macro level policy changes which are required to bring about structural changes in the economy to change the patriarchal structure of the economy. It is seen from the empirical studies of impact assessment that evidence of impact has been inconclusive and in some cases contradictory. Some authors like Schuler proclaim that microfinance programmes have been successful in reducing poverty and empowering poor people. Others like Mayoux also show the negative impact of the programmes if not implemented properly. Most of the authors like Mosley, Pitt and Khandker recognize moderate benefits of the programmes. The studies also show that macro level policy framework related to effective social legislation, investment in health and education of women, employment opportunities and access to new opportunities, etc. are extremely necessary in making micro credit programmes more effective and bringing about change on a broader level.
- The existing research throws light on different dimensions of economic empowerment such as reduction in vulnerability, income generation, increase in the labour force, development of micro entrepreneurship, etc. There is more or less agreement of all the researchers that the access to credit has a positive impact on the empowerment of women through a virtuous spiral. In a few research papers it is indicated that access to credit has not empowered women as they do not have any control over its use. Thus, research confirms Kabeer's emphasis on the necessity of having control over resources as well as

agency to bring about empowerment. Some research also throws light on other negative effects on empowerment of women such as increase in the work load and increasing intra- household conflicts arising due to access to credit. A variety of research studies conducted on micro entrepreneurship show that it has positively helped women not only in enhancing their income-generating capacity but also enhancing their decision-making role in the household and in the community. There is also a consensus between the researchers that economic empowerment achieved with the help of micro credit needs to be strengthened with the help of proper macro level policies, strong feminist interventions and other developmental projects.

- A number of research studies draw attention to the rise in mental tensions due to pressure to repay the loans and rising work pressures in order to repay it.The results related to domestic violence are contradictory. Some researchers state that there is a reduction in domestic violence as a result of social pressure. On the other hand some state that domestic violence has risen due to intra-household conflicts arising due to change in the expected roles of women. Most of the studies bring out the positive relationship between access to economic resources via micro finance and self-empowerment in terms of higher confidence, higher self-esteem and higher level of consciousness among the participants. The development of social capital through collective and collaborative efforts plays a very important role in building an 'economy of affection' as stated by Singh (1999) wherein women learn new skills and ways to survive through networking. Holvoet's study also makes it clear that mere access to resources may not develop the decision-making power and that it needs to be encouraged by social capital created by the microfinance programme. A few studies also point out that the process of self-empowerment may also cause intra-household conflicts as women start addressing gender related issues and expand the economic spaces they occupy with new access to resources. The studies suggests that microfinance programmes can tackle these issues by seeking active participation of males and expanding the mental spaces of both the sexes. A study undertaken by Kantor also states that economic norms of higher income and employment may not always lead to self-empowerment as the latter is perceived more as 'power within' where by women have control over their lives. Thus, development interventions should always focus on developing a positive link between economic empowerment and empowerment through transforming social structure and changing prevailing norms so as to give a better control and choice to the disempowered group.

- Various studies have been done on assessing the impact of micro finance programmes on changes beyond the individual member and her family in the wider community. They focus mainly on their economic impact in reduction of poverty on local level, political participation of the members, access to government programmes, participation in political protests and campaigns, greater respect in the community arising out of better self-respect and entrepreneurial activities and overall development of social capital due to collective action. Various studies show that the credit schemes of Grameen Bank (GB) and BRAC reduce poverty and empower women (Schuler and Hashemi, 1997and 1996); Hashemi and Morshed, 1997; Chowdhury, 1997; Haque, 1997; Pitt and Khandker, 1996; Rashid and Sharma (2002) emphasise the effectiveness of credit as a tool for poverty reduction and women's empowerment. However, other studies (Khondkar and Hulme, 2000, Ackerly, 1997; Hulme and Mosley, 1996; Mayoux, 1996 argue that these credit programmes have a more limited impact in reducing poverty and empowering women and, at times, may have negative results. Social capital created by microfinance programmes plays an important role in building social empowerment of women. Social capital helps women to build a higher level of trust, higher level of social and political participation and collective bargaining which mutually helps in empowering women. Social impact of micro credit programme covers a variety of issues such as change in the health and education status of women and children, change in family relationships and domestic violence, nutrition status, etc. The overall findings are that micro credit has resulted in better health status of women and children in terms of consumption of nutritious food and awareness related to health problems, higher expenditure, better use of family planning methods and higher children's education. The major changes found by most of the researchers is in the building of social capital which has helped to improve the social status of women, building leadership qualities, acceptance of their participation in local polity and improving their lobbying power to pursue gender related issues. Studies on finding out the impact of micro finance programmes on political empowerment show that there is very little evidence that economic empowerment has resulted in women challenging existing gender relations. The access to credit has shown no impact unless any particular gender related issue is directly addressed by the MFI through some intervention. In a very small way it has increased access to education of girls which may have a positive impact in the long run.

- Some of the studies also bring out the fact that micro finance programmes designed and implemented with the holistic and synergistic approach of providing financial as well as non-financial services have significantly better impact than the programmes providing only financial services. The studies show that when MFIs follow minimalist approach or financial sustainability approach, it leads to women's increased contribution to household economy. However, it does not automatically lead to social and political empowerment. It also many times fails to address women's subordinate position within the household. Hashemi et al (1996) state that when MFIs implement an integrated approach or 'credit plus' approach towards credit delivery, it leads to social and political empowerment along with economic empowerment. It is supported by the known fact that Grameen Bank in Bangladesh which has followed the minimalist approach has helped increase economic contribution of women in household whereas BRAC which has followed the integrated approach has had a stronger effect on social and political empowerment of women.

2.9: Literature Gap:

The analysis of literature about this subject underlines the importance of the impact analysis. It can be seen that though this subject has been studied by various researchers focusing on different angles there are certain topics which need greater attention. The following gaps have been identified after completing review of the literature:

- It is found that the number of studies conducted on impact analysis of urban microfinance is very few. Though urban microfinance has off-shouted from rural microfinance, it has its own unique characteristics which need to be seen carefully while designing and implementing the programme. As seen earlier, there is tremendous scope for its growth in view of the magnitude of the number of potential clients and their requirements. At the same time, due to intrinsic differences in the demand and supply side forces in rural and urban areas, the business model implemented successfully in rural area cannot be exactly implemented in urban areas. There is a possibility that the same development intervention such as micro finance can have different outcomes in terms of empowerment of its participants due to differences in socio- economic conditions and different expectations of the participants. Thus a separate study on impact assessment of urban microfinance programmes is required.

- As mentioned in many studies, empowerment is a bottom-up process where the programme participants take an active role in determining the impact of programme outcomes and will evaluate or measure the impact, based on the socio-economic context within which they live. As the socio-economic environment of urban poor is significantly different from that of rural poor, it is necessary to study their own perceptions about the change in their lives which has occurred due to microfinance programme intervention.
- It is also seen that most researchers have put great emphasis on the relationship between economic independence and overall empowerment of women. They have taken increase in income to be one of the main indicators of empowerment. However, the process of empowerment touches different aspects of the life of a woman such as family, work, children, self-image, etc. Hence, it is necessary that one should take a holistic approach to assess the impact of microfinance programme and should also consider other indicators of manifestation of empowerment besides economic indicators. This study tries to fill this gap by taking a holistic approach to empowerment.
- Even though access to loans is considered to be one of the important tools for empowering women, very few studies have actually been conducted to see how this loan has been used by participants and if there is any relationship between the amount of loan

made available. the number of times a loan was taken, utilization of the loan and empowerment of women. Though, it is often said that the availability microfinance has reduced the dependence of poor on the private financial market, very few studies have made a comparative analysis of the two from the client's perspective.

- Though it is understood that 'capacity building' of the microfinance programme participants is a crucial step in the overall empowerment process, very few studies focus on analysing its impact on empowerment of women. A better understanding of this aspect will help microfinance programme implementing organizations to decide their long term objectives and devote specific resources and design programmes for their participants.
- Similarly, there are very few studies made on analysing the relationship between some exogenous factors such as socio-economic background, educational level, years of association of the participants with the implementing organization, etc. and their empowerment level. The identification of such exogenous factors which may have an impact on the empowerment level will help organizations to design different strategies and different programmes for different socio-economic classes.
- It is also found that existing literature doesn't throw much light on the subject of objectives and policies of the programme implementing organization and their impact on the empowerment of the programme participants. The present study therefore intends to take four different organizations working in urban areas and tries to analyse their respective impact on the empowerment level of the programme participants.

Chapter III

Research Design

3.1: Introduction:

This chapter describes the details of the objectives of the study, research questions posed in the study, research design, and research methodology used for conducting the study. It covers the list of hypotheses to be tested, gives a brief background of the organizations included in the survey and describes the process of data collection and the statistical tools to be used for testing hypotheses. The overall aim of this research is to assess the impact of microfinance programmes in urban areas on empowerment of women. As seen in the previous chapter, individual empowerment can be assessed on three different levels, namely economic empowerment, self-empowerment and socio-political empowerment. The impact on empowerment can vary due to different factors such as aims and objectives of the implementing organization, strategies and designing of the product, socio-economic background of the participants or SHG/JLG members, as well as her years of association with the SHG/JLG and the amount and the purpose for which the loan is utilized. The major research problem faced in impact assessment studies is that specific development interventions such as access to credit may not directly result in increase in income of borrower or her empowerment. There are a host of other intermediary tools such as capacity building, access to information, etc. which also play a significant role in bringing about the desired impact. It is therefore necessary to use multiple research tools and techniques to obtain significant evidence of a relationship between an intervention programme and its impact on empowerment.

3.2: Objectives of the study:

- To understand the socio-economic background of the urban microfinance programmes of the selected organizations and to see whether the programmes have reached the clients previously considered being un-bankable.
- To understand the reasons of the programme participants to join the microfinance programme and to see whether there is proper alignment of their interest and the objectives of the implementing organizations.
- To compare the financial services provided by private sources with microfinance programmes and to bring out the difference between the two.
- To assess the impact of urban microfinance programmes on individual empowerment level of the participants in terms of economic empowerment, self-empowerment, socio-political empowerment and total empowerment.
- To find out to what extent differences in microfinance programme models in terms of different objectives and strategies lead to differences in the empowerment level of their participants.
- To assess the impact of external factors such as socio-economic background, educational level, etc. on the empowerment of the programme participants.
- To devise some concrete empowerment tools for microfinance organizations so as to assist them in developing their programmes in more effective ways.

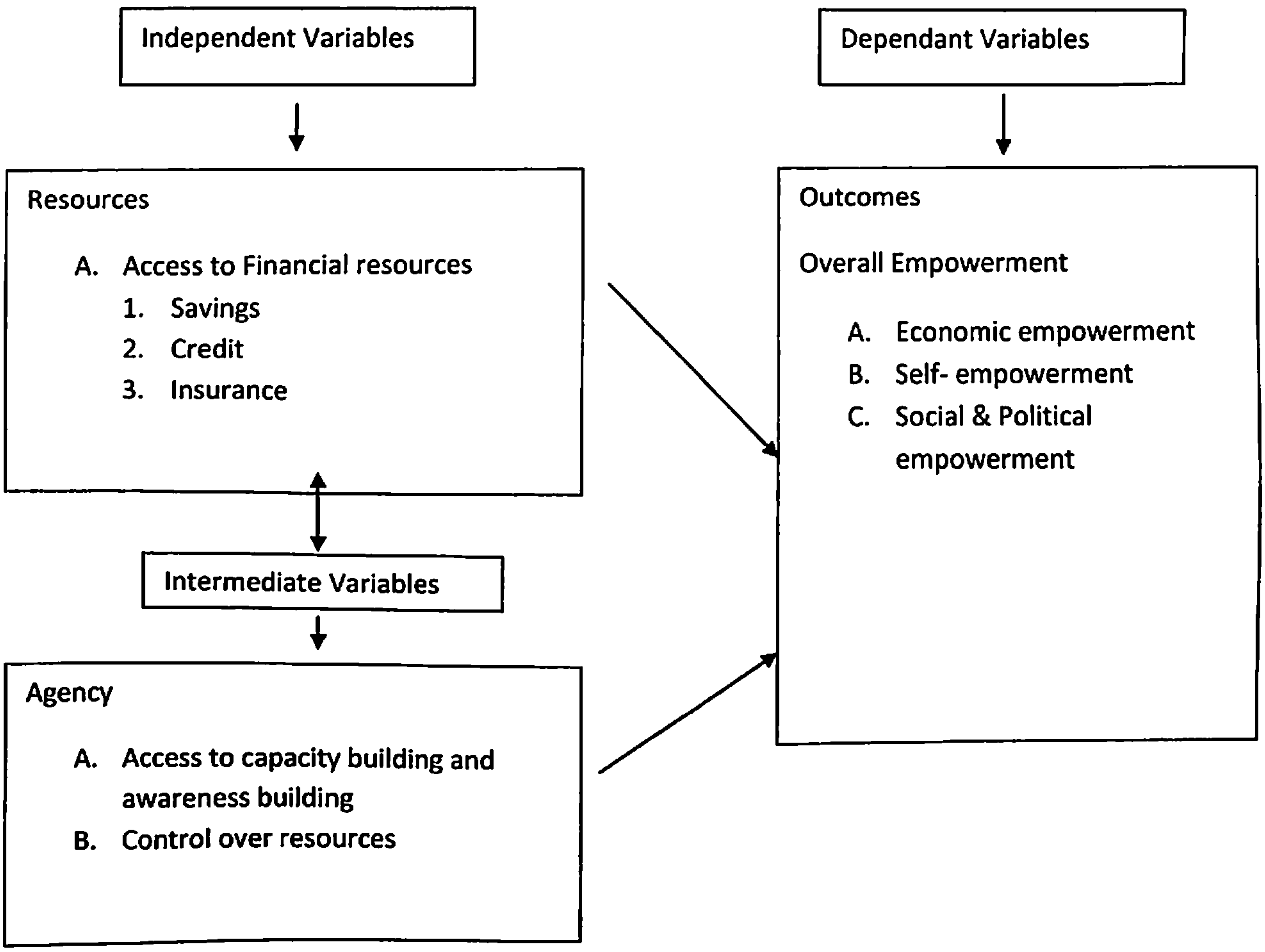
3.3: Major research questions:

1. Have urban microfinance organizations selected in the study reached the needy clients previously considered to be unbankable?
2. What are the reasons for which microfinance programme participants join the programme? Are their interests and the objectives of the organizations aligned with each other?
3. Is urban microfinance really a good replacement for private sources of finance?
4. Is there any qualitative or quantitative difference between the financial services provided by private sources and that provided by microfinance programmes?
5. Are there any major differences in the amount of loan taken, number of times loan taken as well as utilization of loan taken by the programme participants across the four organizations include in the study?
6. Which are the independent variables selected in this study to assess the impact on empowerment level which are considered to be most important by the programme participants?
7. What has been the actual impact of the programme in terms of increase in participant's monthly savings, monthly earnings and possession of economic and other assets?
8. Have the urban microfinance programme led to enhancement of economic, self-, socio-political and total empowerment of the programme participants? If yes, what is the extent of such empowerment?
9. What kind of impact of differences in the implementing organization's objectives and policies brings out on the empowerment level of their programme participants?
10. Is there any correlation between economic, self- and socio-political empowerment?

11. What is the impact of independent factors such as capacity building, amount of loan, etc. on the total level of empowerment of the programme participants?

12. Do exogenous factors such as social background, economic background, educational level, earning status, occupational status, membership position within the group and utilization of loan by the programme participants lead to differences in the level of empowerment?

3.4: Research Design:



3.5: Methodology adopted to measure the impact of urban microfinance programmes on empowerment level of programme participants:

The main objective of the study is to assess the impact of microfinance programmes on the empowerment level of its women participants. As mentioned in the chapter II, most of the impact assessment studies use the combination of quantitative as well as qualitative tools. This study also uses the combination of the two.

a. Quantitative tool: The data analysis of 698 programme participants surveyed from four urban microfinance programmes is the major quantitative tool used for assessing the impact on empowerment level. The empowerment level was assessed on three levels such as economic empowerment, self empowerment and socio-political empowerment. The variables selected to assess these levels of empowerments were taken from literature review and by incorporating opinions of the experts and practitioners from the field. The questionnaire was finalized after doing pilot testing. The overall empowerment level is calculated by taking average mean of all the three levels of empowerment.
b. Qualitative tool: Focus group discussions of nearly 30 Self Help Groups were conducted to get a deeper insight on various elements related to empowerment level of the programme participants. It helped in supporting data generated in survey as well as in getting clarifications for any discrepancies or differences occurring in the data.
c. Chapter VI (Conclusions and Discussions) and Chapter VII (Recommendations and Future scope for the study) are written by combining the findings from both the tools.

3.6: List of variables used in the research and their operational definitions:

1. Resources: Resources mainly include material resources such as access to savings and credit as well as other financial resources.

1.1. Resources: It includes

- 1.1.1. Access to savings
- 1.1.2. Access to credit
- 1.1.3. Access to life insurance
- 1.1.4. Access to medical insurance
- 1.1.5. Access to other financial facilities like remittance, pension, etc.

2. Agency: Agency refers to the ability to define one's goals and act upon them. It takes into consideration the self-motivation and decision-making ability of the clients to use the resources to pursue their goals. For this, it is essential that they have control over the use of resources and also have ability to use them for pursuing their interests. It includes

- 2.1. Access to capacity building – education and training,
- 2.2. Access to capacity building – health
- 2.3. Access to capacity building – sanitation
- 2.4. Access to capacity building – family planning
- 2.5. Access to capacity building – girl's education
- 2.6. Access to capacity building – son's education
- 2.7. Control over the use of savings

2.8. Control over the use of loans

2.9. Control over the use of increased income

3. Outcomes: Outcomes refer to the achievements or end result in terms of overall empowerment. Empowerment is defined as a process whereby women become able to organize themselves to increase their own self-reliance, to assert their right to make independent choices and to control resources which will assist in challenging and eliminating their own subordination. It not only puts the emphasis on disempowered people getting access to and control over resources but also on building and exercising their capacities to make decisions related to strategic life choices and executing them. The present study measures this at three levels such as economic empowerment, self-empowerment and socio-political empowerment.

3.1. Increase in programme participant's monthly savings, monthly earnings, possession of economic and other assets before and after joining the programme.

3.2. Economic empowerment: Economic empowerment focuses on gaining better economic status for the microfinance clients in terms of higher capacity to earn, higher access to financial resources and better financial protection for them and their families. It includes

    3.2.1. Reduction in vulnerability at the times of crisis

    3.2.2. Reduction of dependence on moneylenders

    3.2.3. Increase in security

    3.2.4. Increase in the regularity of earnings

3.2.5. Increase in economic independence

3.2.6. Increase in total expenditure

3.2.7. No higher pressure in workload at home

3.2.8. No higher pressure in workload at workplace

3.2.9. No higher pressure in pressure of repayment

3.3. Self-empowerment: Self-empowerment focuses on building the 'power within' of the microfinance clients. It is a process in which women reflect on their own subordination and develop self-awareness, confidence and self-esteem. It includes:

3.3.1. Increase in self-confidence

3.3.2. Increase in self-awareness

3.3.3. Increase in self-esteem

3.3.4. Increase in leadership abilities

3.3.5. Increase in decision-making abilities related to use of loan

3.3.6. Increase in decision-making abilities related to use savings

3.3.7. Increase in decision-making abilities related to use increased incomes

3.3.8. Increase in decision-making abilities related to household expenditure

3.3.9. Increase in decision-making abilities related to other family decisions

3.3.10. Increase in overall decision-making abilities

3.3.11. Increase in social status within the family

3.3.12. Increase in social status in the neighbourhood

3.3.13. Increase in physical and social mobility

3.3.14. Reduction in domestic violence

3.4. Social and political empowerment: Social and political empowerment focus on gaining mutual benefit through collective action wherein women realize the socio-economic and cultural constraints built into the social structure which inhibit their full participation in decision-making and in controlling their lives and try to overcome it and by raising their voices collectively. It includes

3.4.1. Higher awareness and participation in relation to gender problems

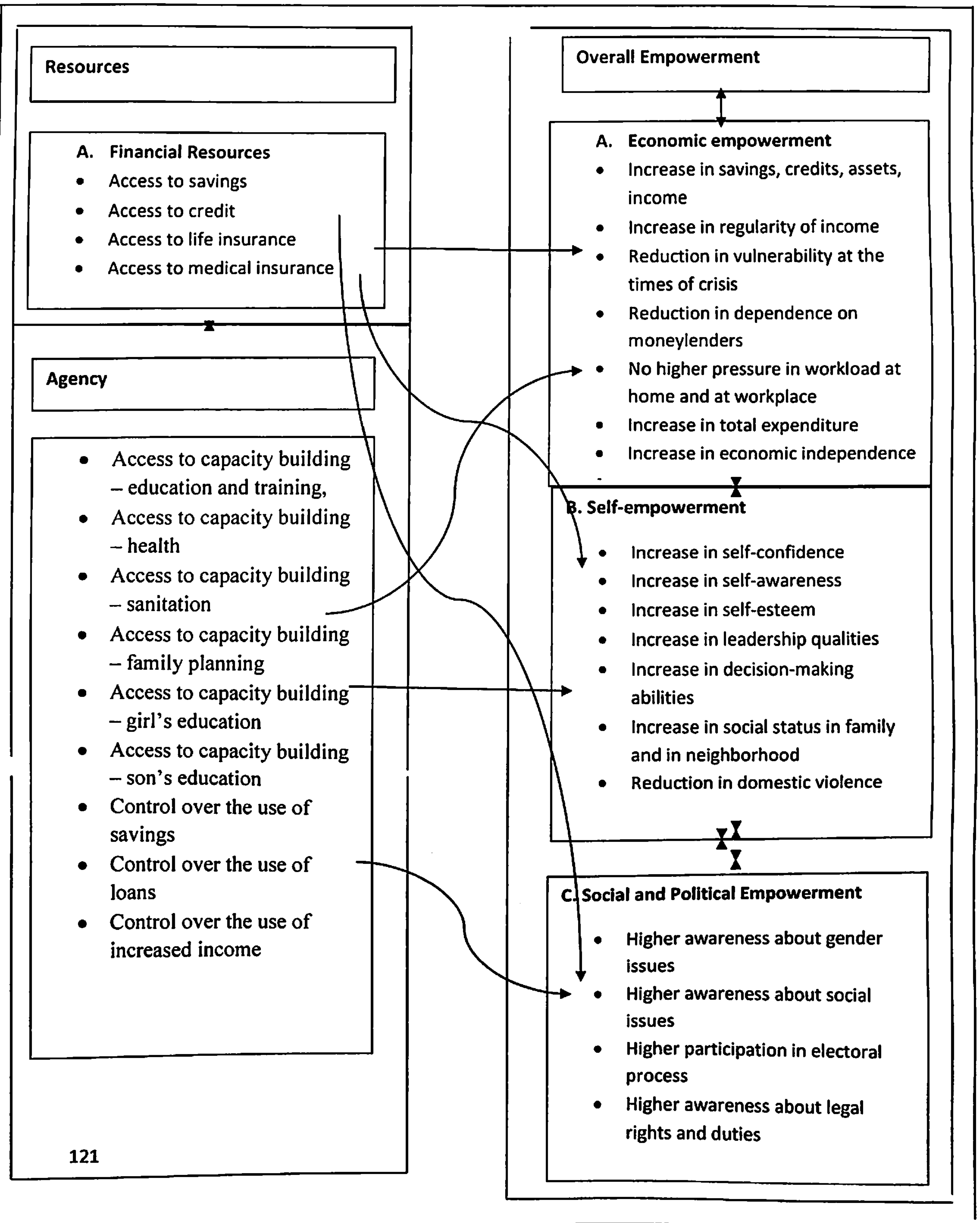
3.4.2. Higher awareness and participation in relation to other social issues

3.4.3. Higher participation in electoral process

3.4.4. Higher awareness about human and legal rights and duties

It should be mentioned that most of the indicators of empowerment have been selected from literature review on impact assessment and after consulting with the practitioners in the field. As seen in the previous chapter most of the research done previously is mainly related to rural microfinance. It is sometimes assumed that underprivileged women from urban areas have more exposure and better opportunities for improving their conditions as compared to their rural counter parts. Thus they are assumed to be on a higher level of empowerment process. At the same time it must be noted that most of the urban poor have very strong roots in rural areas and hence the women are equally constrained by socio-economic barriers. It is also seen that higher monetization and high costs of living in urban areas has put higher economic pressures on urban poor which forces women to become economically active in order to satisfy family needs. Hence most of the indicators selected from the literature review to assess empowerment level of the programme participants from urban areas have a solid ground.

3.7: Pictorial Model of the Study:



3.8: List of the null and alternate hypotheses tested in the study:

The study uses both descriptive as well as inferential statistics. The list of hypotheses tested with the use of inferential statistics is given below:

1) H7.1: Assessment of impact of urban microfinance programmes on increasing monthly earnings of the programme participants

H_{01}: Urban microfinance programmes included in the study have not resulted in increasing the monthly earnings of the programme participants.

H_{11}: Urban microfinance programmes included in the study have resulted in increasing the monthly earnings of the programme participants.

2) H7.2: Assessment of impact of urban microfinance programmes on increasing monthly savings of the programme participants

H_{02}: Urban microfinance programmes included in the study have not resulted in increasing the monthly savings of the programme participants.

H_{12}: Urban microfinance programmes included in the study have resulted in increasing the monthly savings of the programme participants.

3) H7.3: Assessment of impact of urban microfinance programmes on increasing ownership of economic assets of the programme participants

H_{03}Urban microfinance programmes included in the study have not resulted in increasing the ownership of economic assets of the programme participants.

H_{13}Urban microfinance programmes included in the study have resulted in increasing the ownership of economic assets of the programme participants.

4) H8.1: Assessment of impact of urban microfinance programme in enhancing economic empowerment of the surveyed programme participants

H_{01}Access to microfinance has not helped in enhancing economic empowerment of the surveyed programme participants.

H_{11} Access to microfinance has helped in enhancing economic empowerment of the surveyed programme participants.

5) H8.2: Assessment of impact of urban microfinance programme in enhancing self-empowerment of the surveyed programme participants

H_{02}Access to microfinance has not helped in enhancing self-empowerment of the surveyed programme participants.

H_{12} Access to microfinance has helped in enhancing self-empowerment of the surveyed programme participants.

6) H8.3: Assessment of impact of urban microfinance programme in enhancing socio-political empowerment of the surveyed programme participants

H_{03}Access to microfinance has not helped in enhancing socio-political empowerment of the surveyed programme participants.

H_{13} Access to microfinance has helped in enhancing socio-political empowerment of the surveyed programme participants.

7) H8.4: Assessment of impact of urban microfinance programme in enhancing total empowerment of the surveyed programme participants

H_{04}Access to microfinance has not helped in enhancing total empowerment of the surveyed programme participants.

H_{14} Access to microfinance has helped in enhancing total empowerment of the H8.1 = surveyed programme participants.

8) H9.1: Assessment of impact on economic empowerment of the surveyed programme participants in each organization

H_{01}The level of economic empowerment across the four organizations would not differ significantly.

H_{11} The level of economic empowerment across the four organizations would differ significantly.

9) H9.2: Assessment of impact on self-empowerment of the surveyed programme participants in each organization

H_{02} The level of self-empowerment across the four organizations would not differ significantly.

H_{12} The level of self-empowerment across the four organizations would differ significantly.

10) H9.3: Assessment of impact on socio-political empowerment of the surveyed programme participants in each organization

H_{03} The level of socio-political empowerment across the four organizations would not differ significantly.

H_{13} The level of socio-political empwerment across the four organizations would differ significantly.

11) H9.4: Assessment of impact on total empowerment of the surveyed programme participants in each organization

H_{04} The level of total empowerment across the four organizations would not differ significantly.

H_{14} The level of total empowerment across the four organizations would differ significantly.

12) H10: Finding out the correlation between economic, self- and socio-political empowerment level of the surveyed programme participants

H_{01}There is no correlation between economic, self- and socio-political empowerment of the surveyed programme participants.

H_{11} There is a correlation between economic, self- and socio-political empowerment of the surveyed programme participants.

13) H11.1: Finding out the impact of period of association of the programme participants with the programme and their total empowerment level

H_{01}The period of association of the programme participants with the programme has no impact on their total empowerment level.

H_{11} The period of association of the programme participants with the programme has positive impact on their total empowerment level.

14) H11.2: Finding out the impact of number of times loan taken by the programme participants and their total empowerment level

H_{02}The number of times loan taken by the programme participants has no impact on their total empowerment level.

H_{12} The number of times loan taken by the programme participants has positive impact on their total empowerment level.

15) H11.3: Finding out the impact of total loan amount taken by the programme participants and their total empowerment level

H_{03}The total loan amount taken by the programme participants has no impact on their total empowerment level.

H_{13} The total loan amount taken by the programme participants has positive impact on their total empowerment level.

16) H11.4: Finding out the impact of difference in income 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{04}The difference in income 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{14} The difference in income 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

17) H11.5: Finding out the impact of difference in savings 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{05}The difference in savings 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{15} The difference in savings 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

18) H11.6: Finding out the impact of difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{06}The difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{16} The difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

19) H11.7: Finding out the impact level of 'agency' of the programme participants and their total empowerment level

H_{07}The level of 'agency' of programme participants has no impact on their total empowerment level.

H_{17} The level of 'agency' of the programme participants has positive impact on their total empowerment level.

20) H12.1: Finding out the difference in the impact on empowerment level between the participants belonging to different social classes.

H_{01}The difference in social classes between the programme participants has no impact on their total empowerment level.

H_{11} The difference in social classes between the programme participants will have significant impact on their total empowerment level.

21) H12.2: Finding out the difference in the impact on empowerment level between the participants belonging to different economic classes.

H_{02}The difference in economic classes between the programme participants has no impact on their total empowerment level.

H_{12} The difference in economic classes between the programme participants will have significant impact on their total empowerment level.

22) H12.3: Finding out the difference in the impact on empowerment level between the participants belonging to different educational level

H_{03}The difference in education level between the programme participants has no impact on their total empowerment level.

H_{13} The difference in education level between the programme participants will have significant impact on their total empowerment level.

23) H12.4: Finding out the difference in the impact on empowerment level between the participants belonging to earning and non-earning categories.

H_{04}The difference in earning and non-earning category of the programme participants has no impact on their total empowerment level.

H_{14} The difference in earning and non-earning category of the programme participants will have significant impact on their total empowerment level.

24) H12.5: Finding out the difference in the impact on empowerment level between the participants belonging to different occupational categories.

H_{05}The difference in occupational categories between the programme participants has no impact on their total empowerment level.

H_{15} The difference in occupational categories between the programme participants will have significant impact on their total empowerment level.

25) H12.6: Finding out the difference in the impact on empowerment level between the participants belonging to different membership positions within the group.

H_{06}The difference in membership position of programme participants within the group has no impact on their total empowerment level.

H_{16} The difference in membership position of programme participants within the group will have significant impact on their total empowerment level.

26) H12.7: Finding out the difference in the impact on empowerment level between the participants belonging to different category of loan usage such as consumption and production.

H_{07}The difference in loan usage between consumption and production by programme participants has no impact on their total empowerment level.

H_{17} The difference in loan usage between consumption and production by the programme participants will have significant impact on their total empowerment level.

3.9: Brief background of the organizations selected for the study:

The following sub-section gives a brief introduction of the organizations selected for the research.

3.9.1: Forbes Marshall Co. Ltd. (Pune)

Forbes Marshall. a leading firm in steam engineering and control instrumentation, started its operation in Kasarwadi, Pune in 1958. It is mainly in the business of providing solutions in energy, efficiency and process automation to sectors as diverse as textiles, food processing, paper, power and chemicals). Right from the beginning, since the early 1960s, the Company had a very strong vision of acting as a catalyst for change in bringing about development in the local communities. It initiated its activities by providing jobs and vocational training to youth, building infrastructural facilities like street lighting, sanitation facilities, etc. It started Corporate Social Responsibilities programmes (CSR) in the 1960s which are run by its Department of Social Initiatives, a department specially established to serve this purpose. Its CSR activities are mainly divided in to three categories viz. education, community development and health. The Education department covers various programmes like running pre-primary schools (balwadis), after school programmes for children, teacher's training programmes, etc.

The Microfinance programme:

Its microfinance programme comes under The Community Development Department. It was started in 1997. Today it has set up more than 110 SHGs having an average of 20 members per SHG. The Company has started the microfinance programme in local communities like Kasarwadi, Bopkhel and Morwadi in association with Development Support Team, an organization working in the field of gender development, community development and social research. It follows the SHG- Bank linkage model and supports in organizing women, establishing, SHGs and helping in capacity building of SHG members. Health awareness, legal awareness and education programmes are the core components of the capacity building prgrammes. One of the unique features of the Prgramme is that the organization has collaborated with various other NGOs working in different fields and having different expertise and has involved them in capacity building prpgrammes. The programme also facilitates exposure trips to various places in India wherein the SHG leaders get an opportunity to see new organizations, meet people and interact with them. The programme targets mainly women from nearby local semi-urban communities who belong to lower income or lower middle income groups.

3.9.2: Stree Mukti Sanghatana (Mumbai):

Stree Mukti Sanghatana (SMS) which means Women's Liberation Organization was established in 1975 in Mumbai, Maharashtra, India with the objective of uplifting women mainly by creating awareness in the society about women's issues such as equality and development. It believes that women's liberation will come from a holistic approach which includes liberation from economic, social, political, cultural and psychological oppression. Within a decade the organization spread its activities into number of areas such as establishment of a cultural troupe to create mass awareness about women's issues, family counseling centres, awareness campaigns against legal literacy, anti-dowry campaign, education, adolescent sensitization programmes, etc. It has also brought out a number of publications as well as audio-visual material for creating gender awareness. It spread across various parts of Maharashtra as well as to other States under the leadership of Social Entrepreneur Ms. Jyoti Mhapsekar.

The Microfinance programme:

SMS runs its micro finance programme under Parisar Vikas programme lauched in 1998 with the cooperation of the Municipal Corporation of Greater Mumbai (MCGM). The main objective of this programme is to address the problems of self-employed women engaged in the menial task of collecting waste. SMS works mainly for the upliftment of women ragpickers in Mumbai who belong to the weakest socio-economic class. A systematic survey conducted by an organization of this class revealed that waste-picking is mostly done by self-employed women belonging to the lowest scheduled caste who are illiterate, the primary bread-earner for their families, having no other alternative skills and constantly exposed to a variety of occupational hazards such as unhygienic work conditions, insecurity of job, lack of social security and lack of self-identity and esteem. SMS set up more than 300 SHGs (each containing around 20 members) and has set up a Federation of SHGs called "Parisar Bhagini Development Federation" to establish co-operative societies for promoting economic activities through SHGs. The basic objective of this programme is to provide alternative jobs to women rag-pickers by helping them to obtain training in alternative skills such as gardening, vermiculture, manure making, etc, by forming waste co-operatives and helping them in becoming environmental entrepreneurs. SMS has also allied with Municipal Corporation of Greater Mumbai (MCGM) for getting recognition and permission for women rag pickers to collect garbage from various housing colonies and offices. MCGM also runs some development programmes for promotion of self-employment and entrepreneurship. Suvarna Jayanti Shahari Rojagar Yojana (SJSRY), is one such programme which provides a grant of up to Rs 10,000 to start micro enterprises. Health and education awareness, leadership development and family counseling are some of the integral components of the training programmes.

3.9.3: Maharashtra Mahila Mandal (Navi Mumbai):

Maharashtra Mahila Mandal has been set up as a trust in the year 2000 in Navi Mumbai in Maharashtra by couple of social workers, Neela Limaye and Bharati Sharma, who wanted to uplift the economic and social status of the underprivileged class in urban areas such as domestic servants, women belonging to the economic class falling below the poverty line, low income groups, etc. The basic objectives of the organization are to raise the consciousness of these women about their social and legal rights through political conscientization and to teach them the skills of collective bargaining. They aim to bring them under social safety net through various programmes such as awareness programmes, leadership building, health awareness programmes, self-help groups, domestic advisory councils, reservations for women, etc. The organization believes that helping build self-help groups through microfinance programmes is an effective way to bring together and organize women for creating further social and political awareness about their rights.

The Microfinance programme:

The microfinance programme is one of the activities of the organization aimed mainly at organizing women for taking collective action. The organization follows the SHG-Bank linkage programme and helps in organizing women, forming SHGs, helping them in day-to-day operations and linking them to the banks. The programme targets women mainly from lower income groups such as domestic maids, housewives, petty merchants, etc. The organization believes that the microfinance programme has to go beyond serving financial needs of the participants to address some common problems faced by the community. It believes that SHG is the smallest unit that can take collective action and that it can be used as a political force to attain gender equity and find solutions to some social problems. The programme focuses on building the capacities of the participants through creating legal and social awareness and involving actively all the members in all the social and political rally, camps, etc. Today the organization has helped set up more than 200 SHGs in Mumbai and Navi Mumbai area. Recently, the organization has also set up a few men's SHG groups in Navi Mumbai area.

3.9.4: Annapurna Mahila Co-operative Credit Society (Mumbai and Pune):

Annapurna Mahila Co-operative Credit Society (AMCC) is a part of the social organization Annapurna Pariwar. Annapurna Pariwar is a group of six non–governmental organizations working in Mumbai and Pune for urban slum dwellers. Annapurna Mahila Mandal, one of the branches of Annapurna Pariwar, had a very humble beginning. It was founded in the 1975 against the background of labour unrest in Mumbai by social entrepreneur Padamshri Prematai Purav to provide financial assistance to women inn-keepers providing food services to mill-workers to carry on their business even during the period of labour unrest. She introduced the "Differential Rate of Interest (DRI)" scheme wherein the loan was offered at 4 percent rate of interest to the group as against the 60 percent rate of individually available loans in the private market. Thus, Prematai persuaded and finally convinced 14 women to come forward and form a group and through this group each of them received Rs. 1,500/- as a loan from Bank of Baroda. This small success story was soon emulated by other women. In 1975, the International Year of Women, Annapurna Mahila Mandal was formally registered as a Annapurna Mahila Co-operative Credit Society. Later on, her daughter Dr. Medha Purav Samant took over the organization and expanded the horizons by introducing different services under the one umbrella of the Annapurna Pariwar. Annapurna Pariwar today provides a variety of services to its members via its other branches. Artha Udyam Purna works in the area of economic empowerment of working women through the microfinance programme. AMCC is a Multi State license co-operative society registered in Mumbai in 1985. Sandhi-Tantra Purna provides vocational training and job placement services. Swasthya Purna works in the area of health and life insurance for its members. Vatsalya Purna runs day-care centres for working women. Vidya Purna provides educational sponsorships for needy and deserving children of the members.

The Microfinance programme:

Microfinance programme run by AMCC provides small unsecured loans are given for mainly business operations or expansion, education, housing, repayment of old debts and asset creation. The lending model used by AMCC is different from other microfinance programmes covered under the study. It follows the Joint Liability Group Model (JLG) in which a group of five members is formed who stand guarantee for loans drawn by each member. Three groups form one centre which facilitates loan delivery and recovery. The programme also includes men though the majority of the members are women. Loan amounts graduate from a minimum Rs. 3,000 to new members to a maximum of Rs. 1,00,000 maximum to repeat members depending on past performance and group strength. One of the unique features of the programme is that it provides health insurance to all the members through a network of 150 hospitals included in programme and also provides health counseling, awareness programmes and referral services. It is a unique kind of community-based health insurance programme where insurance claims are settled by mutual agreement between all the group members. The programme mainly targets self-employed women and micro entrepreneurs such as vegetable and fruit vendors, fish sellers, domestic workers, construction workers, petty merchants, rag pickers, rickshaw drivers, etc. Its client reach has increased from 14,000 in December 2005 to 39,000 in march 2010.

Comparative analysis of the four organizations:

The four organizations selected for the study have some similarities and some differences. These are mentioned below:

- None of the four organizations selected for the study is a hardcore microfinance institution. The main objectives of these organizations are not to provide financial services to needy and un-served people but to act as change agents to bring about desirable changes in the communities where they are working. All the four organizations look at microfinance programme as a tool to organize people, develop their capacities and empower them rather than as an end in itself. Thus, they are all involved in 'credit plus' activities and supplement non-credit services with financial services.
- All the four organizations work mainly in urban areas or in semi-urban areas. Most of the other microfinance organizations have started their work in rural areas and then have recently shifted their focus to urban areas.
- Except AMCC, all other organizations follow SHG-Bank linkage model wherein their role is basically limited to channelizing and organizing resources to form SHGs and helping them in capacity building. AMCC alone follows JLG model and has its own credit cooperative society. Except in AMCC, the decision-making power with respect to

the use of loan, amount of loan to be approved, etc. is given to the respective SHG itself and the organizations do not monitor day-to-day transactions.

- The profile of the participants of the four programmes is significantly different from each other. The socio-economic class of the participants of FML programme is higher than that of the others. SMS has targeted the lowest socio-economic class. AMCC has targeted a socially lower but economically active class and MMM has targeted a mixed class.
- The non-credit programmes of the four organizations also show some variations. FML focuses more on health and education awareness. SMS has focused on economic as well as social development of the participants. AMCC has specifically targeted economic and health issues. MMM has focused mainly on building social and political awareness.

In the end it can be said that these four organizations together provide a holistic picture of the way integrated microfinance programmes bring about changes in the lives of their participants.

3.10: Research techniques and tools:

3.10.1: Selection of research tools:

The study uses quantitative as well as qualitative tools to conduct research. A questionnaire was prepared to conduct a quantitative analysis which covered individual details such as socio-economic background of the SHG/JLG member, the amount of loan availed, the purpose for which loan was availed and the individual perceptions about the change which it has brought about in her life after she joined the SHG or the JLG.

3.10.2: Pilot Testing of the Questionnaire:

Pilot testing of the questionnaire was done by interviewing around 65 SHG/ JLG members of Annapurna Mahila Mandal and 45 SHG members of Maharashtra Mahila Mandal. The pilit study helped to identify a few gaps. The list of these is as follows:

a. Name of the SHG/ Group and location of the SHG/Group was added in the questionnaire.
b. Some of the information related to family members of the participants was found to be redundant for further analysis. The questions related to these were dropped.
c. Details about access to formal financial services, savings accounts were included in the questionnaire.
d. Details regarding the type of assets and the value of assets bought with the credit availed through microfinance programme was added in the questionnaire.
e. A few qualitative questions about the perceptions of programme participants regarding the change perceived by them before and after joining the programme and what additional services they are expecting from the programmes were included in the new questionnaire.

3.10.3: Data Collection Tools:

The study uses three different tools for conducting research namely (a) primary data collection from microfinance programme participants of either SHGs or JLGs through filling predesigned questionnaires, (b) focus group discussion to facilitate open discussion about common issues of the groups and (c) personal interviews of the programme organizers such as chairpersons, programme leaders, branch officers and area leaders of the various programmes. The details of the each are given below.

3.10.3.1: Survey of programme participants:

Nearly 698 programme participants from the four organizations mentioned above were surveyed for the research study. The selection of the programme participants was done by using random sample method. The pilot questionnaire was used to survey nearly 110 programme participants from two organizations. Some necessary changes were made after analyzing the data and getting the feedback from the surveyed programme participants and conducting focus group discussions with them and with area leaders. The changed and final questionnaire was used to conduct the survey of programme participants. The survey was conducted with the help of loan officers and area leaders of the respective SHG. This helped to conduct the survey smoothly as well as for validating the data and information given by surveyed programme participants.

In all 698 programme participants from four organizations were interviewed in the survey. The details are given in table 3.9.1.

Table 3.10.1:

Details of the sample selected for the study:

Sr.no	Name of the organization	No of SHG/JLG)	Members per SHG/ Group	Lending model of the programme	Total no of sample selected for the study
1	Forbes Marshall Ltd	110	15 to 20	SHG-Bank linkage	217
2	Stree Mukti Sanghatana	200	10 to 15	SHG-Bank linkage	151
3	Maharashtra Mahila Parishad	250	10 to 20	SHG-Bank linkage	162
4	Annapurna Mahila Mandal	7800	5	Joint Group Liability	168
5	Total	8360			698

3.10.3.2: Focus Group Discussions:

The focus group discussions were held at various SHG/ JLG level to get to know in greater detail about the social and economic problems faced by programme participants at the community level, perceptions of SHG members about the vital issues related to their lives and to find out to what extent they have been addressed through the microfinance programmes implemented by the organization. Focus group discussion also helped in understanding diverse views related to any issue and also in few features of the programme which might have negative impact on the programme participants. They helped in validating the data given by individual members as well as finding out about the future expectations SHG/JLG members from the programmes.

3.10.3.3: Personal interviews of promoters and programme leaders:

Personal interviews with the promoters of four organizations were held to find out their motives and objectives to start microfinance programmes, their perception about the socio-economic and cultural problems faced by the participants and how they plan to tackle these through microfinance programmes and other strategies they have adopted to address them. Interviews were held with programme leaders, area leaders or loan officers in charge of promotion of SHG/ JLG in to discuss area related and community related issues as well as for selecting and approaching the right programme participants for further interviews and for validating the information she has given.

3.10.4: Data Analysis Tool:

The data collected from these various sources falls in two categories: qualitative and quantitative. The qualitative data generated through focus groups discussions and personal interviews of the organizers is used in confirming survey results, understanding the deeper issues involved in them and finding out the strategies and the decision making processes of the organizers.

The questionnaire prepared for the programme participant seeks factual data as well as data related to attitudes and the perceptions of the SHG/JLG members with respect to microfinance programme. The factual data covers, apart from client's personal details, her socio-economic profile, client's income, earlier sources of financial services, loan amount and its utilization, savings, economic activities started with the access to loans and savings, etc. The attitudinal data covers the client's own perceptions regarding the change which microfinance programmes has brought about in their lives relating to economic empowerment, self-empowerment and socio-political empowerment. The clients were asked to give their opinions about the changes that came about after they joined the programme. The Likert scale was used to capture the perceptions of the clients ranging from 1 to 5, one depicting very bad impact and five depicting very good impact.

3.10.4.1: Data Analysis Tools:

SPSS version 12 was used to analyse the data. Two types of statistical analysis tools viz. descriptive and inferential are used in this study. Descriptive statistics is used to describe the socio-economic and demographic features of the surveyed microfinance programme participants and to find out answers to simple research questions such as to find out reach of microfinance organizations, participant's reasons for joining the programme, use of loan taken form the programme, etc. Inferential statistics is used to test the other hypotheses raised in the study which requires test of significance. The description of specific tools is given below:

- Descriptive statistics was used to describe the socio-economic profile of the clients. Mean, minimum, maximum and standard deviation was used to describe age, family size, earning members per family, monthly family earnings, monthly earnings of the participants and their years of association with the programme.
- Cross tabulation and percentage was used to describe educational level, marital status, social status, income status, occupation, earner status and status related to their access to former financial institutions. Cross tabulation is a statistical technique that establishes an interdependent relationship between two tables of values, but does not identify a casual relationship between the values. Percentage is a fraction or ratio with 100 as the fixed and established denominator. It is a technique for organizing data by groups, categories, or classes, thus facilitating comparisons; a joint frequency distribution of observations on two or more sets of variables.
- Rank order method was used to grade the importance of the reasons for which programme participants have joined the programme. Rank order method helps in summarizing these data by transforming data by multiplying the frequency times the rank to develop a new scale that represents the summarized rank ordering. To calculate a summary rank ordering, the destination with the first (highest) preference was given the lowest number (1) and the least preferred preference was given highest number (4). The summarized rank ordering is obtained by getting summation of various frequencies of

reasons multiplying by preferences. The lowest total score indicates the first (highest) preference ranking.

- Cross tabulation and percentages were used to compare the difference in the utilization of loan between private financial sources and microfinance programme.
- Mean, minimum and maximum were used to compare the number of times loan is taken and the amount of loan taken between four organizations.
- Frequency distribution and percentages were used to identify the important independent variables affecting empowerment level of the programme participants. Frequency distribution is a tabulation of the values that one or more variables take in a sample. It is the arrangement of statistical data in a row-and-column format that exhibits the count of responses or observations for each category assigned to a variable.
- Reliability and validity tests were done to see that each variable is testing what is expected to be tested and there is no overlap between different variables. Reliability is a property by which consistent results are achieved when we repeat the measurement of something. A questionnaire used on a similar population that produces similar results can be termed as reliable. Validity is the property by which a questionnaire measures what it is supposed to measure.
- Factor analysis was used to refine four scales of measurements viz. economic empowerment, self-empowerment, socio-economic empowerment and agency to develop capacity-building. Factor analysis is a statistical method of reducing data complexity by reducing the number of variables being studied.
- Paired sample T-test was used to find the effect of joining the programme on programme participants' monthly income, monthly savings and ownership of economic assets.

Paired sample T-test is a statistical technique that is used to compare two populations in the case of two samples that are correlated. It is generally used in 'before-after' studies or when the samples are the matched pairs or in the case of control study.

- Mean, minimum, maximum and one way ANOVA technique were used to determine the level of economic, self-, socio-political empowerment of the programme participants and to test the significance of the differences in empowerment levels across different organizations and years of association. One way ANOVA stands for Analysis of Variance for studying the cause and effect of one or more factors on a single dependent variable. It is a technique used to compare means of two or more samples. It is a general method for studying sampled data relationship by testing the significant differences between class means by analyzing the F test statistics.
- Correlations analysis was used to find the level of co-relation between economic, self- and socio-political empowerment of the programme participants. Correlation analysis measures the degree of association between the two sets of quantitative data.
- Multiple regression analysis was used to find the independent variables which have a significant impact on the empowerment level of programme participants. Regression analysis helps to explain the variation in one variable (called the dependent variable), based on the variation in one or more variables. (called the independent variables). It is a measure of linear association that investigates a straight line relationship. Multiple regression analysis allows for the simultaneous investigation of two or more independent variables.

- Mean, minimum, maximum and ANOVA technique were used to find out the significance of relationships between exogenous variables and the empowerment level of the programme participants.
- Content analysis was used to analyse the qualitative data collected through focus group discussions and personal interviews of promoters, area leaders and project officers. It involved summarization of various views, problems faced in implementation of the programme, suggestions made for improving the programme, etc. Content analysis is a method of summarizing any form of content by looking at various aspects of the content. It is a systematic, replicable technique of summarizing or compressing qualitative data.

3.11: Timeline and Phases of conducting Survey:

The survey and focus group discussions were held during the period of August 2008 to March 2010. The break-up of this process of data collection in to chronological phase is given below:

1.1.1. Documentation: The required documentation related to gathering official data, getting information of the organizations working in the field of microfinance, getting access to their official records and data related to SHGs/JLGs was completed in this phase.

1.1.2. Identification of organizations and getting their approval for conducting the survey of the SHG/JLG members: four organizations which are similar in the size of operations but are different in their approaches and strategies were identified and approached for conducting the survey. The initial discussions with the promoters of the organizations were held to get an insight into the objectives and the workings of their organizations.

1.1.3. Conducting the pilot study: A pilot questionnaire was designed on the basis of the review of literature and the insights of the promoters and field officers and a pilot study was conducted on 110 programme participants of Annapurna Mahila Mandal and Maharashtra Mahila Mandal.

1.1.4. Finalization of questionnaire: After pre-testing the pilot questionnaire, the necessary changes were made and the questionnaire was finanlised.

1.1.5. Execution of the survey: The survey of individual programme participants from the four organizations was conducted with the help of loan officers and area managers of the respective organization.

3.12: Limitations of the study:

1. Though, theoretically, longitudinal studies in which the same respondents are interviewed at intervals are considered most useful in assessing the impact of any development intervention, practically it is not possible to do so in a given time frame. Thus, this researcher has used the difference in impact on empowerment between new clients (up to one year) and old clients (more than three years) as a measure for assessing the effect of time on the impact of microfinance on empowerment.
2. The present research focuses on the assessment of the impact of four different organizations working in different areas in Pune and Mumbai. All the four organizations selected for the study are focusing on overall development of unprivileged women and do not only concentrate on microfinance programmes. In recent times, there has been

emergence of a number of NBFCs and MFIs whose main focus is launching a microfinance programme on an economically viable scale. The impact of such programmes is likely to be different due to the difference in outlook, approach and objectives and the design of the programmes.

3. Most of the programme particiapnts due to their weak socio-economic background and low educational level need much probing before they can respond in an interview. The presence of loan officers, area managers, SHG group leaders is immensely helpful in making the participants speak about their lives and the changes which they have perceived due to microfinance intervention. At the same time it is possible that the presence of staff members might have prevented SHG members from being completely candid or from giving negative feedback about the programme.

3.13: Summary:

The main focus of this study is to assess the impact of urban microfinance programmes on empowerment of the under-privileged women or prgramme participants. It attempts to assess the level of empowerment at three levels: economic empowerment, self-empowerment and socio-political empowerment by identifying the variables which will indicate the various elements of empowerment. Four different organizations from Pune and Mumbai city, namely Forbes Marshall Co. Ltd (FML), Stree Mukti Sanghatana (SMS), Maharashtra Mahila Mandal (MMM) and Annapuran Mahila Mandal (AMM) were selected for conducting this study. The research includes quantitative analysis of 698 microfinance programme participants from these four organizations as well as qualitative analysis from focus group discussions and informal discussions held with programme leaders and programme executives.

Chapter IV

Data Analysis and Findings of the Survey

4.1: Introduction:

In all 698 participants from four organizations running microfinance programmes were surveyed during the study. This chapter presents the findings of the data collected from the survey and its analysis.

Part A of the data analysis deals with the descriptive statistics. It includes the use of averages, frequency distribution, and percentage distribution and cross tabulation to summarise data and draw the primary conclusions. Following research questions are solved with the help of descriptive analysis:

a. What is the socio-economic background of the surveyed programme participants from the four organizations included in the study? Have microfinance organizations included in the study succeeded in reaching the clients untapped by the formal financial institutions previously?
b. Is there a proper alignment of interests between the objectives of the organizations and the reasons of joining microfinance programme of the programme participants?
c. What are the differences in the loans taken by private financial institutions and by microfinance programmes? To what extent has the microfinance programme succeeded in replacing of private financial sources?
d. What are the most significant individual variables which are found to be important for influencing empowerment level of the surveyed programme participants?

Part B of the data analysis mainly deals with the inferential analysis by assessing the statistical significance of various hypotheses to be assessed in the study. Following research questions are solved with the help of inferential analysis:

a. What has been the actual impact of the microfinance programme in terms of increase in monthly incomes, monthly savings and accumulation of assets of the programme participants?

b. What has been the actual impact of the microfinance programme on the level of economic empowerment, self-empowerment, socio-political empowerment and total empowerment of the surveyed programme participants

c. What is the correlation between economic, self- and socio-political empowerment of the surveyed programme participants

d. What are the various exogenous or independent factors which affect empowerment? What is their impact?

e. Does socio-economic and educational background of the participants affect their empowerment level?

f. Does present occupation and earning status of the participants affect their empowerment level?

g. Do external factors such as capacity building, amount of loan received, years of association, use of loan and the leadership position within the group impact the level of empowerment?

h. What kind of impact do an organization's objectives, goal and strategies have on the empowerment level of its participants?

Part A: Descriptive analysis:

4.2: Research objective 1:

One of the objectives of the study is to analyse whether the urban microfinance programmes included in the study have successfully reached the un-tapped and previously considered un-bankable clients in the market.

Table no 4.2.1 to 4.2.13 depict the socio-economic profile of the sample of microfinance participants from the four organizations covered in the survey. The tables present the data with respect to age, marital status, education level, social and economic status, number of family members and earning members in the family, access to formal saving accounts, main occupation of the participant, participant's income and years of association with the respective organizations.

Table 4.2.1:

Mean age of the surveyed microfinance participants:

Sr. No	Organization	Number	Mean	S. D	Minimum	Maximum
1	FML	217	39.02	10.54	21	72
2	SMS	151	37.70	8.16	20	60
3	MMM	162	36.21	6.98	20	58
4	AMM	168	39.66	9.00	20	70
	Total	698	38.24	9.01	20	72

Findings:

- All the 698 surveyed programme participants are women. It is seen that mean age of the surveyed participants is 38.24 years ranging from a minimum of 20 to a maximum of 72 years. It is highest in AMM (39.66 Years) and lowest in MMM (36.21 years).

Table 4.2.2:

Educational qualifications of the surveyed microfinance participants:

Sr. no	Org	Number	Illiterate	Up to primary	Up to 7th std	Up to matri.	Up to 12th std	Up to grad.	Up to post grad.
1	FML	217 (100.0)	24 (11.1)	31 (14.3)	46 (21.2)	72 (33.2)	32 (14.7)	10 (4.6)	2 (0.9)
2	SMS	151 (100.0)	117 (77.5)	14 (9.3)	13 (8.6)	4 (2.6)	3 (2.0)	0 (0.0)	0 (0.0)
3	MMM	162 (100.0)	19 (11.7)	14 (8.6)	42 (25.9)	65 (40.1)	15 (9.3)	4 (2.5)	3 (1.9)
4	AMM	168 (100.0)	51 (30.4)	28 (16.7)	53 (31.5)	29 (17.3)	5 (3.0)	2 (1.2)	0 (0.0)
	Total	698 (100.0)	211 (30.2)	87 (12.5)	154 (22.1)	170 (24.4)	55 (7.9)	16 (2.3)	5 (0.7)

(Figures in bracket show percentage to total).

Findings:

- Maximum percent of surveyed microfinance participants fall in the category of illiterate (30.2). Second major category is of having studied up to matriculation (24.4 %). The proportion of graduates and post graduates is very low in the total sample.
- The lowest level of education is found in SMS (Stree Mukti Sanghatana) where around 77 percent of the participants are illiterate, whereas in case of FML (Forbes Marshall Ltd) the level of education is substantially high and more than 33 percent are educated up to 10th and 11th standard.
- The proportion of participants completing matriculation is highest in MMM (40 %). The proportion of participants completing education up to 7th standard is highest in AMM.

Table 4.2.3:

Marital status of the surveyed microfinance participants:

Sr. No	Org	Number	Unmarried	Married	Widow	Separated
1	FML	217 (100.0)	9 (4.1)	191 (88.0)	16 (7.4)	1 (0.5)
2	SMS	151 (100.0)	1 (0.7)	126 (83.4)	19 (12.6)	5 (3.3)
3	MMM	162 (100.0)	1 (0.6)	152 (93.8)	9 (5.6)	0 (0.0)
4	AMM	168 (100.0)	5 3.0)	134 (79.8)	29 (17.3)	0 (0.0)
	Total	698 (100.0)	16 (2.3)	603 (86.4)	73 (10.5)	6 (0.9)

(Figures in bracket show percentage to total).

Findings:

- It is found that more than 86 percent of the surveyed participants are married. Proportion of widows is found to be greater in SMS and AMM.

Table 4.2.4:

Social status of the surveyed microfinance participants:

Sr. no	Org	Number	Hindu high caste	Hindu low caste	Muslim	Christian	Baud hha	Other
1	FML	217 (100.0)	94 (43.3)	73 (33.6)	19 (8.8)	10 (4.6)	9 (4.1)	12 (5.5)
2	SMS	151 (100.0)	0 (0.0)	56 (37.1)	4 (2.6)	6 (4.0)	85 (56.3)	0 (0.0)
3	MMM	162 (100.0)	90 (55.6)	58 (35.8)	1 (0.6)	1 (0.6)	2 (1.2)	10 (6.2)
4	AMM	168 (100.0)	47 (28.0)	73 (43.5)	8 (4.8)	0 (0.0)	35 (20.8)	5 (3.0)
	Total	698 (100.0)	231 (33.1)	260 (37.2)	32 (4.6)	17 (2.4)	131 (18.8)	27 (3.9)

(Figures in bracket show percentage to total).

Findings:

- The survey shows that the proportion of microfinance participants belonging to lower social strata (which is the sum of Hindu low caste and Baudhha) is highest in the sample. (Around 58 % of the total). It is followed by participants belonging to higher social strata of Hindu religion (nearly 33 %). These participants mainly belong to Brahmin and Maratha castes in Maharashtra. The proportion of Muslims and Christian is relatively small (less than 7 % of the total). The 'other' category which represents other non-Maharashtrian population is also relatively small.
- The proportion of higher castes is relatively higher in MMM and FML and it is found to be zero in SMS. More than 92 percent of the participants of SMS belong to low social strata of the society. These participants mainly come from two of the lowest castes i.e Mahar (who later converted to the Bauddha religion) and Mang (the traditional caste of garbage collectors).
- The proportion of participants belonging to lower social strata is also found to be higher in AMM programme participants

Table 4.2.5:

Family size of the surveyed programme participants:

Sr. No	Org	Number	Mean	S.D	S.E.	Minimum	Maximum
1	FML	217	4.5853	1.46987	.09978	1.0	13
2	SMS	151	5.6556	1.86206	.15153	1.0	10
3	MMM	162	4.5556	1.34672	.10581	2.0	11
4	AMM	168	4.6845	1.71342	.13219	1.0	15
	Total	698	4.8338	1.65136	.06251	1.0	15

Findings:

- The average size of the family of the programme participants is 4.83 individuals. It ranges from a minimum of 1 to a maximum of 15. The average size of the family is found to be maximum in SMS followed by AMM (5.65 and 4.68 respectively). It is lowest in the case of MMM (4.55).

Table 4.2.6:

Earning members in the family of the surveyed microfinance participants:

Sr. No	Org	Number	Mean	S.D.	Minimum	Maximum
1	FML	217	1.61	.814	1	5
2	SMS	151	2.06	.842	1	5
3	MMM	162	1.48	.773	1	6
4	AMM	168	2.13	.872	1	5
	Total	698	1.80	.868	1	6

Findings:

- The data reveals that the average number of earning members per family of the programme participants is 1.80 persons.
- The average number of earning members in SMS and AMM is significantly higher than in the families of MMM and FML. This may be due to two reasons. As will be seen later, in both these organizations, the proportion of home-makers is larger.

Table 4.2.7:

Monthly family earnings of the surveyed microfinance participants:

Sr. No	Org	Number	Mean	S. D.	Minimum	Maximum
1	FML	217	7635.02	5754.58	500.00	50000.00
2	SMS	151	5876.82	2884.22	1800.00	14000.00
3	MMM	162	8589.50	6216.06	1000.00	40000.00
4	AMM	168	6308.92	3262.24	1000.00	30000.00
	Total	698	7157.02	4960.27	500.00	50000.00

Findings:

- It is seen that average family earnings of the programme participants is Rs. 7157 per month. The minimum and maximum monthly earnings are Rs. 500 and Rs. 50,000, respectively.
- There is a significant difference between the organizations. Maximum monthly average is found to be Rs 8589 in MMM followed by Rs 7635 in FML. The lowest monthly earnings are found to be Rs 5876 in SMS.

Table 4.2.8:

Classification of surveyed microfinance programme participants by Income category:

Sr. No	Org	Number	Up to Rs. 2500	Rs. 2501 to Rs. 5000	Rs. 5001 to Rs. 7500	Rs. 7501 to Rs. 10,000	Rs. 10,001 to Rs. 15,000	Rs. 15,001 & above
1	FML	217 (100.0)	14 (6.5)	88 (40.6)	36 (16.6)	42 (19.4)	24 (11.1)	13 (6.0)
2	SMS	151 (100.0)	23 (15.2)	47 (31.1)	42 (27.8)	30 (19.9)	9 (6.0)	0 (0.0)
3	MMM	162 (100.0)	7 (4.3)	45 (27.8)	47 (29.0)	32 (19.8)	17 (10.5)	14 (8.6)
4	AMM	168 (100.0)	8 (4.8)	60 (35.7)	66 (39.3)	23 (13.7)	9 (5.4)	2 (1.2)
	Total	698 (100.0)	52 (7.4)	240 (34.4)	191 (27.4)	127 (18.2)	59 (8.5)	29 (4.2)

(Figures in bracket show percentage to total).

Findings:

- It is seen that nearly 34 percent of the programme participants fall in the monthly family income group of Rs. 2,500 to Rs. 5,000. Nearly 27 percent fall in the next income group of monthly earnings between Rs. 5,000 to Rs. 7,500. Only 4 percent of the participants come from the families where monthly earnings are more than Rs. 15,000.

- The proportion of participants which has the lowest monthly earnings i.e up to Rs. 2,500 is highest in SMS (15 %) and lowest in MMM (4.3 %).
- The proportion of participants belonging to the highest monthly earnings category (Rs. 15,000 and above) is highest in MMM (8.6 %) followed by FML (6 %).

Table 4.2.9:

Present Occupation of the surveyed microfinance participants:

Sr. No	Org	Number	Home maker	Service	Self Business	Domestic maid	Other
1	FML	217 (100.0)	152 (70.0)	16 (7.4)	44 (20.3)	4 (1.8)	1 (0.5)
2	SMS	151 (100.0)	4 (2.6)	0 (0.0)	146 (96.7)	0 (0.0)	1 (0.7)
3	MMM	162 (100.0)	114 (70.4)	4 (2.5)	21 (13.0)	20 (12.3)	3 (1.9)
4	AMM	168 (100.0)	51 (30.4)	13 (7.7)	74 (44.0)	28 (16.7)	2 (1.2)
	Total	698 (100.0)	321 (46.0)	33 (4.7)	285 (40.8)	52 (7.4)	7 (1.0)

(Figures in bracket show percentage to total).

Findings:

- The data reveals that nearly 46 percent of the surveyed participants are homemakers followed by 41 percent running a small business or self-employed.
- The occupational distribution of the programme participants is significantly different in all the four organizations. The proportion of homemakers is as large as 70 percent in FML and MMM. In SMS, most of the SHG members are rag pickers who fall under the category of self-employed or running their own business. The proportion of domestic maids is higher in MMM as the organization also runs various other programmes specially designed for domestic servants. The proportion of small or micro entrepreneurs like vegetable vendors, caterers, etc is higher in AMM.

Table 4.2.10:

Earning and Non-earning status of surveyed microfinance participants:

Sr. No	Organization	Number	Non earners	Earners
1	FML	217 (100.0)	123 (56.7)	94 (43.3)
2	SMS	151 (100.0)	5 (3.3)	146 (96.7)
3	MMM	162 (100.0)	111 (68.5)	51 (31.5)
4	AMM	168 (100.0)	29 (17.3)	139 (82.7)
	Total	698 (100.0)	268 (38.4)	430 (61.6)

(Figures in bracket show percentage to total).

Findings:

- The data shows that, in all, 62 percent of the programme participants are earning.
- The proportion of earners is maximum in SMS (97 %) followed by AMM (83 %). The proportion of earners is lowest in MMM (32 %) followed by FML (43.3 %) as proportion of home-makers is found to be larger in these two organizations.

Table 4.2.11:

Monthly income of the surveyed microfinance participants:

Sr. No	Org	Number	Mean	S.D.	S.E	Minimum	Maximum
1	FML	217	834.56	1345.72	91.35	.00	7000.00
2	SMS	151	2502.64	1033.56	84.11	.00	7000.00
3	MMM	162	582.91	1002.20	78.98	.00	4000.00
4	AMM	168	1823.21	1445.95	111.55	.00	7000.00
	Total	698	1376.11	1444.08	54.69	.00	7000.00

(Figures in bracket show percentage to total).

Findings:

- It is seen that average monthly earning income of the microfinance participant is Rs. 1376 ranging from 0 to Rs. 7000/-. The average income is found to be low due to the reason that nearly 40 percent of the SHG members are home makers and do not earn any income. The average monthly earnings of the programme participants are found to be highest in SMS where more than 97 percent are earners and found to be lowest in MMM where around 70 percent are home makers.

Table 4.2.12:

Years of association of the surveyed microfinance participants with the organization:

Sr. No	Org	Number	Mean	S.D	S.E	Minimum	Maximum
1	FML	217	5.08	2.96	.201	1	15
2	SMS	151	5.40	2.77	.226	1	10
3	MMM	162	3.15	2.03	.159	1	12
4	AMM	168	3.32	3.47	.268	1	20
	Total	698	4.28	3.03	.115	1	20

Findings:

- It is seen that the average years of association of programme participants with the organization is 4.28 years. The maximum and minimum period of association is 1 and 20 years, respectively. It is found to be highest in SMS (5.40 years) followed by FML (5.08) years and lowest in MMM (3.15 years).

Table 4.2.13:

Access of the surveyed microfinance participants to formal saving accounts before joining the programme:

Sr. No	Org	Number	Independent saving account holder	No access to saving account	Joint account holder
1	FML	217 (100.0)	129 (59.4)	72 (33.2)	16 (7.4)
2	SMS	151 (100.0)	27 (17.9)	122 (80.8)	2 (1.3)
3	MMM	162 (100.0)	58 (35.8)	84 (51.9)	20 (12.3)
4	AMM	168 (100.0)	27 (16.1)	137 (81.5)	4 (2.4)
	Total	698	241 (34.5)	415 (59.5)	42 (6.0)

(Figures in bracket show percentage to total).

Findings:

- It can be seen that nearly 60 percent of the programme participants did not have any access to formal financial services before they joined the programme.
- Proportion of participants having access to formal commercial banks differs significantly in the four organizations. It is highest in FML (67 %) followed by MMM (48 %). It is lowest in AMM and SMS (19 % each).

Discussion of demographic profile of the SHG members:

The thirteen tables presented earlier show the distribution the programme participants of the four organizations selected in the study on the various parameters of the socio-economic profile. From these tables the following conclusions can be drawn:

- Overall, most of the programme participants belong to the lower economic strata. The average monthly family income is found to be Rs. 7,200 for the mean family size of 4.83 members. It shows that the four organizations considered for the study have tried to reach successfully to the clients who were not previously fully served by the organized financial sector, but at the same time had the ability and need to get access to financial services.
- Most of the participants are middle aged i.e. between 30 to 40 years of age are married.
- The average educational level of these participants is low. Nearly 30 percent are illiterate and more than 22 percent have education only up to 7^{th} standard.
- More than half of the participants belong to a weaker social class.
- On an average the participant's families have more than one earning persons. The average income per family is Rs 7, 200.

- Around sixty percent of programme participants are earners. Most amongst them are either micro entrepreneurs or self-employed persons. The average income of the SHG/JLG members including earners and non earners is about Rs. 1400. More than 55 percent did not have any source of organized financial services before joining the programme.
- The average number of years of association of SHG/JLG members with the organization is around four years. It ranges from 1 year to 20 years.
- The socio-economic profile of the four groups of programme participants of the four different organizations under study is quite distinct. A brief description of each is given below:
  a. FML- Socio-economic profile of SHG members of FML organization shows that compared to the programme participants of other organizations, their education level is high. Proportion of members belonging to higher caste is high. Average monthly income is higher. Proportion of members having access to saving accounts is also high. Most of them (almost 70 percent) are home-makers. More than fifty five-percent are non-earners. As a result, though average family income is better than others, average self-income is low.
  b. SMS- The SHG members of SMS are mostly women rag pickers who come from the lowest socio-economic strata of the economy. As a result the level of literacy is extremely low. The average size of their families is the largest amongst all the four organizations and the average family income is lowest. Most of the members are working as self-employed persons who collect garbage in housing societies and plots and earn a daily income. Most of them did not have any access to savings before joining SHG.

c. MMM – The socio-economic profile of SHG members of MMM shows that they belong to lower middle or lower income group. The proportion of high caste individual is higher as compared to other organizations. The level of literacy is also better. The average monthly family income is highest of all the four organizations but the average self-income of the SHG members is low as most of the members are home-makers (70 percent) followed by domestic maids (16 percent).

d. AMM – SHG members of AMM belong mainly to weaker socio-economic class. The proportion of members belonging to a low caste is higher. The average monthly family income is also low. The level of education is lower in comparison with other organizations. The number of earners in the family is highest of all the organizations. Most of them are small or micro entrepreneurs running their own businesses such as vegetable selling, catering, tea stalls, etc. The proportion of members having access to saving accounts before joining the programme is comparatively small.

After analyzing the demographic profile of the surveyed programme participants it can be concluded that urban microfinance programmes covered in the study have been successful in reaching the clients so far un-tapped by the formal financial sector.

4.3: Research objective 2:

One of the objectives of the study is to find out the reasons of surveyed programme participants to join the programme participants and see if there is a proper alignment between the interests of the participants and objectives of the organization.

The microfinance participants join microfinance programmes for a variety of reasons. Access to savings, access to credit, gaining economic independence, etc. can be some of the important reasons. Understanding the basic motives of the SHG/JLG members for joining programme would not only help an organization to design appropriate products and services but would also help to assess the impact of any programme on the members. Table no 4.3.1 to 4.3.5 describe the reasons given by the SHG/JLG members for joining SHG/JLG as per their priorities. The rank order method which gives maximum weightage to highest priority (mentioned most important) reasons and respectively less to other reasons is used to find the importance of various reasons for joining microfinance programme.

Table 4.3.1:

Reasons for joining microfinance programme – Forbes Marshall Co. Ltd.

	Priorities						
Reasons	1	2	3	4	5	6	7
1. Sole earner in the family	17	11	12	8	2	5	
2. Supplement to family income	25	46	27	30	8		
3. Household earnings are not regular	20	29	35	26	25	2	
4. Economic independence	57	51	41	23	5	2	
5. Access to savings	77	55	28	15	11		
6. Loan available at low rate of interest	22	28	63	30	15		
7. Any other	1		5	2	1		

Reasons	Weightage
1. Sole earner in the family	238
2. Supplement to family income	594
3. Household earnings are not regular	535
4. Economic independence	842
5. Access to savings	916
6. Loan available at low rate of interests	644
7. Any other	0

Findings:

Two most important reasons for joining the microfinance programme are access to savings followed by economic independence. As seen earlier, most of the participants of FML are home-makers and are non-earners. Hence, economic independence, i.e. of having control over money to spend as per their own wish is found to be an important reason for joining SHG. Other important reasons given are as supplement to family income and household earnings not regular.

Table 4.3.2:

Reasons for joining microfinance programme – Stree Mukti Sanghtana:

	Priorities						
Reasons	1	2	3	4	5	6	7
1. Sole earner in the family	17	6	1	2			
2. Supplement to family income	4	23	12	3			
3. Household earnings are not regular	5	14	46	2			
4. Economic independence	4	18	15	8	2		
5. Access to savings	51	34	36	4			
6. Loan available at low rate of interests	49	44	8	3			
7. Any other	21	10	13	13			

Reasons	**Weightage**
1. Sole earner in the family	142
2. Supplement to family income	196
3. Household earnings are not regular	290
4. Economic independence	202
5. Access to savings	632
6. Loan available at low rate of interests	555
7. Any other	267

Findings:

'Access to savings' followed by 'loan available at low rate of interest' are the most important reasons for joining the programme for the participants in SMS. Along with these, reasons such as 'household earnings not regular' and 'supplementing family income' are also found to be important. Other reasons mainly state that SMS provides identification card for women rag pickers. The identification as a member helps women rag pickers to get access to housing colonies and helps them get the job as well as security and recognition.

Table 4.3.3:

Reasons for joining microfinance programme – Maharashtra Mahila Mandal:

	Priorities						
Reasons	1	2	3	4	5	6	7
1. Sole earner in the family	3	1					
2. Supplement to family income	1	3	3	1			
3. Household earnings are not regular	4	6	6	1			
4. Economic independence	15	12	13				
5. Access to savings	89	52	11				
6. Loan available at low rate of interests	42	36	63	19	1	1	
7. Any other	16	19	30	1			

Reasons	Weightage
1. Sole earner in the family	23
2. Supplement to family income	36
3. Household earnings are not regular	81
4. Economic independence	202
5. Access to savings	838
6. Loan available at low rate of interests	744
7. Any other	314

Findings:

Access to saving and loans available at lower rate of interest are found to be the most important reasons for joining microfinance programmes for MMM participants. A significant number of members have reported 'other, reasons for joining the programme. Most of them, specifically domestic maid servants, have joined the programme as it has become a good platform with the help of which they are able to bargain collectively and raise common issues.

Table 4.3.4:

Reasons for joining microfinance programme – Annapurna Mahila Mandal:

	Priorities						
Reasons	1	2	3	4	5	6	7
1. Sole earner in the family	11	3					
2. Supplement to family income	13	23	7	1			
3. Household earnings are not regular	7	8	15	2			
4. Economic independence	1	17	9				
5. Access to savings	46	42	20	2			
6. Loan available at low rate of interests	89	51	12				
7. Any other	2	12	12				

Reasons	**Weightage**
1. Sole earner in the family	81
2. Supplement to family income	224
3. Household earnings are not regular	148
4. Economic independence	127
5. Access to savings	572
6. Loan available at low rate of interests	837
7. Any other	120

Findings:

The most important reason for joining the programme as cited by the participants is access to loan at cheaper rate of interest. As most of the earning members of AMM are micro entrepreneurs, they require loans specifically to cater to their need for working capital. Access to savings has come out as the second important reason.

Table 4.3.5:

Reasons for joining microfinance programme: All SHG members

	Priorities						
Reasons	1	2	3	4	5	6	7
1. Sole earner in the family	48	21	13	10	2	5	
2. Supplement to family income	43	95	49	35	8		
3. Household earnings are not regular	36	57	102	31	25	2	
4. Economic independence	77	98	78	31	7	2	
5. Access to savings	263	183	95	21	11	1	
6. Loan available at low rate of interests	186	102	33	16			
7. Any other	40	41	60	16	1		

Reasons	Weightage
1. Sole earner in the family	484
2. Supplement to family income	1050
3. Household earnings are not regular	1054
4. Economic independence	1373
5. Access to savings	2959
6. Loan available at low rate of interests	1806
7. Any other	735

Findings:

- Access to savings has been found to be the most important reason for joining microfinance programme by most of the participants. As seen earlier, more than 55 percent of participants did not have any savings account before. Secondly, forced and regular savings of small amounts which can be easily taken aside is considered to be a major advantage by many participants.
- Access to loan at a low rate of interest in comparison with the rate of interest charged by private sector sources such as the money lender, jeweler or shopkeeper is found to be the second most important reason for joining the programme. It is seen that SHG or JLG usually charge between 1.5 to 2 percent per month as against a minimum of 4 to a maximum of 10 percent per month charged in the private sector.

- Supplement to family income in times of crisis such as illness. loss of job and requirement of small amount of loans when family earnings are not regular due to various reasons such as casual nature of the job, business cycles, etc. are also considered to be important reasons.
- The last category of 'other' reasons includes reasons such as opportunities networking with other members, getting recognition as a member of the organization, getting access to other capacity building programmes organized by the organization, etc. These are also considered by many SHG members to be the intangible benefits of joining an SHG or JLG. The organization-wise analysis shows that though most of the reasons for joining SHG/JLG are common the importance varies as per the socio-economic characteristics of the members. The members from FML and MMM have given more importance to access to saving and members from AMM have given more importance to loans available at a cheaper rate of interest.

It can be concluded that though there is a good alignment of between the objectives of the organizations and the interests of the programme participants on most of the grounds, initially very few participants have joined the programme to bring out the desirable changes in their lives through collective action.

4.4: Research objective 3:

One of the major objectives of any microfinance programme is to reduce the need of private sources of finance who charge exorbitant rate of interest with microfinance. An attempt is made to find out to what extent the microfinance programmes included in our study has become successful in achieving this objective. An attempt is also made to find out whether there is any difference between the utilization of loan taken by private sources and by microfinance programme. Thirdly a comparative analysis of all the four organizations is made to see whether there is any difference in the average amount of loan, number of times the loan is taken and the utilization of loan taken by the programme participants.

The following subsection discusses the loan profile of the programme participants. It makes a comparative study of the earlier loan taken by participants (if any) through a source in the private financial market such as a moneylender, jeweler, etc; its use, the rate of interest charged and the loan taken through a microfinance programme and its use.

4.4.1: Details of the loan taken by programme participants from private sources before joining the programme:

The following information gives the details of loans taken from private sources by the programme participants before joining the programme.

Table 4.4.1:

Earlier loan taken by microfinance participants from private sources:

Sr no	Organization	Number	Previously loan taken from private sources - Yes	Previously loan taken from private sources - No
1	FML	217 (100.0)	53 (24.4)	164 (75.6)
2	SMS	151 (100.0)	77 (51.0)	74 (49.0)
3	MMM	162 (100.0)	59 (36.4)	103 (63.6)
4	AMM	168 (100.0)	52 (31.0)	116 (69.0)
	Total	698 (100.0)	241 (34.5)	457 (65.5)

(Figures in parentheses are percentages)

Findings:

- It is seen that, in all, 35 percent of the programme participants have availed the loan from private sources. The rate of interest charged by them varies from 3 percent per month a minimum of to a maximum of 10 percent per month.
- The proportion of participants who have taken loans from private sources is found to be higher in case of SMS (51 %) and MMM (36 %).

4.4.2: Details of the loan taken by the programme participants from the programme:

This section gives the details about the number of participants who have taken a loan from the programme, its average amount and its utilization by the programme participants.

Table: 4.4.2:

Loan taken by surveyed microfinance participants from the programme:

Sr no	Organization	Number	Loan taken from the programme	Loan not taken from the programme
1	FML	217 (100.0)	209 (96.3)	8 (3.7)
2	SMS	151 (100.0)	129 (85.4)	22 (14.6)
3	MMM	162 (100.0)	106 (65.4)	56 (34.6)
4	AMM	168 (100.0)	164 (97.6)	4 (2.4)
	Total	698 (100.0)	608 (87.1)	90 (12.9)

(Figures in parentheses are percentage to total.)

Findings:

- It is found that nearly 87 percent of programme participants have taken loans from the programme. The proportion of surveyed programme participants who have taken loan from the programme is highest in AMM (97 %) followed by FML (96 %) and lowest in MMM (65 %).

It can be concluded that microfinance has to some extent become successful in reducing the dependence of programme participants on the private sources of finance.

4.5: Research objective 4:

One of the objectives of the study was to find out whether there is any difference in the average amount of loans taken and in the utilization of loans taken from private sources as against those taken from the programme. Table number 4.4.3 to 4.4.7 gives the details of the use of loan taken by the programme participants from both the sources.

Table 4.4.3:

Utilization of loan taken by surveyed microfinance participants from private sources:

Sr. No	Reason	Number	Total loan (Rs.)	Mean	Minimum	Maximum
1	Loan from private sources	241 (100.0)	85,72,000 (100.0)	35,568	2,000	4,00,000
2	Loan for home	88 (36.5)	48,23,000 (56.2)	54,806	2,000	4,00,000
3	Loan for marriage, etc.	54 (22.4)	13,15,000 (15.3)	24,351	4,000	2,50,000
4	Loan for illness	64 (26.5)	12,25,000 (14.3)	19,140	1,000	2,00,000
5	Loan for business	18 (7.5)	2,90,000 (3.4)	16,111	5,000	50,000
6	Loan for education	43 (17.8)	6,20,000 (7.2)	14,418	2,000	50,000
7	Loan for other reasons	30 (12.4)	2,99,000 (3.5)	9,966	2,000	50,000

(Figures in parentheses are percentages.)

Findings:

- This table shows the utilization of loan taken by programme participants from private sources before joining the programme. The data reveals that the average loan taken by the programme participants from private sources is Rs. 35,568. The minimum and maximum loan taken from private sources Rs. 2,000 and Rs. 4, 00,000 respectively.

- The proportion of participants who have taken loan from private sources for either buying a house, paying a deposit for renting house or for renovation and reconstruction of the house is 37 percent. Its proportionate share in total amount of loan taken from private sources is 56 percent which is largest in all the categories.
- In all, 22 percent of the participants availing loan from private sources have used it for marriage and other related expenses. Its proportionate share in the total loan amount is 15 percent.
- In all, 24 percent of participants have used a private loan for treating illness and this comprises 14 percent of the total loans.
- A very small percentage of participants (7.5 %) have used a private loan for starting or expanding business.
- Nearly eighteen percent of participants have used a private loan for the purpose of education of their children, though the average amount spent on it is comparatively small.
- Other reasons mainly account for sending an emergency money to native places, repayment of earlier loans with new loans, etc. Nearly twelve percent of participants have used private loans for this purpose and it accounts for around 4 percent of the total private loans.

Table 4.4.4:

Utilization of loan taken by the surveyed programme participants from the microfinance programme:

Sr. No	Reason	Number	Total amount	Mean	Minimum	Maximum
1	Loan taken from the programme	608 (100.0)	1,06,50,200 (100.0)	17,516	700	3,00,000
2	Loan for home	188 (30.9)	23,04,500 (21.6)	12,258	1,000	1,00,000
3	Loan for marriage, etc.	96 (15.8)	13,04,500 (12.2)	13,588	1,000	1,50,000
4	Loan for illness	190 (31.2)	14,55,700 (13.7)	7,662	500	60,000
5	Loan for business	167 (27.4)	22,13,500 (20.8)	13,254	1,000	1,50,000
6	Loan for education	234 (38.5)	20,71,000 (19.4)	8,850	1,000	60,000
7	Loan for other reasons	180 (29.6)	12,06,000 (11.3)	6,700	500	60,000

(Figures in parentheses are percentage to total.)

Findings:

- It is found that the average amount of loan taken from the programme is Rs. 17,516. It is much lower than the average loan taken from private sources.
- Nearly 31 percent of the participants availing loan from the programme have used it for home improvement, paying deposits or buying properties. This accounts for nearly 22 percent of the total loan.
- Nearly 16 percent of the participants have used a loan for marriage and related expenses. It accounts for around 12 percent of total loan amount.
- Thirty-one percent of the participants have used loan for treating an illness. This accounts for nearly 14 percent of total loans.

- As many as 27 percent of the participants have used a loan for either establishing a new business or expanding the old one. This accounts for nearly 21 percent of the total loans taken from the programme.
- The maximum number of participants (nearly 39 %) has used loans for meeting the educational expenses of their children. This accounts for nearly 19 percent of the total loans.
- Loans for other purposes which mainly means for 'repayment of loans taken from private sources' and 'remittance to native places' are taken by as many as 30 percent of participants which account for 11 percent of the total loans taken from the programme.
- The average amount of loan taken for education and for treating illness is much smaller than the average loan taken for home improvements, business and marriage.

4.4.3: Comparative analysis of the utilization of the loan taken from private sources and that taken from the microfinance programme:

The following subsection makes a comparative analysis of the utilization of loans taken from private sources with loans taken from the microfinance programme.

- As many as 27 percent of the participants have used a loan for either establishing a new business or expanding the old one. This accounts for nearly 21 percent of the total loans taken from the programme.
- The maximum number of participants (nearly 39 %) has used loans for meeting the educational expenses of their children. This accounts for nearly 19 percent of the total loans.
- Loans for other purposes which mainly means for 'repayment of loans taken from private sources' and 'remittance to native places' are taken by as many as 30 percent of participants which account for 11 percent of the total loans taken from the programme.
- The average amount of loan taken for education and for treating illness is much smaller than the average loan taken for home improvements, business and marriage.

4.4.3: Comparative analysis of the utilization of the loan taken from private sources and that taken from the microfinance programme:

The following subsection makes a comparative analysis of the utilization of loans taken from private sources with loans taken from the microfinance programme.

Table 4.4.5:

Comparative analysis of loan taken by the surveyed programme participants from private sources with that taken from the microfinance programme:

Sr. no	Particulars	Number of participants taken loan from pvt sources	Number of participants taken loan from programme	Loan taken from Private sources	Loan taken from programme
1.	Total amount of loan (Rs.)	241 (100.0)	608 (100.0)	85,72,000 (100.0)	1,06,50,200 (100.0)
2.	Loan taken for home	88 (36.5)	188 (30.9)	48,23,000 (56.2)	23,04,500 (21.6)
3.	Loan taken for marriage, etc.	54 (22.4)	96 (15.8)	13,15,000 (15.3)	13,04,500 (12.2)
4.	Loan taken for treating Illness	64 (26.5)	190 (31.2)	12,25,000 (14.3)	14,55,700 (13.7)
5.	Loan taken for business	18 (7.5)	167 (27.4)	2,90,000 (3.4)	22,13,500 (20.8)
6.	Loan taken for education	43 (17.8)	234 (38.5)	6,20,000 (7.2)	20,71,000 (19.4)
7.	Loan taken for other reasons	30 (12.4)	180 (29.6)	2,99,000 (3.5)	12,06,000 (11.3)

(Figures in parentheses are percentage to total.)

Findings:

- The comparative analysis of the loan taken from private sources and loan taken from the microfinance programme shows that the utilization of loan taken from private sources is significantly different from that taken from microfinance programme.
- It is seen that the loan taken from private sources is mainly used for housing purposes. Nearly 37 percent of the participants used a private loan for this purpose and it accounted for nearly 56 percent of the total private loan. As against this, though nearly 31 percent of the participants used loan availed through programme for housing, its proportionate share is only 22 percent.
- There is no significant difference between the two groups with respect to the proportion of participants and proportion of total loans taken for marriage expenses and for treating an illness.

- It can be seen that there is a major difference between the two groups in the proportion of participants and the proportionate loan used for the purpose of setting up or expanding a business. The proportion of participants using a loan from private sources for business is only 8 percent as against 27 percent of participants taking a loan from the programme. The proportionate share of the loan allocated to this purpose is also much larger (21 %) in case of loans from the programme as against only 3 percent of loans from private sources.
- The proportion number of participants using a loan from private sources for education is only 18 percent as against 39 percent in case of loans from the programme. The proportion of the in total loan from private sources used for this purpose is 7 percent as against 19 percent in case of loans taken from the programme.
- The proportion of loan used for 'other' purposes is larger in case of loans raised from the microfinance programme because the main 'reason' here is its use for repayment of loan taken from private sources at a higher rate of interest.

Table 4.4.6:

Comparative analysis of average loan taken by the surveyed programme participants from private sources and from microfinance programme:

Sr. No	Reason	Mean loan taken from private sources	Mean loan taken from programme
1	Average loan taken	35,568	17,516
2	Loan for home	54,806	12,258
3	Loan for marriage, etc.	24,351	13,588
4	Loan for illness	19,140	7,662
5	Loan for business	16,111	13,254
6	Loan for education	14,418	8,850
7	Loan for other reasons	9,966	6,700

Findings:

- It can be seen that the average amount of loan taken from the private sources is significantly higher (Rs. 35,568) than that raised from the microfinance programme (Rs. 17,516).
- The data reveals that in case of utilization of loans from private sources for some purposes like housing, marriage expenses and treatment of illness it is significantly higher, whereas in case of utilization of loan for business and other reasons, the difference is not so large.

It can be concluded that the loan taken by microfinance programme has been used for more productive purposes as compared to the loan taken by private sources of finance. At the same time the average amount of loan received by private sources of finance is substantially higher than that of microfinance programme.

4.6: Research objective 5:

Another objective of the study is to see whether there is significant difference across the four organizations in the average amount of loan, number of times loan is taken as well as utilization of loan by the programme participants.

The following subsection discusses details of the average number of times loan is taken, average amount of loan taken and the utilization of loan by programme participants of each organization.

Table 4.4.7:

Average number of times loan taken by the surveyed participants from four organizations:

Sr. No	Org	Number	Mean	Std Dev	Minimum	Maximum
1	FML	209	2.97	2.015	1.00	11.00
2	SMS	129	2.65	1.529	1.00	10.00
3	MMM	106	2.25	1.401	1.00	10.00
4	AMM	164	1.96	1.227	1.00	6.00
	Total	608	2.50	1.673	1.00	11.00

Findings:

It can be seen that the average number of times a loan is taken from the programme by a single participant is 2.50. It ranges from a minimum of 0 to a maximum of 11 times. It is highest in FML (2.97) followed by SMS (2.651). It is lowest in AMM (1.96).

Table 4 4.8:

Average amount of loan taken by surveyed participants from four organizations:

Sr. No	**Org**	**Number**	**Mean**	**S.D.**	**Minimum**	**Maximum**
1	FML	209	21760.76	29608.831	1000.00	245000.0
2	SMS	129	17069.76	16243.116	1000.00	80000.00
3	MMM	106	19303.77	31987.729	700.00	300000.0
4	AMM	164	11304.87	10201.273	3000.00	50000.00
	Total	608	17516.77	24046.179	700.00	300000.0

Findings:

- The average amount of loan taken by the surveyed programme participants is Rs. 17,516. The maximum average loan amount is taken by the participants of FML (Rs. 21,760) and the least amount is taken by participants of AMM (Rs. 11,304).

Table 4.4.9:

Utilization of loan taken by the surveyed participants from the microfinance programme: Forbes Marshall Ltd

Sr. No	Reason	Number	Total Amount	Mean	Minimum	Maximum
1	Loan taken from the programme	209 (100.0)	45,48,000 (100.0)	21,760	1,000	2,45,000
2	Loan for home	59 (28.2)	9,18,000 (20.2)	15,559	1,000	1,00,000
3	Loan for marriage, etc.	37 (17.7)	6.36,000 (13.9)	17,189	1,000	1,50,000
4	Loan for illness	67 (32.0)	5,92,500 (13.0)	8,843	500	30,000
5	Loan for business	58 (27.7)	9,89,000 (21.7)	17,051	2,000	1,00,000
6	Loan for education	122 (58.3)	10,64,500 (23.4)	8,725	1,000	60,000
7	Loan for other reasons	57 (27.2)	3,48,000 (7.6)	6,105	1,000	20,000

(Figures in parentheses are percentage.)

Findings:

- The survey reveals that the average loan taken by programme participant of FML is Rs. 21,760. The minimum and maximum loan taken ranges are Rs. 1,000 and Rs. 2,45,000 respectively.
- The maximum number of participants has used the loan for bearing educational expenses of their children (58.3 %). Yet, it comprises only around 23 percent of the total loan amount as the average amount taken for this purpose is smaller as compared to loans taken for other reasons.
- Nearly 32 percent of the participants have taken a loan for treating illness and its proportionate share is 13 percent in the total loan amount.
- Around 28 percent of the participants have taken loan for housing purposes and business purposes and its proportionate share is 20 percent in the total loan amount.

Table 4.4.10:

Utilization of loan taken by the surveyed participants from the microfinance programme: Stree Mukti Sanghatana:

Sr. No	Reason	Number	Total amount	Mean	Minimum	Maximum
1	Loan taken from the programme	129 (100.0)	22,02,000 (100.0)	17,069	1,000	80,000
2	Loan for home	61 (47.2)	6,89,500 (31.3)	11,303	1,000	30,000
3	Loan for marriage, etc.	41 (31.7)	5,06,500 (23.0)	12,354	1,000	40,000
4	Loan for illness	56 (43.4)	4,25,500 (19.3)	7,598	3,000	25,000
5	Loan for business	8 (6.2)	1,28,000 (5.8)	16,000	1,000	20,000
6	Loan for education	35 (27.1)	2,46,500 (11.2)	7,042	1,000	20,000
7	Loan for other reasons	33 (25.5)	2,06,000 (9.4)	6,242	1,000	20,000

(Figures in parentheses are percentage.)

Findings:

- The data shows that the average loan taken by the SMS participant is Rs. 17,069. It ranges from a minimum of Rs. 1,000 to a maximum of Rs. 80,000.
- The maximum number of participants (around 47 %) has used the loan for housing purposes. Its proportionate share in the total loan amount is 31 percent.Treatment of illness is another major reason for taking a loan as more than 43 percent of the participants have used loan for this purpose which comprises of 19 percent.
- Only six percent of the participants are seen to have used a loan for setting up a small business. This accounts for nearly six percent of the total amount.
- A loan for education or other purposes is taken by nearly 27 percent and 26 percent of participants respectively. Together these reasons account for around 20 percent of the total loan. The average amount of loan taken for home, marriage and business is substantially higher than the amount of loan taken for illness and education.

Table 4.4.11:

Utilization of loan taken by the surveyed participants from the microfinance programme: Maharashtra Mahila Mandal

Sr. No	Reason	Number	Total Amount	Mean	Minimum	Maximum
1	Loan taken from the programme	106 (100.0)	20,46,200 (100.0)	19,303	700	3,00,000
2	Loan for home	32 (30.2)	4,71,000 (23.0)	14,718	2,000	75,000
3	Loan for marriage, etc.	12 (11.3)	2,24,000 (10.9)	18,666	4,000	60,000
4	Loan for illness	18 (16.9)	2,10,700 (10.3)	11,705	700	60,000
5	Loan for business	16 (15.1)	3.35.000 (16.3)	20.938	3.000	1.50.000
6	Loan for education	43 (40.5)	4,29,000 (20.9)	9,976	2,000	30,000
7	Loan for other reasons	45 (42.4)	3,76,000 (18.3)	8,355	700	60,000

(Figures in parentheses are percentage.)

Findings:

- The survey reveals that the average amount of loan taken from the microfinance programme by MMM participant is Rs.19,303. It ranges from a minimum of Rs. 700 to a maximum of Rs. 3, 00,000.
- The majority of the participants have used a loan for educational and 'other' purposes (41 and 42 % respectively).
- Maximum proportion of loan is used for housing purposes followed by its use for education purposes.
- The average amount of loan used for housing, marriage and business is substantially higher than that used for education, illness and 'other' purposes.

Table 4.4.12:

Utilization of loan taken by the surveyed participants from the microfinance programme: Annapurna Mahila Mandal

Sr. No	Reason	Number	Total amount	Mean	Minimum	Maximum
1	Loan taken from the programme	164 (100.0)	18,54,000 (100.0)	11,304	3,000	50,000
2	Loan for home	36 (21.9)	2,26,000 (12.2)	6,278	1,000	50,000
3	Loan for marriage, etc.	6 (3.6)	33,000 (1.8)	5,500	2,000	10,000
4	Loan for illness	49 (29.8)	2,27,000 (12.2)	4,633	500	30,000
5	Loan for business	79 (48.2)	7,61,500 (41.0)	9,639	1,000	35,000
6	Loan for education	34 (20.7)	3,31,000 (17.8)	9,735	1,000	25,000
7	Loan for other reasons	45 (27.4)	2,75,500 (14.9)	6,122	500	20,000

(Figures in parentheses are percentage.)

Findings:

- The data shows that the average amount of loan taken by AMM programme participants is Rs. 11,304. It ranges from a minimum of Rs. 3,000. to a maximum of Rs. 50,000.
- Nearly 48 percent of the participants have used a loan to set up their business or expand the existing business. It accounts for around 41 percent of the total loan amount taken from the programme.
- Nearly 30 percent of the participants have taken a loan for treating illness. This accounts for nearly 12 percent of the total loans.
- Loans for housing purpose and for education purposes are taken by 22 and 21 percent of the participants respectively.

- The maximum average amount spent is on education followed by business.

It can be concluded that across the four organizations included in the study there is a difference between average amount of loan taken, number of times loan taken as well as utilization of loan taken by the programme participants.

4.7: Research objective 6:

One of the objectives of the study is to identify the relative importance of individual variables which have higher impact on the empowerment level of the programme participants. Though there are various variables included to test economic, self- and socio-political empowerment, all of them do not have the same impact on the total level of empowerment. This study therefore seeks to find out the relative importance of individual variables affecting the empowerment level.

As seen earlier the surveyed participants were asked to rate their opinions related to the change which has occurred in their lives after they joined the programme. The data presented in the Likert scale of 5 (ranging from 'big change for the worse' to 'big change for the better') has been modified and reduced into three categories viz 'worse than before' (summation of 1 and 2), 'no change' (3) and 'better than before' (summation of 4 and 5).

Table 4.7.1:

Individual variables affecting economic empowerment of the surveyed programme participants:

Sr. no	Variables of economic empowerment	Worse than before	No change	Better than before
1	Regularity of income	-	424 (60.7)	274 (39.3)
2	Reduction in the vulnerability at the time of crisis	-	101 (14.5)	597 (85.5)
3	Security of earnings	-	335 (48.0)	363 (52.0)
4	Reduction in dependence on moneylenders	-	179 (25.6)	519 (74.4)
5	Total expenditure in the family	-	340 (48.7)	358 (51.3)
6	Economic independence	-	226 (32.4)	472 (67.6)

Findings:

- It is found that there is no negative impact on economic conditions perceived by programme participants.
- Maximum benefit perceived by the programme participants is in the reduction of vulnerability at the time of crisis. More than 85 percent of participants consider this as a positive change.
- Reduction of the dependence on private sources of borrowing is another major benefit from the programme as perceived by the participants. Nearly 74 percent of the participants consider this as a positive change.
- Gaining economic independence in terms of using money as per personal priorities is also found to be a major positive change (67 percent). More than sixty percent of the participants perceive that there is no change in regularity of incomes and security of earnings.

Table 4.7.2:

Individual variables affecting self empowerment of the surveyed programme participants:

Sr. no.	Variables of self empowerment	Worse than before	No change	Better than before
1	Decision-making power regarding use of income	5 (0.8)	342 (48.9)	351 (50.3)
2	Decision-making power regarding use of savings	2 (0.3)	261 (37.4)	435 (62.3)
3	Decision-making power about expenditure	9 (1.3)	249 (35.7)	444 (63.0)
4	Decision-making power about other decisions	9 (1.3)	280 (40.1)	409 (58.6)
5	Decision-making abilities	1 (0.1)	236 (33.8)	462 (66.1)
6	Domestic violence	14 (2.0)	595 (85.2)	89 (12.8)
7	Physical and social mobility	-	115 (16.5)	583 (83.5)
8	Social position in the family	-	117 (16.8)	581 (83.2)
9	Social position in the neghbourhood	-	163 (23.4)	535 (76.6)
10	Better understanding about oneself	-	190 (27.2)	508 (72.8)
11	Self-esteem	-	168 (24.1)	530 (75.9)
12	Self-confidence	-	94 (13.4)	604 (86.6)
13	Leadership abilities	-	246 (35.2)	452 (64.8)
14	Risk -taking abilities	-	299 (42.8)	399 (57.2)

Findings:

- The data reveals that the overall impact on self-empowerment has been very positive. Two most important positive developments in self perceived by the programme participants are improvement in self-confidence (87 percent responded positively) followed by opportunity to move physically and interact with other members (84 percent responded positively).

- Improvement in the social position and better negotiating ability in the family and neighbourhood, improvement in self-esteem and self-awareness are also some of the very positive changes.
- In a very few cases, some negative changes are found where the participants had to succumb to the decisions taken by husbands about using their savings and loans against their wish.
- In a very few cases access to loans and credit increased the marital tensions within the family thus has leading to domestic violence.

Table 4.7.3:

Individual variables affecting socio-political empowerment of the surveyed programme participants:

Sr.no.	Variables of socio-political empowerment	Worse than before	No change	Better than before
1	Participation in electoral process	-	452 (64.8)	246 (35.2)
2	Collective action for promoting gender issues	-	311 (44.6)	387 (55.4)
3	Collective action for promoting other social issues	-	364 (52.1)	334 (47.9)
4	Awareness about legal rights and duties	-	427 (61.2)	271 (38.8)

Findings:

- The overall impact on socio-political empowerment of the programme participants shows a marginal positive change. There has not been any negative change.
- The maximum positive impact perceived by the participants is in taking collective action for promoting gender-related issues such as promotion of girl's education in the locality or participating in a rally organized by the organization.

related to business as well as general education which many participants consider important. AMM provides medical insurance to its members of which many members have taken advantage. At the same time many health related topics are discussed during the monthly meetings which help them increase their knowledge related to health care. MMM and FML also conduct training programmes related to general capacity building. Awareness building about a girl's education and boy's education also show significant positive change. Some of the organizations like AMM and SMS specifically encourage taking loans for girl's education and also conduct regular activities such as distribution of text books, uniforms, anganwadi programme, etc.

- Variables such as education and awareness building related to family planning and sanitation do not show significant change as the selected organizations are not actively involved in these programmes and barring a limited number of members there is not much need for this kind of awareness building.

It can be concluded that all the variables do not have the same impact on the empowerment level. If we compare the relative importance of individual variables some variables like reduction in vulnerability, reduction in dependence on private sources of finance are found to be more important than others in economic empowerment. Development of self confidence, improvement in social status and improvement in physical mobility are found to be crucial for self-empowerment. Consciousness raising for collective action to solve gender related issues is considered important in socio-political empowerment. Control over savings and control over use of loan are found to be important variables influencing capacity building.

Part B: Inferential statistics:

Inferential statistics used to solve few research questions in the study are presented below:

4.8: Validity and Reliability of scales:

In all, four scales were developed to study the impact of urban microfinance on empowerment of women. Three scales were developed to assess the three major components of empowerment, economic empowerment, self-empowerment and socio-political empowerment. One more scale was develop to assess the impact on 'agency' which measures the impact on variables such as capacity building and gaining control over resources which is a vital step for gaining empowerment. The Likert scale was used to assess the perception of the programme participants ranging from 'very bad effect' scored as '1' to 'very good effect' scored as '5'. The variables used for assessing the impact were selected from various studies conducted earlier and the indicators of impact presented in earlier studies.

Validity:

Validity of the scale shows whether the instrument is actually measuring the property that it is supposed to measure.

Face validity:

Face validity establishes whether a measuring instrument, like a questionnaire, measures all the correct characteristics. The face validity was assessed by showing the prepared questionnaire to experts like academicians and practitioners and incorporating their suggestions in the questionnaire.

Content validity:

Content validity establishes that the instrument is measures all the specific intended domains of the content. The content validity was achieved by including in the questionnaire all the various aspects of empowerment accrued through microfinance which were reported in the various research studies conducted earlier.

Reliability:

Reliability refers to the confidence one can place in the measuring instrument to give the same numeric value when measurement is repeated on the same subject. After achieving validity, the following variables were identified for constructing the four scales:

A. Economic empowerment:

1. Regularity of income
2. Security of earnings
3. Reduction in the vulnerability at times of crisis
4. Reduction in dependence on private sources of finance (moneylenders)
5. Increase in total monthly expenditure
6. Increase in economic independence
7. Increase in the workload at the work place
8. Increase in the domestic workload
9. Pressure of repayment of loan

It can be seen that first six variables show a positive impact on empowerment. At the same time the literature says that sometimes access to loan may make the position of the participant members more vulnerable due to increase in the workload to repay the loan and put more pressure on repayment. Thus, it may also have a negative impact on empowerment.

Factor analysis – economic empowerment

The results of the factor analysis of nine variables are shown in Table 4.4.1.

Table 4.8.1:

Factor analysis for economic empowerment:

A. Communalities

Sr. No	Variables selected for economic empowerment	Initial	Extraction
1	Regularity of income	1.000	.613
2	Security of earnings	1.000	.651
3	Reduction in the vulnerability at the time of crisis	1.000	.365
4	Workload at the work place	1.000	.529
5	Domestic work load	1.000	.515
6	Dependence on moneylenders	1.000	.326
7	Total expenditure in the family	1.000	.422
8	Pressure of repayment of loan	1.000	.402
9	Economic independence	1.000	.493

Extraction Method: Principal Component Analysis.

B. Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.799	31.096	31.096	2.799	31.096	31.096	2.768	30.753	30.753
2	1.517	16.858	47.954	1.517	16.858	47.954	1.548	17.201	47.954
3	.997	11.081	59.034						
4	.824	9.155	68.190						
5	.805	8.941	77.130						
6	.723	8.037	85.167						
7	.569	6.321	91.488						
8	.488	5.420	96.909						
9	.278	3.091	100.000						

C. **Component Matrix**

Sr. No	Variables	Component	
		1	2
1	Regularity of income	.783	.010
2	Security of earnings	.807	-.010
3	Reduction in the vulnerability at the time of crisis	.574	-.190
4	Workload at the work place	.129	.716
5	Domestic work load	.110	.709
6	Dependence on moneylenders	.489	-.295
7	Total expenditure in the family	.650	-.015
8	Pressure of repayment of loan	.153	.615
9	Economic independence	.702	-.003

Extraction Method: Principal Component Analysis.
2 components extracted.

D. Rotated Component Matrix:

Sr. No	Variables	Component	
		1	2
1	Regularity of income	.772	.132
2	Security of earnings	.798	.115
3	Reduction in the vulnerability at the time of crisis	.596	-.099
4	Workload at the work place	.016	.727
5	Domestic work load	-.001	.718
6	Dependence on moneylenders	.529	-.215
7	Total expenditure in the family	.644	.086
8	Pressure of repayment of loan	.056	.632
9	Economic independence	.694	.106

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 3 iterations.

E. Component Transformation Matrix:

Component	1	2
1	.988	.155
2	-.155	.988

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Table 4.8.2:

Reliability tests for economic empowerment scale:

Sr.no	Component of economic empowerment	Variables	Cronbach's Alpha	No of items
1	Economic well-being	a. Regularity of income b. Security of income c. Reduction in vulnerability d. Reduction on dependence on moneylenders e. Total monthly expenditure, f. Economic independence	0.75	6
2	Pressure of taking loan	a. Increase in workload at work b. increase in workload at home c. Pressure of repayment of loan	0.45	3

Findings:

- Two factors which can be extracted for measuring economic empowerment are:

a. Economic well-being: It covers six variables viz. regularity of income, security of income, reduction in vulnerability, reduction in dependence on moneylenders, total monthly expenditure and economic independence. The reliability test applied to these factors shows the value of Cronbach's Alpha is 0.75.

b. Pressure of repayment – It covers increase in workload at work, increase in domestic workload and increase in pressure of repayment of loan. The reliability test applied to these variables shows that Cronbach's Alpha value is 0.45.

c. As the reliability tests of the last component 'pressure of repayment' does not show significant value it is dropped from further analysis.

Table 4.8.2:

Reliability tests for economic empowerment scale:

Sr.no	Component of economic empowerment	Variables	Cronbach's Alpha	No of items
1	Economic well-being	a. Regularity of income b. Security of income c. Reduction in vulnerability d. Reduction on dependence on moneylenders e. Total monthly expenditure, f. Economic independence	0.75	6
2	Pressure of taking loan	a. Increase in workload at work b. increase in workload at home c. Pressure of repayment of loan	0.45	3

Findings:

- Two factors which can be extracted for measuring economic empowerment are:

a. Economic well-being: It covers six variables viz. regularity of income, security of income, reduction in vulnerability, reduction in dependence on moneylenders, total monthly expenditure and economic independence. The reliability test applied to these factors shows the value of Cronbach's Alpha is 0.75.

b. Pressure of repayment – It covers increase in workload at work, increase in domestic workload and increase in pressure of repayment of loan. The reliability test applied to these variables shows that Cronbach's Alpha value is 0.45.

c. As the reliability tests of the last component 'pressure of repayment' does not show significant value it is dropped from further analysis.

B. **Self-Empowerment :**

In all, fourteen variables were studied for assessing the impact of microfinance on self-empowerment. These are as follows:

1. Decision-making power regarding use of income
2. Decision-making power regarding use of savings
3. Decision-making power about expenditure
4. Decision-taking power about other major decisions in family matters
5. Reduction in domestic violence
6. Improvement in physical mobility
7. Improvement in social status within in the family
8. Improvement in social status in the neighbourhood
9. Better understanding about oneself
10. Self-confidence
11. Self-esteem
12. Leadership abilities
13. Risk-taking abilities
14. Overall decision-making abilities

Table 4.8.3:

Factor analysis for self-empowerment:

A. Communalities

Sr. No	Variables selected for self-empowerment	Initial	Extraction
1	Decision-making power regarding use of income	1.000	.656
2	Decision-making power regarding use of savings	1.000	.619
3	Decision-making power about expenditure	1.000	.656
4	Decision-making power about other decisions	1.000	.766
5	Domestic violence	1.000	.866
6	Physical mobility	1.000	.456
7	Social position in the family	1.000	.538
8	Social position in the neghbourhood	1.000	.607
9	Better understanding about oneself	1.000	.607
10	Self-confidence	1.000	.646
11	Self-esteem	1.000	.690
12	Leadership abilities	1.000	.629
13	Risk-taking abilities	1.000	.625
14	Overall decision-making abilities	1.000	.635

Extraction Method: Principal Component Analysis.

B. Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.828	48.772	48.772	6.828	48.772	48.772	4.294	30.673	30.673
2	1.157	8.267	57.038	1.157	8.267	57.038	3.649	26.064	56.737
3	1.011	7.221	64.260	1.011	7.221	64.260	1.053	7.523	64.260
4	.826	5.898	70.157						
5	.718	5.132	75.289						
6	.591	4.223	79.513						
7	.543	3.877	83.390						
8	.477	3.407	86.796						
9	.401	2.865	89.661						
10	.372	2.656	92.316						
11	.341	2.435	94.752						
12	.279	1.989	96.741						
13	.258	1.846	98.587						
14	.198	1.413	100.000						

Extraction Method: Principal Component Analysis.

C. **Component Matrix**

Sr. No	Variables	Component		
		1	2	3
1	Decision-making power regarding use of income	.699	-.403	.067
2	Decision-making power regarding use of savings	.710	-.306	.145
3	Decision-making power about expenditure	.684	-.340	.269
4	Decision taking power about other decisions	.766	-.368	.206
5	Domestic violence	.013	.510	.778
6	Physical mobility	.636	.013	.226
7	Social position in the family	.705	.114	.168
8	Social position in the neighbourhood	.744	.231	-.005
9	Better understanding about oneself	.736	.119	-.225
10	Self-confidence	.750	.255	-.138
11	Self-esteem	.708	.378	-.215
12	Leadership abilities	.719	.311	-.121
13	Risk taking abilities	.765	.033	-.197
14	Overall decision-making abilities	.784	-.063	-.130

Extraction Method: Principal Component Analysis.
2 components extracted.

D. **Rotated Component Matrix:**

Sr. No	Variables	Component		
		1	2	3
1	Decision making power regarding use of income	.679	-.443	.024
2	Decision making power regarding use of savings	.679	-.349	.106
3	Decision making power about expenditure	.670	-.347	.277
4	Decision taking power about other decisions	.729	-.413	.202
5	Domestic violence	.007	.421	.792
6	Physical mobility	.580	.075	.246
7	Social position in the family	.712	.096	.191
8	Social position in the neghbourhood	.756	.215	.037
9	Better understanding about oneself	.714	.105	-.245
10	Self-confidence	.724	.288	-.140
11	Self-esteem	.722	.399	-.148
12	Leadership abilities	.720	.302	-.072
13	Risk taking abilities	.739	.058	-.221
14	Overall decision making abilities	.768	-.049	-.176

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 3 iterations.

E. Component Transformation Matrix:

Component	1	2	3
1	.746	.666	.020
2	.560	-.643	.523
3	-.361	.379	.852

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Table 4.6.4:

Reliability tests for self-empowerment scale:

Sr.no	Component of self- empowerment	Variables	Cronbach's Alpha	No of items
1	Decision-making power	a. Decision regarding use of income b. Decision regarding use of savings c. Decision making power about expenditure d. Decision taking power about other decisions e. Decision making abilities f. Physical mobility	0.86	6
2	Self-image and social image	a. Social position in the family b. Social position in the neghbourhood c. Better understanding about self d. Self confidence e. self esteem f. Leadership abilities g. Risk taking abilities	0.89	7
3	Reduction in domestic violence	a. Reduction in domestic violence	-	1

Findings:

- Three components extracted from altogether 14 variables which measure different aspects of self-empowerment are as follows:

  a. Decision-making power - This component measures the decision making power of programme participants regarding use of savings, use of increased earnings, total expenditure in the family, other major decisions related to family matters such as education of children, marriage, etc, physical mobility and overall decision-making abilities. The reliability test shows that the value of Cronbach's Alpha is 0.86.

b. Self and social image – This component covers the programme participants' self-assessment in improvement in various aspects of personality such as improvement in confidence, self-awareness, self-esteem, leadership qualities, risk-taking abilities, etc. and her perception regarding her position and negotiating abilities within the family and in neighbourhood (Cronbach's Alpha value is 0.88).

c. The reduction in domestic violence – Since this variable could not match with any other component, it's Cronbach's alpha value cannot be derived and thus it is taken as a single separate variable.

d. The reliability test of altogether 14 variables selected to measure self-empowerment show significant Cronbach's Alpha value (0.89).

C. Social and Political empowerment: Factor analysis:

In all, 4 variables were studied for assessing social and political empowerment of the SHG members. These are as follows:

1. Awareness of legal rights and duties
2. Participation in electoral process
3. Participation in collective action for promoting gender related issues
4. Participation in collective action for promoting other social issues

Table 4.8.5:

Factor analysis for social and political empowerment:

A. Communalities

Sr. No	Variables selected for social and political empowerment	Initial	Extraction
1	Legal aid	1.000	.348
2	Participation in electoral process	1.000	.593
3	Collective action for promoting gender issues	1.000	.739
4	Collective action for promoting other social issues	1.000	.731

Extraction Method: Principal Component Analysis.

B. Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.412	60.298	60.298	2.412	60.298	60.298			
2	.778	19.458	79.757						
3	.502	12.550	92.307						
4	.308	7.693	100.000						

C. Component Matrix

Sr No	Variables	Coponent
		1
1	Legal aid	.590
2	Participation in electoral process	.770
3	Collective action for promoting gender issues	.860
4	Collective action for promoting other social issues	.855

Extraction Method: Principal Component Analysis.
1 component extracted.

D. Rotated Component Matrix(a)

Only one component was extracted. The solution cannot be rotated.

Findings:

- Only one component could be extracted i.e. participation in collective action and legal awareness. The Cronbach's Alpha value of this component is 0.76.

D. Agency:

Agency related variables cover the aspects which help in capacity building and awareness building process of programme participants which are an essential link for promoting empowerment. As seen in the review of literature, access to resources may not always directly link to empowerment unless and until the participant has a control over resources and has an ability to use resources to her own benefit. In all 9 variables were studied to assess the impact on agency of the participants. These are as follows:

1. Control over earnings
2. Control over savings
3. Control over use of loan
4. Access to education/ training related to business and other skills
5. Access to healthcare and awareness building
6. Access to family planning education and awareness building
7. Access to education related to sanitation and awareness building
8. Education of the girl and awareness building
9. Education of the sons and awareness building

Table 4.8.6:

Factor analysis: Agency related variables:

A. **Communalities**

Sr. No	Variables selected for agency	Initial	Extraction
1	Control over earnings	1.000	.643
2	Control over savings	1.000	.781
3	Control over use of loan	1.000	.583
4	Access to education/ training	1.000	.502
5	Access to healthcare	1.000	.606
6	Access to family planning education	1.000	.516
7	Access to education related to sanitation	1.000	.733
8	Education of the girl	1.000	.618
9	Education of the son	1.000	.649

Extraction Method: Principal Component Analysis.

B. **Total Variance Explained**

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.026	44.733	44.733	4.026	44.733	44.733	3.400	37.772	37.772
2	1.605	17.833	62.566	1.605	17.833	62.566	2.231	24.793	62.566
3	.829	9.216	71.782						
4	.762	8.467	80.249						
5	.527	5.850	86.100						
6	.427	4.744	90.844						
7	.345	3.838	94.682						
8	.253	2.812	97.493						
9	.226	2.507	100.000						

C. **Component Matrix**

Sr. No	**Variables**	**Component**	
		1	**2**
1	Control over earnings	.456	.659
2	Control over savings	.532	.706
3	Control over use of loan	.578	.499
4	Access to education/ training	.704	.075
5	Access to healthcare	.757	-.181
6	Access to family planning education	.608	-.382
7	Access to education related to sanitation	.803	-.295
8	Education of the girl	.739	-.267
9	Education of the son	.754	-.283

Extraction Method: Principal Component Analysis.
2 components extracted.

D. Rotated Component Matrix:

Sr. No	Variables	Component	
		1	2
1	Control over earnings	.058	.800
2	Control over savings	.099	.878
3	Control over use of loan	.244	.724
4	Access to education/ training	.568	.423
5	Access to healthcare	.744	.229
6	Access to family planning education	.718	-.020
7	Access to education related to sanitation	.842	.154
8	Education of the girl	.772	.146
9	Education of the son	.793	.140

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 3 iterations.

E. Component Transformation Matrix:

Component	1	2
1	.861	.509
2	-.509	.861

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Table 4.8.7:

Reliability tests for economic Agency assessment scale:

Sr. no	Component of agency assessment	Variables	Cronbach's Alpha	No of items
1	Control over resources	a. Control over earnings b. Control over savings c. Control over use of loan	0.76	3
2	Access to capacity building and awareness building	a. Access to education/ training b. Access to healthcare c. Access to family planning education d. Access to education related to sanitation e. Education of the girl f. Education of the son	0.86	6

Findings:

- In all, two components were extracted by factor analysis:
  a. Control over resources – It includes three variables, namely control over earnings, control over savings and control over use of loan. The Cronbach's Alpha value of this component is 0.76.
  b. Access to capacity building and awareness building – This component covers the following 6 variables: opportunity to develop skills, building awareness about health, sanitation, education of girl child, education of boy child and awareness about family planning. The Cronbach's alpha value is 0.86

4.9: Research objective 7:

One of the major objectives of the research is to assess the impact of microfinance programme on increase in monthly earnings, monthly savings and creation of assets of the surveyed programme participants. One of the major expected impacts of the microfinance programme is improvement in economic position of the SHG/JLG members. This can happen in different ways such as

a. Increase in monthly earnings: Access to loan may help women to set up their own small business or expand the earlier business which helps them in improving monthly earnings.
b. Increase in monthly savings: Access to savings of small amounts of money every month is a compulsory component of all the microfinance programmes considered in this study.
c. Increase in economic assets: Access to loans and utilization of savings may also help programme participants to purchase economic assets such as sewing machines, utensils, equipments, etc required to run a small business.

d. Increase in working capital: Access to loan and utilization of savings can also be used to buy raw material or other working capital required to run a small business.

e. Increase in household assets: Access to loans and savings may also help programme participants to buy household assets such as television, cupboard in her own name.

This research problem was solved with the help of testing following specific hypotheses:

Specific hypotheses to be tested:

H7.1: Assessment of impact of urban microfinance programmes on increasing monthly earnings of the programme participants

H_{01}: Urban microfinance programmes included in the study have not resulted in increasing the monthly earnings of the programme participants.

H_{11}: Urban microfinance programmes included in the study have resulted in increasing the monthly earnings of the programme participants.

H7.2: Assessment of impact of urban microfinance programmes on increasing monthly savings of the programme participants

H_{02}: Urban microfinance programmes included in the study have not resulted in increasing the monthly savings of the programme participants.

H_{12}: Urban microfinance programmes included in the study have resulted in increasing the monthly savings of the programme participants.

H7.3: Assessment of impact of urban microfinance programmes on increasing ownership of economic assets of the programme participants

H_{03}Urban microfinance programmes included in the study have not resulted in increasing the ownership of economic assets of the programme participants.

H_{13}Urban microfinance programmes included in the study have resulted in increasing the ownership of economic assets of the programme participants.

To test these hypotheses Paired sample T test was used to see the difference between before and after joining SHG/JLG for monthly earnings, monthly savings and value of economic assets. Paired sample T-test is a statistical techniques used to compare two population means in case of two samples that are correlated. It is popularly used in 'before after' studies. By using the paired sample T-test we can statistically conclude whether urban microfinance programmes included in our study have become successful in increasing the monthly income, monthly savings and ownership of economic assets of the programme participants.

Table 4.9.1:

A. **Paired Samples Statistics to test 'before and after' effect on monthly earnings, savings and economic assets**

	Monthly earning (Rs)		Monthly saving (Rs)		Economic assets (Rs)	
	Before joining programme	After joining programme	Before joining programme	After joining programme	Before joining programme	After joining programme
Mean	905.30	1322.99	47.70	149.78	195.70	1140.40
N	698	698	698	698	698	698
S.D	1174.496	1387.219	132.33	151.33	817.217	5275.65

Table 4.9.2:

Significance values of Paired sample T-test

	Monthly earning	Monthly saving	Economic assets
Before and after joining programme	Significant	Significant	Significant

Note: if P values < 0.05, reject the null hypotheses and if P values > 0.05, accept the null hypotheses.

Table 4.9.3:

Acceptance and rejection of hypotheses:

	Monthly earning	**Monthly saving**	**Economic assets**
Before and after joining programme	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted

Table 4.9.4:

Value of working capital and household assets created with the use of credit by the programme participants

Sr. No	Assets	Number	Minimum	Maximum	Mean	Std Dev.
1	Value of working capital	698	0	65,000	1645.8	5527.93
2	Value of household assets bought with loan	698	0	20,000	320.91	1120

Findings:

- The average earnings of the participants before joining the microfinance programme were Rs. 905 which increased to Rs. 1323. The difference is found to be statistically significant (P<.05).
- The average savings of the participants before joining the microfinance programme was Rs. 47 which increased to Rs. 150. The difference is found to be statistically significant (P<.05).
- The average value of economic assets owned by the programme participants before joining the microfinance programme was Rs. 195 which increased to Rs. 1140. The difference is found to be statistically significant (P<.05).
- The average value of working capital used for running business is Rs. 1646. The minimum and maximum value of working capital is Rs 0 and Rs. 65000 respectively. The average value of household assets created with the help of credit is Rs. 320. The minimum and maximum value of such asset is Rs. 0 to Rs. 20,000 respectively.

Hence we accept the alternative hypotheses that urban microfinance programmes included in our study have become successful in increasing monthly earning, monthly saving and ownership of economic assets of the prgramme participants. The results also show that credit taken through the programme has been used to buy working capital and household assets.

4.10: Research objective 8:

One of the major objectives of the study is to assess the impact of microfinance programme on the level of economic, self-, socio-political and total empowerment of the surveyed microfinance participants. Three major components of empowerment and the total empowerment are calculated as follows:

a. Economic empowerment= summation of all 6 shortlisted variables/6
b. Self-empowerment = summation of all 14 shortlisted variables /14
c. Socio-political empowerment = summation of all 4 variables selected / 4
d. Total empowerment = summation of economic, self and socio-political empowerment/3

This research objective was achieved by testing specific hypothesis which are given below:

Specific hypotheses to be tested:

H8.1: Assessment of impact of urban microfinance programme in enhancing economic empowerment of the surveyed programme participants

$\boldsymbol{H_{01}}$Access to microfinance has not helped in enhancing economic empowerment of the surveyed programme participants.

H_{11} Access to microfinance has helped in enhancing economic empowerment of the surveyed programme participants.

H8.2: Assessment of impact of urban microfinance programme in enhancing self-empowerment of the surveyed programme participants

H_{02}Access to microfinance has not helped in enhancing self-empowerment of the surveyed programme participants.

H_{12} Access to microfinance has helped in enhancing self-empowerment of the surveyed programme participants.

H8.3: Assessment of impact of urban microfinance programme in enhancing socio-political empowerment of the surveyed programme participants

H_{03}Access to microfinance has not helped in enhancing socio-political empowerment of the surveyed programme participants.

H_{13} Access to microfinance has helped in enhancing socio-political empowerment of the surveyed programme participants

H8.4: Assessment of impact of urban microfinance programme in enhancing total empowerment of the surveyed programme participants

H_{04}Access to microfinance has not helped in enhancing total empowerment of the surveyed programme participants.

H_{14} Access to microfinance has helped in enhancing total empowerment of the H8.1 = surveyed programme participants.

To test this hypothesis surveyed programme participants are classified into three categories as per their period of association in the programme, namely years of association up to one year, up to four years and more than four years. As empowerment is a long-drawn out process which involves raising the consciousness related to self-awareness, economic independence, self-confidence and awareness about gender issues and developing the power of collective action to bring about desirable changes, it is assumed that the level of empowerment would rise with addition of years of association of the programme participants with the organization and the programme.

The percentage distribution of the same is given in table 4.6.1:

Table 4.10.1:

Distribution of programme participants as per the years of association category:

Sr. No.	Years of association category	Number	Percent
1	Up to 1 year	147	21.1
2	2 to 4 years	266	38.1
3	More than 4 years	285	40.8
	Total	698	100.0

Findings:

Nearly 21 percent of the programme participants have a period of association of up to one year. Around 40 percent of the participants have been with the programme for more than 4 years.

One way analysis of variance (ANOVA) is a statistical technique which helps in determining statistical significance in differences in means between two or more groups. It is the most appropriate statistical tool to test the hypothesis whether economic, self-, socio-political as well as total empowerment increases significantly with the years of association.

Table 4.10.2:

Level of economic empowerment of the surveyed microfinance participants as per years of association category:

Sr. No	Period of association	Number	Mean	S. D.	S. E.	Minimum	Maximum
1	Up to1 year	147	3.37	3.32	3.41	3.00	4.17
2	2 to 4 years	266	3.84	3.79	3.89	3.17	5.00
3	More than 4 years	285	3.95	3.91	4.00	3.00	5.00
4	Total	698	3.79	3.75	3.82	3.00	5.00

Table 4.10.3:

Level of self-empowerment of the surveyed microfinance participants as per years of association category:

Sr. No	Years of association	Number	Mean	S. D.	S.E.	Minimum	Maximum
1	Up to1 year	147	3.31	3.27	3.36	3.00	4.21
2	2 to 4 years	266	3.88	3.83	3.93	2.86	4.86
3	More than 4 years	285	4.04	4.00	4.09	3.21	4.86
4	Total	698	3.83	3.79	3.86	2.86	4.86

Table 4.10.4:

Level of socio-political empowerment of the surveyed microfinance participants as per years of association category:

Sr. No	Years of association	Number	Mean	S. D.	S. E.	Minimum	Maximum
1	Up to1 year	147	3.13	3.08	3.17	3.00	4.25
2	2 to 4 years	266	3.50	3.44	3.55	3.00	5.00
3	More than 4 years	285	3.72	3.67	3.77	3.00	5.00
4	Total	698	3.51	3.47	3.54	3.00	5.00

Table 4.10.5:

Level of total empowerment of the surveyed microfinance participants as per years of association category:

Sr. No	Years of association	Number	Mean	S. D.	S. E.	Minimum	Maximum
1	Up to1 year	147	3.27	3.23	3.31	3.00	4.08
2	2 to 4 years	266	3.74	3.70	3.78	3.06	4.76
3	More than 4 years	285	3.91	3.87	3.94	3.26	4.63
4	Total	698	3.71	3.68	3.74	3.00	4.76

Table 4.10.6:

ANOVA table to determine statistical significance of differences in mean:

	Economic empowerment	Self-empowerment	Socio-political empowerment	Total empowerment
Between the groups and within the groups	Significant	Significant	Significant	Significant

Note: if P values < 0.05, reject the null hypotheses and if P values > 0.05, accept the null hypotheses.

Table 4.10.7:

Acceptance and rejection of hypotheses:

	Economic empowerment	**Self-empowerment**	**Socio-political empowerment**	**Total empowerment**
Between the groups and within the groups	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted

Findings and conclusions:

- The average level of economic empowerment of the surveyed participants is 3.79 which varies from minimum 3.0 (no change) to maximum 5.0 (very good change).

Over the years the level of economic empowerment has increased from 3.37 (in the first category of years of association) to 3.95 in the last category.The ANOVA test shows that the difference across the three categories is statistically significant ($P<.05$).

- The average level of self-empowerment is 3.83 The value of self-empowerment varies from minimum 2.86 (which states the position of marginally worse than before) to maximum 4.86 (very good change).Over the years the mean self-empowerment level has increased from 3.31 to 4.04. The ANOVA test shows that the difference across the three categories of years of association is statistically significant ($P<.05$).
- The average level of socio-political empowerment of the surveyed programme participants is 3.51. It ranges from minimum 3.0 to maximum 5.0. The average level of socio-political empowerment has increased from 3.13 to 3.72 over three categories of years of association. The difference across the three categories of the participants is found to be statistically significant ($P<.05$).
- The overall level of empowerment which is a mean of all the three dimensions of the empowerment is found out to be 3.71. The minimum and maximum values of total empowerment are 3.0 and 4.76 respectively. It has increased from 3.27 to 3.91 over the three categories of participants distributed as per the years of association.The ANOVA test shows that the difference across the three categories is statistically significant ($P<.05$).

Hence we reject the null hypotheses and accept the alternative hypotheses that microfinance has contributed in enhancing economic, self- , socio-political and total empowerment of the programme participants.

4.11: Research objective 9

One of the research question raised in the study was to find out what kind of impact of differences in the implementing organization's objectives and policies brings out on the empowerment level of their programme participants. This research problem was solved by making categories of programme participants as per their organization and using one way ANOVA test to find out the significance of their differences in means.

Specific hypotheses to be tested:

H9.1: Assessment of impact on economic empowerment of the surveyed programme participants in each organization

H_{01} The level of economic empowerment across the four organizations would not differ significantly.

H_{11} The level of economic empowerment across the four organizations would differ significantly.

H9.2: Assessment of impact on self-empowerment of the surveyed programme participants in each organization

H_{02} The level of self-empowerment across the four organizations would not differ significantly.

H_{12} The level of self-empowerment across the four organizations would differ significantly.

H9.3: Assessment of impact on socio-political empowerment of the surveyed programme participants in each organization

H_{03} The level of socio-political empowerment across the four organizations would not differ significantly.

H_{13} The level of socio-political empwerment across the four organizations would differ significantly.

H9.4: Assessment of impact on total empowerment of the surveyed programme participants in each organization

H_{04} The level of total empowerment across the four organizations would not differ significantly.

H_{14} The level of total empowerment across the four organizations would differ significantly.

Following table gives the distribution of surveyed programme participants as per four organizations and as per their period of association category.

Table 4.11.1:

Distribution of surveyed programme participants of each of the four organizations as per the period of association category:

Sr.No.	Organization	Number	Up to 1 year	2 to 4 years	More than 4 years
1	FML	217 (100.0)	22 (10.1)	85 (39.2)	110 (50.7)
2	SMS	151 (100.0)	11 (7.3)	56 (37.1)	84 (55.6)
3	MMM	162 (100.0)	45 (27.8)	65 (40.1)	52 (32.1)
4	AMM	168 (100.0)	69 (41.1)	60 (35.7)	39 (23.2)
5	Total	698 (100.0)	147 (21.1)	266 (38.1)	285 (40.8)

Chi-Square Test

	Value	Df	Asymp. Sig (two sided)
Pearson Chi-square	90.904(a)	6	.000
Likelihood ratio	92.578	6	.000
Linear by linear association	70.943	1	.000
No of valid cases	698		

Findings:

- It is seen that the proportion of participants having years of association up to 1 year is significantly large in AMM (41 %) followed by MMM (28 %).
- The proportion of programme participants having higher years of association is larger in FML followed by SMS.
- The Chi-square test shows that the difference across the four organizations is significant ($P<.05$).

- As 'period of association' plays a significant role in the level of empowerment of the participants, the first category of participants (i.e period of association only up to one year) were removed for further comparative analysis of the four organizations.

Table 4.11.2:

Level of economic empowerment of the surveyed microfinance participants of the four organizations:

Sr. No	Organization	Number	Mean	S.D.	S.E.	Minimum	Maximum
1	FML	195	3.91	.400	.028	3.17	4.83
2	SMS	140	3.86	.340	.028	3.00	4.50
3	MMM	117	3.84	.427	.039	3.17	4.67
4	AMM	99	4.00	.491	.049	3.17	5.00
	Total	551	3.90	.413	.017	3.00	5.00

Table 4.11.3:

Level of self-empowerment of the surveyed microfinance programme participants of the four organizations:

Sr. No	Organization	Number	Mean	S. D.	S. E.	Minimum	Maximum
1	FML	195	3.97	.369	.026	2.86	4.79
2	SMS	140	4.00	.387	.032	3.00	4.64
3	MMM	117	3.94	.405	.037	3.14	4.86
4	AMM	99	3.93	.448	.045	3.00	4.86
	Total	551	3.96	.396	.016	2.86	4.86

Table 4.11.4:

Organization wise level of socio-political empowerment of the surveyed microfinance participants:

Sr. No	Organization	Number	Mean	S. D.	S. E.	Minimum	Maximum
1	FML	195	3.58	.377	.027	3.00	4.75
2	SMS	140	3.83	.552	.046	3.00	5.00
3	MMM	117	3.63	.424	.039	3.00	4.75
4	AMM	99	3.34	.356	.035	3.00	4.00
	Total	551	3.61	.462	.019	3.00	5.00

Table 4.11.5:

Level of total empowerment of the surveyed microfinance programme participants of the four organizations:

Sr. No	Organization	Number	Mean	S. D.	S. E.	Minimum	Maximum
1	FML	195	3.82	.299	.021	3.25	4.60
2	SMS	140	3.90	.357	.030	3.14	4.56
3	MMM	117	3.80	.366	.033	3.13	4.76
4	AMM	99	3.76	.366	.036	3.06	4.54
	Total	551	3.82	.344	.014	3.06	4.76

Table 4.11.6:

ANOVA table to determine statistical significance of differences in mean:

	Economic empowerment	Self-empowerment	Socio-political empowerment	Total empowerment
Between the groups and within the groups	Significant	Not Significant	Significant	Significant

Note: if P values < 0.05, reject the null hypotheses and if P values > 0.05, accept the null hypotheses.

Table 4.11.7:

Acceptance and rejection of hypotheses:

	Economic empowerment	**Self-empowerment**	**Socio-political empowerment**	**Total empowerment**
Between the groups and within the groups	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses accepted and alternative hypotheses rejected	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted

Findings:

- The overall average level of economic empowerment of the experienced or mature participants (having associated with the program for more than one year) is 3.90 ranging from minimum 3 to maximum 5. The maximum level of average economic empowerment is found in AMM (4.00) and least is found in MMM (3.84). As the majority of the participants of MMM are micro entrepreneurs running their own businesses, it is natural that most of them have used loans taken through the programme for their economic well-being. The ANOVA test shows that the difference between the four organizations is statistically significant ($P<.05$), which means that the organization's policies and programmes impact the economic empowerment of the participants.

- The average level of self-empowerment of the mature participants is found to be 3.96 and ranges from a minimum 2.86 to a maximum of 4.86. The maximum level of self-empowerment is found in SMS participants (4.00) and least is found in AMM (3.93). The various capacity building programmes implemented by SMS related to education, health, sanitation, leadership development focus mainly on development of self-awareness and self-development of women rag pickers which is reflected in the high level of self-empowerment. The ANOVA test shows that there is no significant difference across the four organizations. It suggests that irrespective of the differences in organizations' objectives and strategies, self-empowerment is the natural outcome of the microfinance programme.
- The average level of socio-political empowerment of surveyed mature participants is 3.61 and ranges from a minimum of 3.0 to a maximum of 5.0. In comparison with the level of economic and self-empowerment it is found to be significantly less.The level of socio-political empowerment is found to be highest in SMS participants followed by that of MMM participants. It is seen that SMS participants who are mainly women rag pickers have benefited substantially through their own collective action with support of the organization in reducing their economic exploitation and taking advantage from newly acquired legal awareness about their rights. Similarly, MMM

has focused on building gender and social awareness through a variety of social actions such as rallies, cultural events, etc. In both the organizations the women who belong to lower social strata i.e rag pickers and domestic maids are more active in all the social actions as compared to other participants. The ANOVA test shows that the difference across the four organizations is significant which suggests that the organization's objectives and policies play a vital role in building socio-political empowerment.

- The overall average level of empowerment assessed in the study is positive. As assessed by using Likert scale any number less than 3 indicates disempowerment. Value of three indicates 'no change' either for the better or for the worse. Any measure beyond 3 indicates a change for the better. The average values are as follows:
    a. Economic empowerment – 3.90
    b. Self-empowerment – 3.96
    c. Socio-political empowerment – 3.61
    d. Total empowerment (summation of all three) – 3.82
- It can be seen that the maximum value is found in self-empowerment (3.96) and the least value is found in socio-political empowerment (3.61). There is a significant difference in the empowerment levels across the organizations ($P<.05$). The maximum level of empowerment is found in SMS followed by FML.

Thus it can be concluded that though economic, socio-political and total empowerment level of the programme participants is significantly influenced by the organization's objectives and policies; level of self-empowerment does not change significantly.

4.12: Research question 10:

One of the research question raised in the study is to find out the correlation between economic, self- and socio-economic empowerment levels of the programme participants. A statistical technique of correlation analysis is used to find the level of correlation between these three types of empowerment.

H10: Finding out the correlation between economic, self- and socio-political empowerment level of the surveyed programme participants

H_{01} There is no correlation between economic, self- and socio-political empowerment of the surveyed programme participants.

H_{11} There is a correlation between economic, self- and socio-political empowerment of the surveyed programme participants.

Table 4.12.1:

Correlation between Economic empowerment, Self empowerment and Socio-political empowerment:

Sr. No	Dimension of empowerment	Pearson Correlation	Economic Emp.	Self Emp.	Socio-political Emp.
1	Economic Empowerment	Pearson Correlation Sig (2-tailed)	1	.761(**)	.461(**)
2	Self Empowerment	Pearson Correlation Sig (2-tailed)	.761(**)	1	.610(**)
3	Socio-political Empowerment	Pearson Correlation Sig (2-tailed)	.461(**)	.610(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

Findings:

It is seen that there is a very strong correlation between all the three dimensions of the empowerment. The correlation has been found to bet significant at the 0.01 level. This proves our alternative hypothesis.

4.13: Research objective 11:

One of the research question raised in the study was to find out the impact of few independent factors on empowerment level of programme participants. Regression analysis was used to see the impact of independent factors on the total empowerment. Independent factors which were identified for measuring impact on empowerment are as follows:

1. Period of association with the organization
2. Number of times loan is taken
3. Total loan amount taken by the participant
4. Difference in income 'before' and 'after' joining microfinance programme
5. Difference in savings 'before' and 'after' joining microfinance programme
6. Difference in value of economic assets 'before' and 'after' joining programme
7. Level of 'agency' (access to capacity building and awareness building)

Specific hypotheses to be tested are as follows:

H11: Finding out the impact of the independent factors mentioned above on the total empowerment level of the programme participants

H11.1: Finding out the impact of period of association of the programme participants with the programme and their total empowerment level

H_{01} The period of association of the programme participants with the programme has no impact on their total empowerment level.

H_{11} The period of association of the programme participants with the programme has positive impact on their total empowerment level.

H11.2: Finding out the impact of number of times loan taken by the programme participants and their total empowerment level

H_{02}The number of times loan taken by the programme participants has no impact on their total empowerment level.

H_{12} The number of times loan taken by the programme participants has positive impact on their total empowerment level.

H11.3: Finding out the impact of total loan amount taken by the programme participants and their total empowerment level

H_{03}The total loan amount taken by the programme participants has no impact on their total empowerment level.

H_{13} The total loan amount taken by the programme participants has positive impact on their total empowerment level.

H11.4: Finding out the impact of difference in income 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{04}The difference in income 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{14} The difference in income 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

H11.5: Finding out the impact of difference in savings 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{05}The difference in savings 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{15} The difference in savings 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

H11.6: Finding out the impact of difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{06}The difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{16} The difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

H11.7: Finding out the impact level of 'agency' of the programme participants and their total empowerment level

H_{07}The level of 'agency' of programme participants has no impact on their total empowerment level.

H_{17} The level of 'agency' of the programme participants has positive impact on their total empowerment level.

Table 4.13.1:

Regression analysis of total empowerment:

Sr.No	Independent factors	B	Beta	Sig
	Constant	1.528		.000
1	Years of association	.016	.120	.000
2	Number of times loan is taken	.011	.049	.192
3	Total loan amount taken by participant	.000	.074	.042
4	Difference in income 'before' and 'after' joining programme	.000	.090	.000
5	Difference in savings 'before' and 'after' joining programme	.001	.092	.000
6	Difference in economic assets 'before' and 'after' joining programme	.000	.022	.445
7	Level of agency	.543	.626	.000

Model Summary

Model	R	R Square	Adjusted R Square
1	.770(a)	.592	.588

Predictors: (Constant), agency, sav_diff, inc_diff, easset_diff, Years of association, Amount of loan (Rs), No of times loan taken from SHG

Table 4.13.2:

Acceptance and rejection of alternate hypotheses:

Sr.No	Independent factors	Sig level	Hypotheses accepted/rejected
1	Years of association	.000	Accepted
2	Number of times loan is taken	.192	Rejected
3	Total loan amount taken by participant	.042	Accepted
4	Difference in income 'before' and 'after' joining programme	.000	Accepted
5	Difference in savings 'before' and 'after' joining programme	.000	Accepted
6	Difference in economic assets 'before' and 'after' joining programme	.445	Rejected
7	Level of agency	.000	Accepted

Note: if P values < 0.05, reject the null hypotheses and if P values > 0.05, accept the null hypotheses.

Findings:

- Total empowerment = α +β1 (Years of association) +β2 (number of times loan is taken + β3 (total loan amount) + β4 (difference in income 'before' and 'after' joining programme) + β5 (difference in savings 'before' and 'after' joining programme) + β6 (difference in economic asset 'before' and 'after' joining programme) + β7 (Agency).
- Out of the seven independent variables identified to see their impact on total empowerment, five variables, namely years of association, total loan amount taken, difference in income 'before' and 'after', difference in savings 'before' and 'after' and agency are found out to be statistically significant.
- Total empowerment = 1.528 + 0.120 (years of association) + 0.074 (total loan amount) + 0.90 (difference in income 'before' and 'after' joining programme) + 0.092 (difference in savings 'before' and 'after' joining programme) + 0.62 (agency)
- It shows that total empowerment is influenced positively by all the independent factors selected in the equation. The empowerment would vary by 12 percent with increase in years of association, 7 percent with total loan amount, 9 percent with income difference, 9 percent with savings difference, and 62 percent with the level of agency.
- Agency or access to capacity building and awareness building is found to be most important variable having an impact on total empowerment.
- The adjusted R square value is 0.59 which is significant.

4.14: Research objective 12:

One of the objectives of the study was to find out the impact of exogenous factors such as social background, economic background, educational level, earning status, occupational status, membership position within the group and utilization of loan by the programme participants on their level of total empowerment.

These exogenous factors are as follows:

1. Social background of the participants
2. Economic background of the participants
3. Educational level of the participants
4. Earner or non-earner category of participants
5. Present occupation of the participants
6. Membership position of the participants within the group
7. Use of loan for consumption or production

Understanding the impact of these exogenous variables on the empowerment will help programme implementing organizations to develop appropriate programmes and products which may have higher empowering effect for the participants. The surveyed programme participants were classified in different groups such as per the social background, economic background, educational level, occupational category, etc to find out the mean difference in their empowerment level. ANOVA technique was used to test the statistical difference of means of the samples categorized in different ways to understand the impact of exogenous variables.

Specific hypotheses:

H12.1: Finding out the difference in the impact on empowerment level between the participants belonging to different social classes.

H_{01}The difference in social classes between the programme participants has no impact on their total empowerment level.

H_{11} The difference in social classes between the programme participants will have significant impact on their total empowerment level.

H12.2: Finding out the difference in the impact on empowerment level between the participants belonging to different economic classes.

H_{02}The difference in economic classes between the programme participants has no impact on their total empowerment level.

H_{12} The difference in economic classes between the programme participants will have significant impact on their total empowerment level.

H12.3: Finding out the difference in the impact on empowerment level between the participants belonging to different educational level

H_{03}The difference in education level between the programme participants has no impact on their total empowerment level.

H_{13} The difference in education level between the programme participants will have significant impact on their total empowerment level.

H12.4: Finding out the difference in the impact on empowerment level between the participants belonging to earning and non-earning categories.

H_{04}The difference in earning and non-earning category of the programme participants has no impact on their total empowerment level.

H_{14} The difference in earning and non-earning category of the programme participants will have significant impact on their total empowerment level.

H12.5: Finding out the difference in the impact on empowerment level between the participants belonging to different occupational categories.

H_{05}The difference in occupational categories between the programme participants has no impact on their total empowerment level.

H_{15} The difference in occupational categories between the programme participants will have significant impact on their total empowerment level.

H12.6: Finding out the difference in the impact on empowerment level between the participants belonging to different membership positions within the group.

H_{06}The difference in membership position of programme participants within the group has no impact on their total empowerment level.

H_{16} The difference in membership position of programme participants within the group will have significant impact on their total empowerment level.

H12.1: Finding out the difference in the impact on empowerment level between the participants belonging to different category of loan usage such as consumption and production.

H_{07}The difference in loan usage between consumption and production by programme participants has no impact on their total empowerment level.

H_{17} The difference in loan usage between consumption and production by the programme participants will have significant impact on their total empowerment level.

Table 4.14.1:

Level of total empowerment of the surveyed microfinance programme participants as per their social category:

Sr. No	Social category	Number	Mean	S. D.	Minimum	Maximum
1	Hindu high caste	231	3.71	.413	3.00	4.76
2	Hindu low caste	391	3.71	.385	3.00	4.56
3	Others	76	3.68	.395	3.00	4.58
4	Total	698	3.71	.395	3.00	4.76

Table 4.14.2:

Level of total empowerment of the surveyed microfinance programme participants as per their economic class:

Sr. No	Economic class	Number	Mean	S. D.	Min	Max
1	Up to Rs. 5,000	292	3.66	.372	3.00	4.58
2	Rs. 5001 to Rs. 10,000	318	3.74	.395	3.00	4.56
3	Rs. 10,001 and above	88	3.75	.456	3.00	4.76
4	Total	698	3.71	.395	3.00	4.76

Table 4.14.3:

Level of total empowerment of the surveyed microfinance programme participants as per their educational level:

Sr. No	Education level	Number	Mean	S. D.	Minimum	Maximum
1	Illiterate	211	3.75	.392	3.02	4.56
2	Up to 7th standard	241	3.70	.386	3.00	4.63
3	Up to 12 th standard	225	3.67	.401	3.00	4.76
4	Graduation and post-graduation	21	3.74	.446	3.05	4.54
	Total	698	3.71	.395	3.00	4.76

Table 4.14.4:

Level of total empowerment of the surveyed microfinance programme participants as per their earner and non-earner category:

Sr. No	Earner and non earner category	Number	Mean	S. D.	Min	Max
1	Non-earner	268	3.59	.364	3.00	4.63
2	Earner	430	3.78	.397	3.00	4.76
3	Total	698	3.71	.395	3.00	4.76

Table 4.14.5:

Level of total empowerment of the surveyed microfinance programme participants as per their occupational category:

Sr. No	Occupation	Number	Mean	S. D.	Min	Max
1	Homemakers	321	3.62	.370	3.00	4.63
2	Service	33	3.69	.460	3.00	4.54
3	Micro entrepreneurs/ Self-employed	285	3.85	.373	3.00	4.76
4	Others	59	3.51	.377	3.02	4.36
	Total	698	3.71	.395	3.00	4.76

Table 4.14.6:

Level of total empowerment of the surveyed microfinance programme participants as per their use of loan category:

Sr. No	Use of loan	Number	Mean	S. D.	Min	Max
1	Consumption use	541	3.67	.392	3.00	4.63
2	Production use	157	3.83	.382	3.13	4.76
3	Total	698	3.71	.395	3.00	4.76

Table 4.14.7:

Level of total empowerment of the surveyed microfinance programme participants as per their leadership position within the group:

Sr. No	Leadership status	Number	Mean	S. D.	Minimum	Maximum
1	Leaders	219	3.86	.368	3.05	4.76
2	Only members	479	3.64	.386	3.00	4.60
3	Total	698	3.71	.395	3.00	4.76

Table 4.14.8:

ANOVA table to determine statistical significance of differences in mean:

	Social category	Economic category	Education category	Earner category	Occupation category	Loan category	Member category
Between the groups and within the groups	Not significant	Significant	Not significant	Significant	Significant	Significant	Significant

Note: if P values < 0.05, reject the null hypotheses and if P values > 0.05, accept the null hypotheses.

Table 4.14.9:

Acceptance and rejection of hypotheses:

	Social category	Economic category	Education category	Earner category	Occupation category	Loan category	Membership category
Between the groups and within the groups	Null hypotheses accepted and alternative hypotheses rejected	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses accepted and alternative hypotheses rejected	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted	Null hypotheses rejected and alternative hypotheses accepted

Findings:

- The proportion of programme participants belonging to Hindu high caste is 34 percent and that of lower caste is 56 percent. The proportion of participants belonging to other religions is marginal. There is no significant difference in the level of total empowerment between the three main categories.
- The proportion of programme participants belonging to the economic class of earning monthly average up to Rs. 5,000 is 42 percent. The proportion of participants belonging to economic class of monthly earnings between Rs. 5,001 to Rs, 10,000 is 45 percent. The proportion of participants belonging to higher economic class of monthly earning above Rs. 10,000 is marginal. It can be seen that there is a significant difference between the first two economic classes and the average empowerment level has risen with higher economic class. The ANOVA test shows that the difference across the different groups is significant.
- The proportion of illiterate participants is nearly 30 percent. The proportion of participants having educated up to 7^{th} standard is 35 percent. Nearly 32 percent of participants have been educated up to 12^{th} standard. The proportion of participants having education up to graduation and post-graduation is very small. It is seen that there is no significant difference found in the different categories of educational level and their empowerment level. This result can be surprising as in most of the development models educational background of the participants plays an important role. One of the reason can be that the empowerment level of participants of Stree Mukti Sanghatana (SMS) highest where the proportion of illiterate participants is very high.
- The proportion of earning members in the total number of programme participants is nearly 38 percent. The average level of total empowerment of earners is significantly

higher (3.78) as compared to non-earners (3.59). The difference across the two groups is statistically significant (P<.05).

- The proportion of homemakers in the total number of participants is maximum (46 %) followed by micro entrepreneurs and self-employed (40 %). It is seen that the total empowerment level of micro entrepreneurs is significantly higher than that of other occupational groups. The difference across the groups is statistically significant (P<.05).
- Nearly 77 percent of the programme participants have used loans for consumption purposes to satisfy their needs related to illness, marriage, housing and education. Only 33 percent of the participants have used loans for setting up or expanding the business i.e. as productive loans. It can be seen that the total empowerment level of participants using loans productively is significantly higher (3.83) than that of loans for consumption purposes (3.67). The difference across the two categories of loan takers is statistically significant.
- The proportion of leaders who are working in the position of chairperson, treasurer or secretary within the group is nearly 31 percent. The rest of the surveyed participants are participating in the capacity of ordinary members of the group. It is the responsibility of the leaders to look after the financial accounts, inform all members about the meetings and the programmes, interact with the banks and implementing organizations, etc. It is thus possible that the leaders have higher opportunity to build their capabilities and benefit from the programme. It is seen that the level of total empowerment of leaders is significantly higher (3.86) than that of non-leaders or ordinary members (3.64). The difference across the two groups is statistically significant.

It can be concluded that while social class and the level of education do not significantly influence the level of empowerment of the programme participants, economic class, earner status, occupational status, usage of loan, membership status significantly influence the empowerment level of the participants.

4.15: Summary:

- The data analysis of 698 surveyed microfinance programme participants has been classified in descriptive and inferential statistics
- The data reveals that these organizations are reaching different segments of the lower and lower middle class of urban India. The demographic features of the surveyed participants of four organizations show that there is a significant difference between these four groups of participants. The programme participants of the Forbes Marshall Co. Ltd are relatively better off in terms of socio-economic status and educational qualifications whereas the profile of the Stree Mukti Sanghatana programme participants is lowest in terms of social and educational status.
- The data analysis related the reasons for joining the microfinance programme bring into focus three major points namely access to savings, loans available for lower rates of interest (in comparison with the loans taken from private sources) and economic independence.
- The analysis of the data revealed that the use of loan taken from private sources and that of taken from the microfinance programme is different. Though the amount of loan taken from microfinance programme is smaller than that taken from private sources, it is used for more productive purposes such as education of the children and setting up or expansion of business.

- The frequency distribution of the individual variables of economic, self- and socio-political empowerment showed that reduction in vulnerability, reduction in dependence on private sources of money, increase in self confidence, increase in status within household and neighbouhood, higher mobility and higher awareness about gender and social issues are most important variables affecting empowerment.
- After doing reliability and validity analysis of four different scales (economic empowerment, self-empowerment, socio-political empowerment and agency), six variables for assessing economic empowerment, fourteen variables for assessing self-empowerment, four variables for assessing socio political empowerment and nine variables for assessing the impact of agency were shortlisted and finalized.
- The actual impact of the microfinance programme on increase in savings, incomes and assets was assessed by using paired sample T-test which showed a significant difference in these factors before and after joining the programme.
- The overall total level of empowerment was taken as summation of economic, self- and socio-political empowerment. The data analysis revealed that the overall impact on empowerment of the participants has been positive in all the four organizations. The data revealed that all the three levels of empowerment differ significantly with self-empowerment showing the maximum impact and socio-political empowerment showing the least impact. It also showed that the level of empowerment varied across the four organizations.
- The co-relation between three different types or dimensions of empowerment was found to be highly significant.
- The regression analysis used to find out the impact of independent variables on empowerment identified agency level(capacity building of the participants), amount of loan, income difference and savings difference 'before' and 'after' joining the

programme and years of association of the participants with the programme as significant variable impacting empowerment positively. Agency was found to be the most impactful variable.

- Lastly, it was found that empowerment is also influenced by certain exogenous factors such as socio-economic and educational background, use of loan by the participant, position of participant within the group, etc. It was found that it is positively related to productive use of loan, participants being micro entrepreneurs, or earners, participants belonging to higher family income group and participants taking leadership positions in the group. The data revealed that there is no significant relationship between empowerment level and social class or educational level of the participants.

Chart 3:

Classification of surveyed programme participants as per the categories of educational qualifications (in percentage):

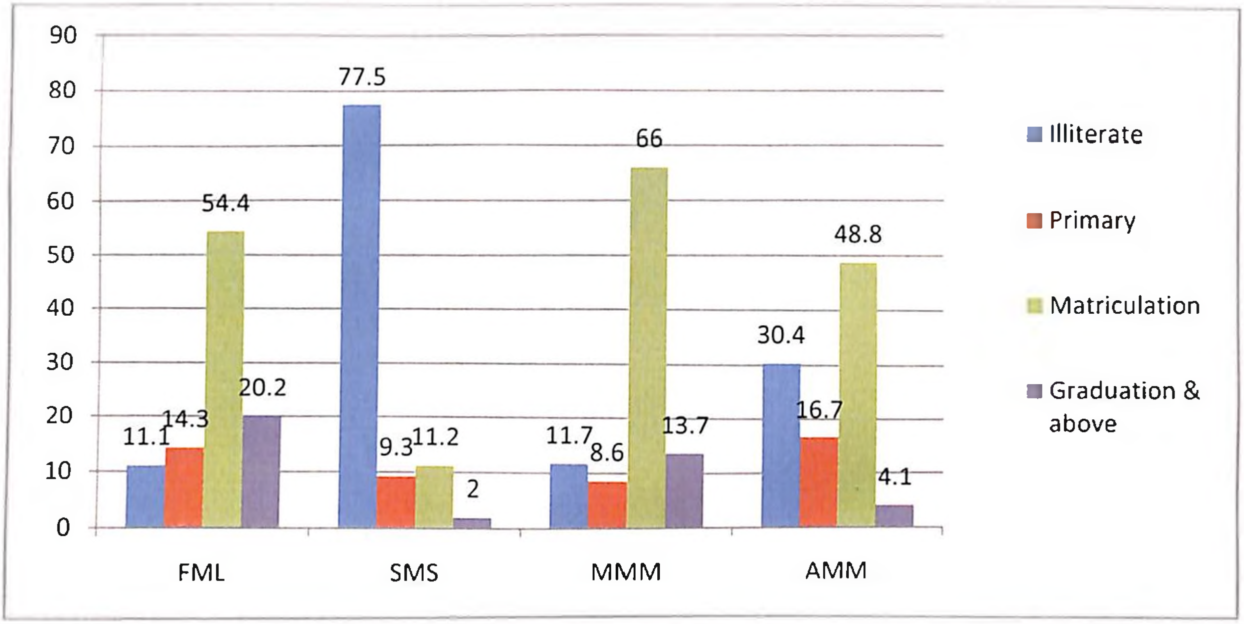


Chart 4:

Classification of surveyed programme participants as per the categories of social status (in percentage):

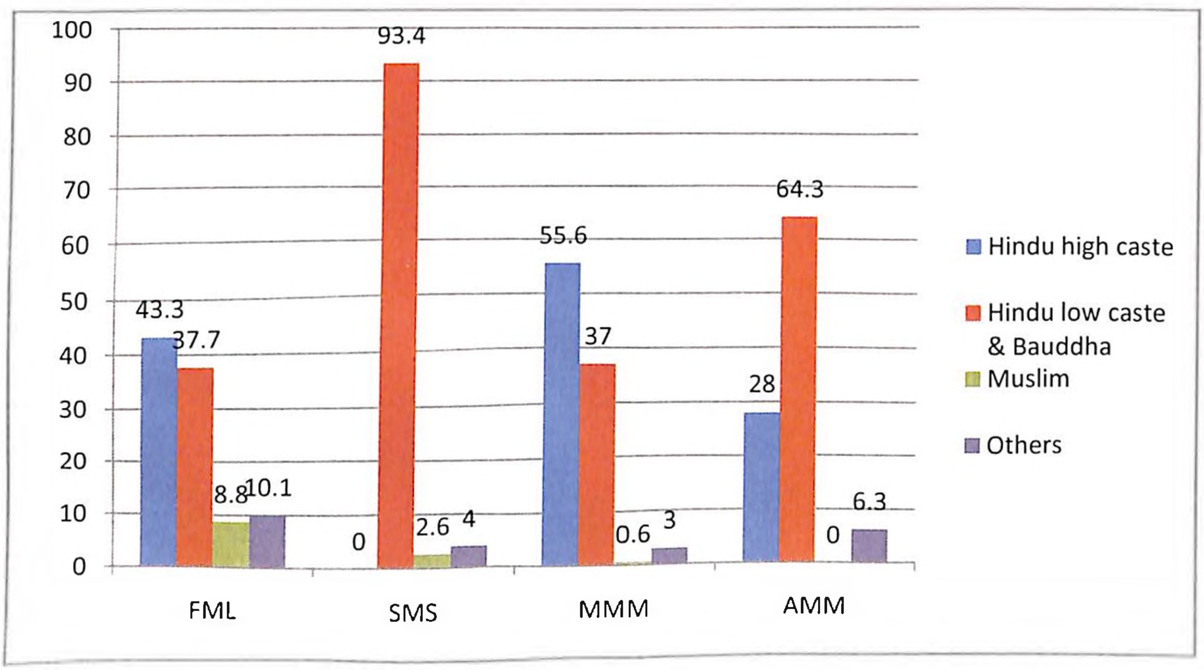


Chart 7:

Utilization of loan taken by surveyed microfinance participants from private sources (in percentage):

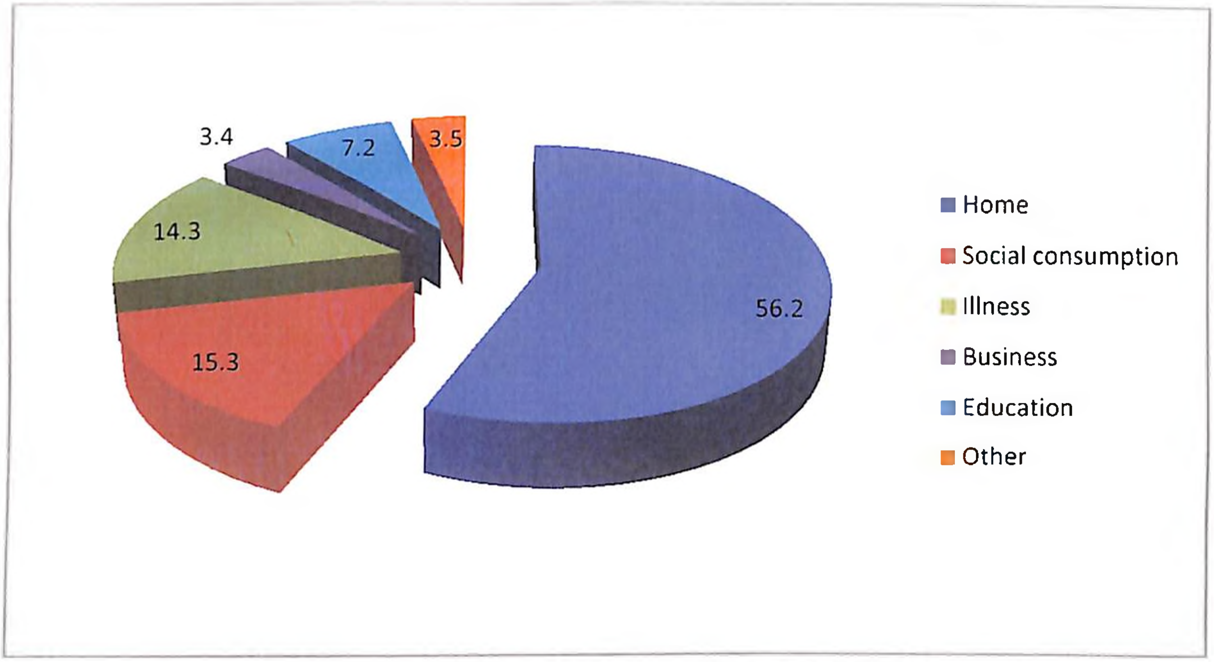


Chart 8:

Utilization of loan taken by the surveyed programme participants from the microfinance programme (in percentage):

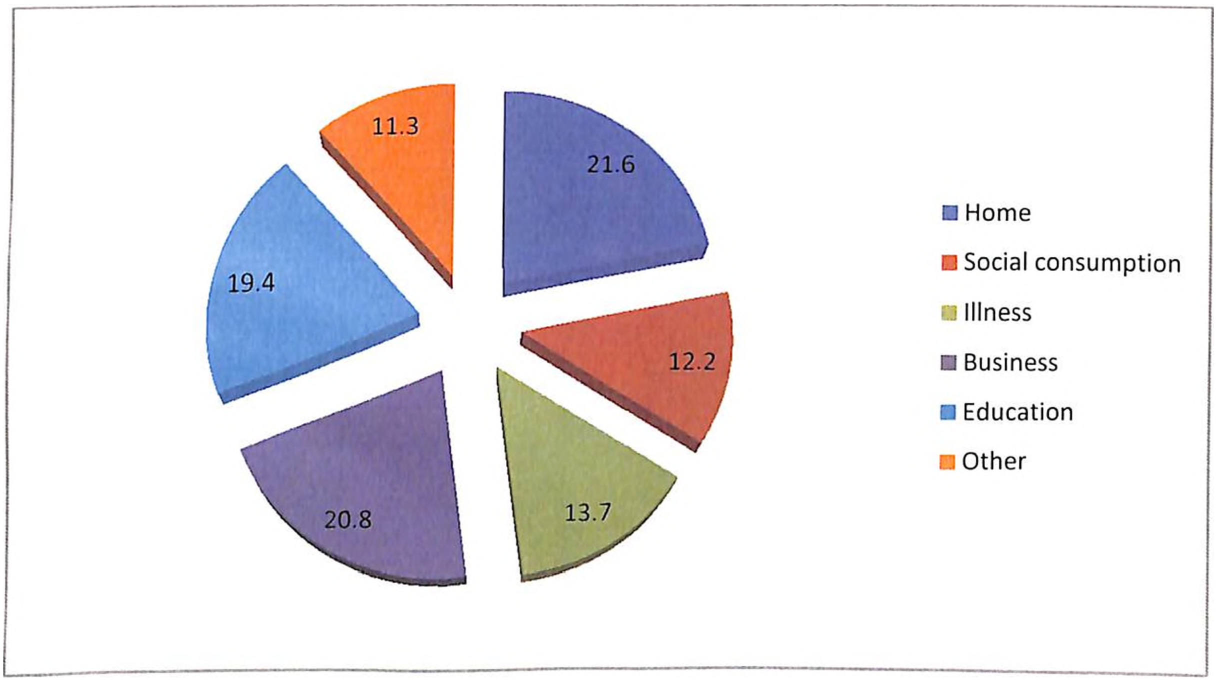


Chart 5:

Classification of surveyed programme participants as per the categories of monthly earnings (in percentage):

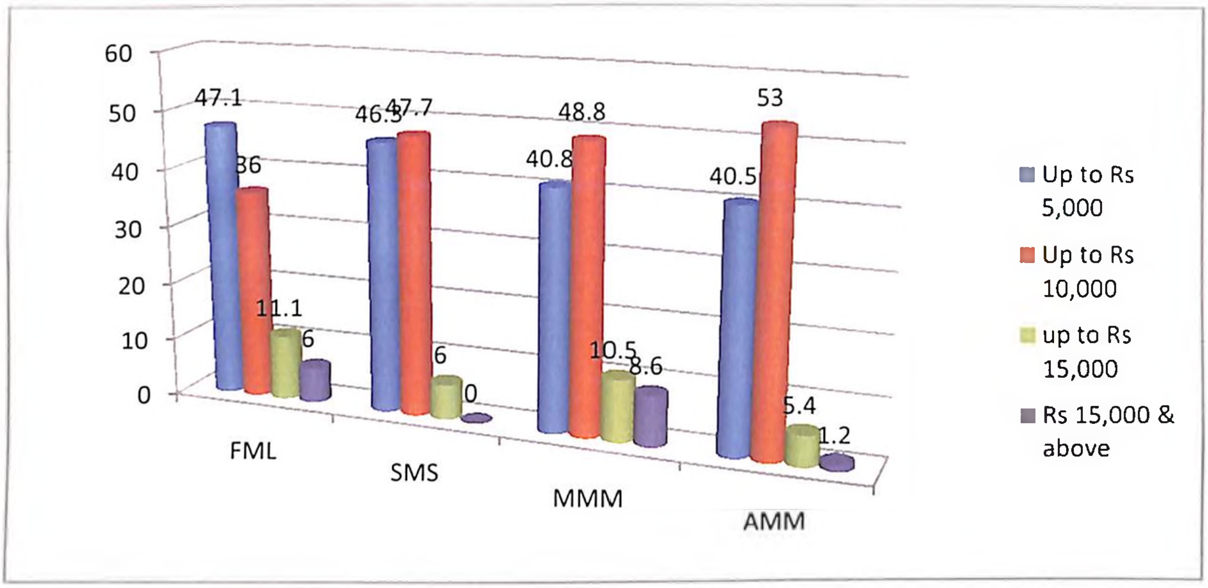


Chart 6:

Classification of surveyed programme participants as per their occupational categories (in percentage):

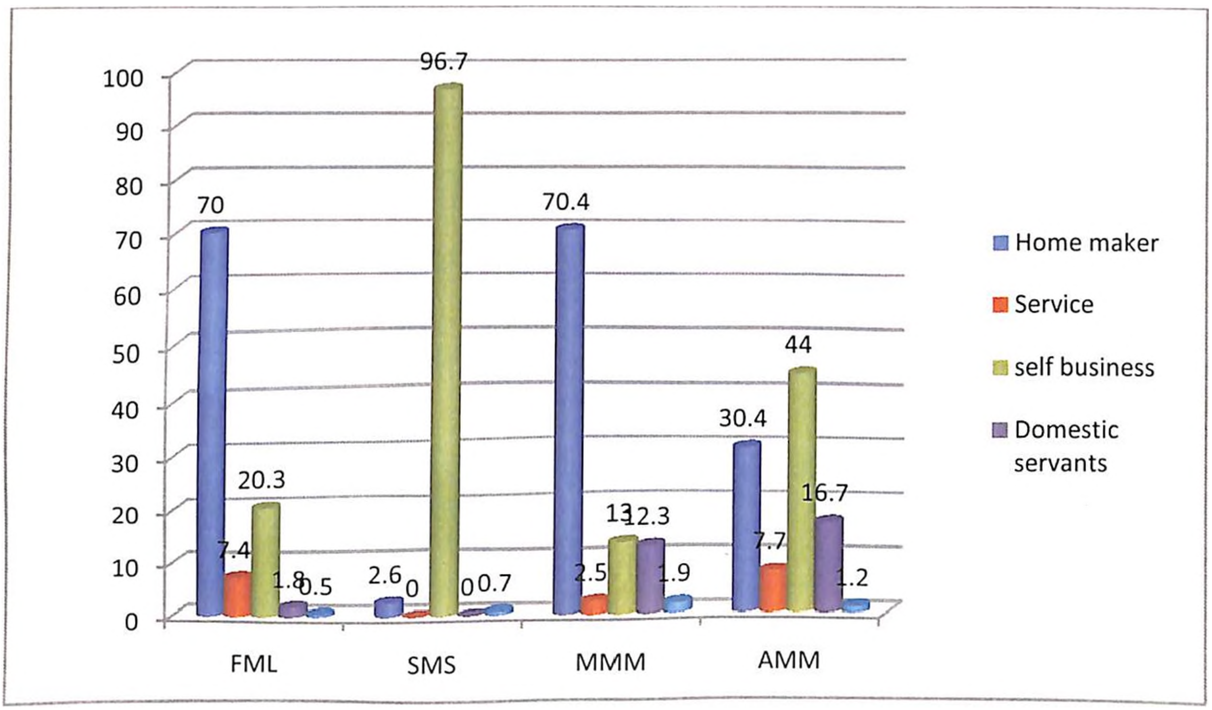


Chart 9

Level of economic, self- and socio-political empowerment of the surveyed microfinance participants as per years of association category:

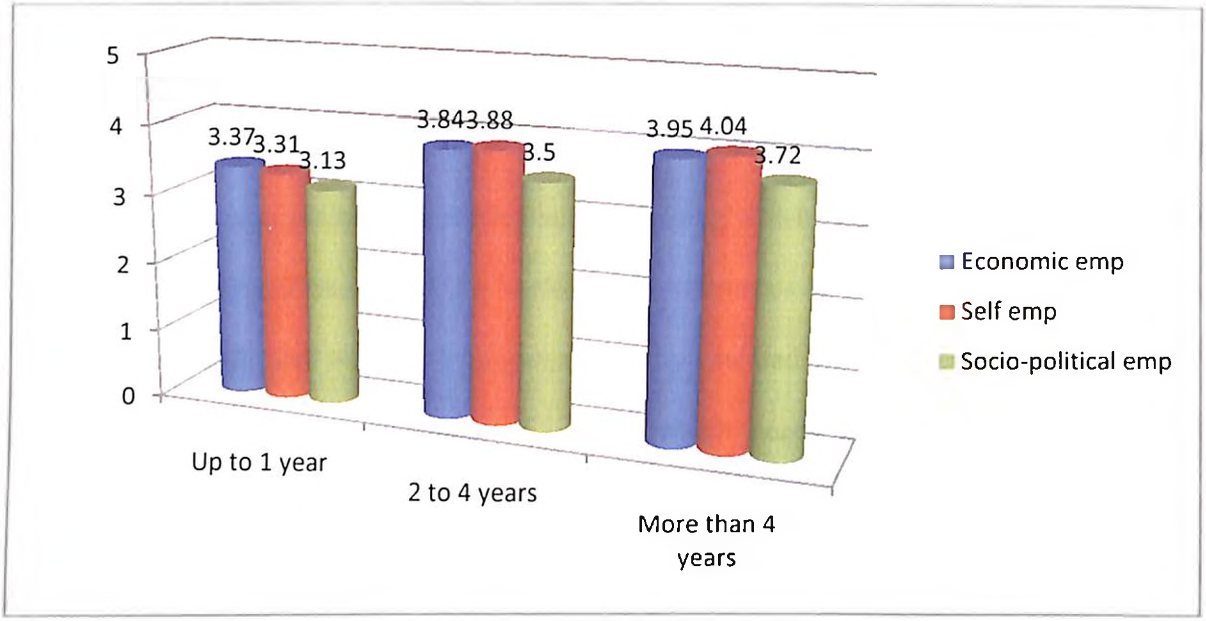
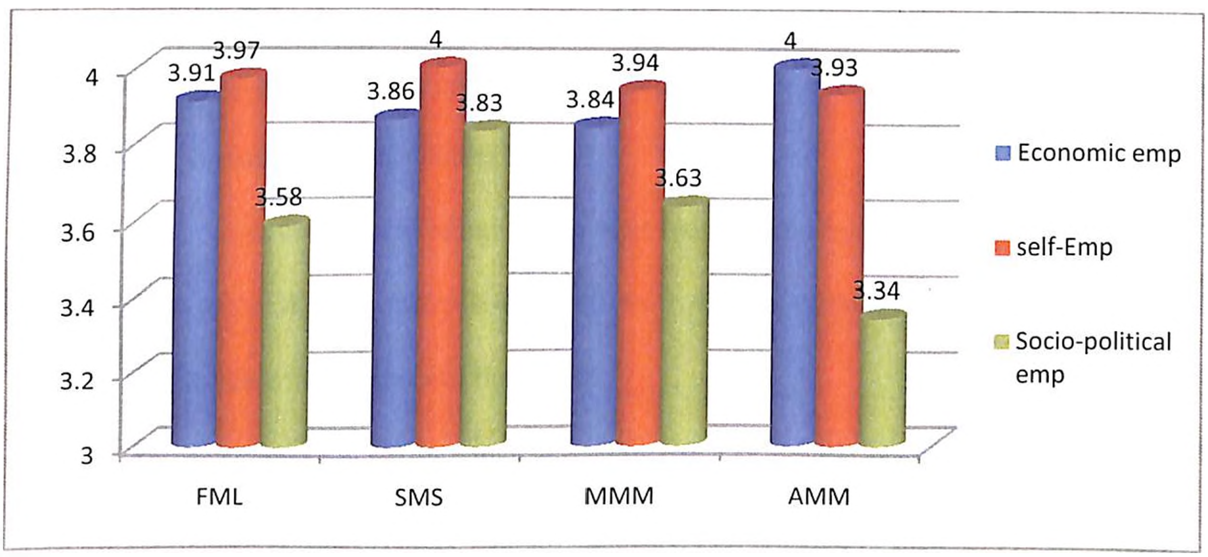


Chart 10:

Level of economic, self- and socio-political empowerment of the surveyed microfinance participants of the four organizations:



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Chapter V

Focus Group Discussions

5.1: Introduction:

A basic thing to be understood about empowerment is that it cannot be bestowed by somebody. It is a process of consciousness-raising and awakening which is self-realized by the people who become empowered and its nature varies with differences in socio-economic context. As a result, the credit and non-credit programmes implemented by the organizations may have a different impact on empowerment of women which needs to be understood in their own expressions and thought processes. In view of this, most researchers have used a combination of quantitative tools such as survey as well as qualitative tools such as focus group discussions, participatory research, etc. Discussion of focus groups of the programme participants were held with following objectives:

- To understand how empowerment is perceived by the participants
- To understand the various layers of empowerment from participant's own experiences and perceptions
- To get a more comprehensive idea about the socio-economic problems faced by the participants at the community level
- To achieve an understanding of the vital issues faced by the participants and to see to what extent they are addressed through microfinance programmes.
- To validate the findings of the survey
- To understand the expectations and aspirations of the participants from the programme to guide the future growth of the programme

5.2: Methodology followed to conduct focus group discussion:

In all, around thirty focus group discussions were held. These were conducted mainly in monthly SHG/JLG meetings in an informal manner. The following questions were raised and discussed in these focus group discussions.

- What were the main reasons for joining the microfinance programme?
- How many participants had previously raised loans from the informal sector? For which purpose? What has been their experience?
- How many participants have taken loan from the programmes? How have they used their loans? What are the comparative advantages or disadvantages of the loans taken from private sources and from the programme? What proportion of loans were used to set up or expand small businesses or for education of children?
- In which capacity-building programmes run by the organization did the participants participate? How did they benefit from these programmes?
- How many meetings are held per month? How regularly do participants attend them? What issues, subjects are generally discussed during these meetings?
- As per the perception of the participants, what are the major changes which microfinance programmes have brought about in their lives, in their personality, in their families as well as in the community?
- What kind of changes do the participants want to suggest in the existing programmes for better results? What are the common issues faced by the participants and how can microfinance programmes help them tackle?

5.3: Outcomes of the discussions:

The outcomes of the discussions of all the focus groups together are compiled for all the four organizations as there is lot of commonality between them. In case of a significant difference, the specific point related to that organization is mentioned separately.

5.3.1: The reasons for joining the microfinance programme:

- The major reason for joining the microfinance programme as given by many participants is having an access to savings. Most of the participants stated that even though some may have savings accounts, it is very rare that the can save per month voluntarily from a stringent family budget.
- The second important reason for joining the programme is get access to emergency loans in case of a crisis such as illness, paying admission of the children to school/college, etc. Many participants stated that formal loans are most of the time not available on time and when needed they are not available easily. At the same time, private loans though available easily and on time, come with an exorbitant rate of interest. Taking a loan from one's own group is considered as an ideal solution to compensate for the difference in bridge the gaps between monthly incomes and expenditure.
- Besides these two reasons, many other reasons such as getting to know more people, participating in programmes, opportunity to go out and meet new people, etc are found important by the participants.

5.3.2: Loans taken from private sources and their utilization:

- It was seen that at least thirty five percent of the participants had raised loans from private sources like moneylenders, pawnbrokers, jewelers, traders, etc. Most of the participants agree that before joining the programme, there was no alternative to these sources for getting loans immediately.
- The rate of interest charged by private sources ranges from a minimum of 3 percent per month to 12 percent per month. The modal value is around 8 to 10 percent per month.
- The main advantages of taking loans from private sources are that they are immediately available, meet the personal requirement and are easily available. The amount of loan available from private sources is also higher as compared to the amount available from the programme. The main disadvantages of loans from a private source is a high rate of interest, loss of property or asset in case of default in repayment of loan and high mental pressure of repayment.
- The loans taken from private sources are mainly used for buying or improving/ extending houses, paying deposits, paying for hospitalization and treating illness as well as for marriages and other functions. As against this, loans taken from the programmes are mainly used for education of children, treating illness, starting or expanding business as well as for repayment of loans taken from private sources.
- The participants feel that the loans available from microfinance programmes have helped them reduce the dependence on moneylenders and have also given them psychological comfort. They have a better control over the use of the loan when taken from the microfinance programme as against loans taken from private sources. At the same time, they also feel that microfinance does not totally reduce their dependence on private

sources as it does not provide a large amount of loans if required for various reasons such as the marriage of a daughter, building a house, etc. It only helps meet short term requirements but cannot replace private sources. As per the opinion of one of the participant, the microfinance programme is more suitable for those who do not have any gold for mortgaging to the private sources.

- In a very few cases it was found that due to the growing strength of microfinance even private moneylenders have reduced their rate of interest from 10 percent per month to 6 percent per month.

5.3.3: Capacity building programmes:

Capacity building programmes of the four organizations are vastly different from each other and are more specific to the organization's goals and objectives, socio-economic profile of the participants and the requirements of the participants.

- Forbes Marshall Co. Ltd (FML) through its Department of Social Initiative has given more importance to overall self-development of the programme participants. In the last three years the organization has conducted varied training programmes related to health awareness such as cancer awareness and check up, nutrition, diet, sanitation and hygiene, aids prevention and check up, etc. Besides health awareness, it has organized a number of workshops on domestic violence, vocational skills, setting up a small-scale business, etc. It has also conducted number of programmes for the younger generation of the participants such as career opportunities, sex education, etc. One of the unique features of FML is that it organizes exposure visits of area leaders and loan officers to various places across India such as SEWA, Ahmedabad, DHAN Foundation, Madurai, etc so as to build awareness about other organizations and their work. Most of the programme participants perceive that they benefit substantially from these programmes. Health awareness programmes helped them change their daily diet habits and look after themselves more positively and consciously. Pre and post health awareness prgrammes show that the hemoglobin count of many members increased substantially. Most of the members of this organization are housewives. With various other capacity building programmes such as training in vocational skills, business skills, etc. their aspirations have started rising and now many of them have begun to show an interest in starting their own business and enhancing their economic independence and providing financial support to the family. Participants showed a great deal of enthusiasm in talking about their opportunity to visit other organizations on exposure trips. Going to other places and meeting new people and seeing new places without any support and monitoring of the spouses and elderly family member was an entirely new experience for most of them. These exposure trips not only opened their eyes to the outside world but also allowed them to enjoy full freedom and be with themselves.

- Stree Mukti Sanghatana (SMS) has been organizing a number of capacity building programmes for their participants who are mainly women rag pickers. These programmes chiefly consist of awareness building related to sanitation, nutritious food intake, children's education, literacy campaigns, communication skills, development of cooperative spirit and business skills. Many of the participants have participated in these programmes. Most of them revealed that it was their first exposure to any access to information and knowledge. They not only personally benefitted from these programmes, but it also helped them to manage their families and look after their children in a better way. Most of them do not want their next generation to work as rag pickers and are willing to provide a better future to them through this awareness building programmes. Most of the participants do not keep good health for various reasons including occupational hazards (being continuously working in garbage), addictions, lack of nutritious food and overall lack of awareness about health and sanitation. These capacity building programmes of the organizations are slowly bringing about a change in the attitude. Participants belonging to older groups mentioned that the organization has helped them in learning various small but essential things required to bring about desirable changes in daily lives such as making signing their names on paper, learning to read numbers, talking to officials and government employees without hesitation, going to police stations and getting their complaint registered in case of unlawful treatment received by somebody, etc. Many participants stated that they even feared getting into a bus and asking people where the bus would take them. Due to a very low self-image, they would never dress properly or mingle with other people in society. Capacity building programmes helped them understand the importance of school education, nutritious diet, home-made food, a girl's education, etc and enhanced their role within the family. Participation in collective action to get ration cards, caste certificates, group life insurance has helped consciousness raising of the members related to gender issues as well as social issues. SMS also undertakes a number of programmes related to development of business skills. It has identified a number of businesses which the rag pickers can start with their knowledge and experience in rag picking. It provides training in manure making, gardening, segregation of dry and wet garbage and reselling it at better prices, running cooperative shops, catering, etc. Many of the participants have taken this training though very few have actually started the business on their own. SMS has also tried to link this training programme with MMRDA' development programmmes.

- Maharashtra Mahila Mandal (MMM) is one of the organizations which is more interested in encouraging collective action of women to improve their own conditions. Thus, most of the capacity building programmes are focused on building awareness of its members about certain common issues such as getting ration cards, fighting against inflation, getting supplies from fair prices shops, getting fair wages and other benefits for domestic maids, social cohesion, legal rights of women, etc. and organizing women to raise their voice to pursue these issues. It uses the platform of monthly meetings to discuss these issues. At the same time, it also conducts a number of occasional meetings and rallies to promote these activities. Most of the participants revealed that they had participated in least one of these programmes and it had helped them to gain more knowledge and more confidence. Along with this, MMM also conducts some specific training programmes for selected members in other areas such as training of para-medical support, social work, etc.

- Annapurna Mahila Mandal (AMM) uses monthly meetings for development of capacity of its members. It has focused more on development of health awareness, providing group medical health insurance to its members and running it actively with their own participation, building awareness about socio-political events in society and development of financial literacy amongst them. In every meeting certain claims related to medical bills of the members are discussed openly and the decision related to these is taken by consensus of the entire group. The branch officers and the area officers use this opportunity to build awareness about various health-related and other issues. All the meetings start with some readings and speeches from the chairperson related to various issues relevant to their lives. The participants revealed that they have benefitted from group medical insurance. AMM also encourages their members to educate their girl children. Many participants have taken loans for the education of their girl children and state that but for this intervention their education would not have been continued. AMM has also established crèches for the small children of their members at various locations which is a unique service provided in this sector.

- Cultural and social programmes play a very important role in capacity building and building social cohesion amongst the members. All the four organizations conduct joint monthly meetings of nearby SHGs which are attended by branch officers, area leaders as well as one of the promoters. Most of the monthly meetings of AMM and MMM start with some inspirational songs followed by discussion of some specific topic of general awareness. Varied topics such as local issues, gender issues, political and social issues are discussed at this meeting. Local level SHG meetings are generally conducted by area officers or loan officers where the issues discussed in joint meetings are discussed and local issues are also taken up. Many SHGs organize local functions such as 'haldikunku' ceremony or festival celebrations as one of the social functions. They also invite SHG members of other groups in nearby areas. Most of the participants revealed that these occasions improve their group identity and give them an opportunity to mix with each other. Organizations like MMM and SMS are also using public festivals like Ganeshotsav and Deewali for approaching the public at large by performing street plays related to social issues such as gender bias, prejudices, etc and building social awareness. Few of the active SHG members have also participated in these plays and it has helped them build their self confidence and leadership spirit.

5.3.4: Major changes which microfinance programmes have brought about in the lives of the participants:

5.3.4.1: Economic empowerment:

- Perceptions of economic empowerment of the participants are varied. Compulsory and regular savings of a small amount every month with the SHG/JLG is seen as a very important resource by many participants. The participants stated that even though they or their husbands had savings accounts with commercial banks even before, it was very difficult to make regular savings due to obvious economic reasons. Many participants also revealed that initially they had joined the SHG/JLG for this reason without informing their husbands.
- Having access to credit especially in case of crisis is considered valuable by many participants. An SHG/JLG can help get money available within twelve hours when it is urgently required for purposes such as hospitalization, sending money to the native

village, paying for tuitions of the children, etc. This personalized and quick decision-making has helped many participants deal with financial emergencies.

- Along with the access to credit and savings, the microfinance programme has helped participants to achieve economic literacy. All the regular functions of the SHG/ JLG such as the monthly collection of savings, disbursements of loans, distribution of interest, repayment of loans, etc are conducted by SHG/JLG members and all the participants are expected to know these transactions, monitor them and decide collectively about the use of the collective funds. Along with that, after six months of successful running of the group, the SHG is linked to the bank where it has to open an account with the bank and conduct advanced transactions. Many participants state that entire learning process has been empowering and going to the bank, talking to the branch manager, understanding financial transactions has been a rewarding experience.
- Very few participants have used credit to buy economic/productive or household assets. Buying an asset such as a television for the family set or a sewing machine for the business has helped women raise their own status within the family.
- Many participants experienced economic independence after joining SHG/JLG. Having control over their own savings, using their own money to help in family matters, having the security of the knowledge that money would be available if required urgently are considered to be valuable by the participants.
- It is been stated by many participants that their dependence on private financial institutions such as money lenders has been significantly reduced after joining the SHG/JLG. Many participants used loans taken from the SHG to repay loans taken at a much higher interest rate from private sources. At the same time, they argue that their

dependence on private sources has not been completely removed as the amount received from the SHG/JLG is limited in comparison with the amount which can be obtained from private sources. Thus though the SHG/JLG helps women to overcome vulnerability by providing for small and urgent needs, it does not solve the problem of raising large finances required for buying a house, for a marriage, etc.

- Getting a group identity has also helped many participants (women rag pickers from SMS) improve their economic status. Many participants candidly said that getting an identity card from the organization was one of the best advantages of the programme as it helped them in dealing with the authorities and housing societies and getting better remuneration.

5.3.4.2: Self-empowerment:

- One of the major changes seen in the participants is a substantial rise in self-confidence and self-esteem. Earlier, many of them were afraid to talk openly about any issue even in their own homes. Regular monthly meetings of the SHG/JLG have helped them overcome this fear. These meetings also helped them become aware of the various issues surrounding their lives and the various ways to overcome them. Vertical interaction with higher level officers, branch managers, interaction with other SHGs has also helped them gain confidence. Many women declared that going to the bank and talking to a branch officer without fear was an unforgettable experience for them.
- Along with self-confidence, leadership development is another major change seen in participants. Many a participant, for the first time in her life, got the opportunity to

become a leader in the capacity of SHG chairman, treasurer or secretary. Some of them have been performing these roles continuously since the formation of the SHG. This has given them a different kind of exposure in terms of organizing members, collecting and distributing money, monitoring transactions and use of loans, etc. At the same time they also have to interact with the implementing organization, loan officers, area managers, banks and insurance companies, etc. They have functioned as the link between the organization and the participants for the conduct of any of the programmes.

- The role of women within households changed (or is changing) very gradually. Initially, the women's frequent going out to attend SHG meetings was not appreciated and in some cases was looked upon suspiciously. Slowly, women started taking bigger roles in the family and started helping out in family matters such as getting a ration card, meeting an urgent financial need, finding a better school for children, etc. This helped them to gain confidence and support of the family members especially of their husbands. Many participants with a longer period of association with the organizations proudly say that there is a significant change in the attitude and the behavior of their spouses and they now actively support their participation in these activities outside the home. Some participants also said that while they are busy attending the meetings, their husbands do not mind cooking for the family.
- The question of domestic violence has been discussed and studied by many researchers. A sensitive issue like this one is very difficult to address in an open discussion. Most of the participants denied having experienced such ill treatment by their in-laws or husbands. In some cases, especially in case of domestic workers

(Maharashtra Mahila Parishad) and women rag pickers (Stree Mukti Sanghatana) the problem of domestic violence was openly recognized specifically by elder participants. The participants stated that the collective force of the SHG has substantially reduced the intensity and regularity of domestic violence. One of the participants expressed this change by stating that now her husband says that they have Indira Gandhi's regime in their house implying that women are gaining greater negotiating and controlling power at home.

- Physical and social mobility of participants has also been facilitated by microfinance programmes. In a patriarchal system, where women's public space and social mobility is highly restricted and her personal growth is given no importance, getting an opportunity to go out of house, mingle with other women, discuss various issues and learn new things is something women look forward to. This is especially true in the case of homemakers whose mobility more than that of anybody elase is restricted to their own household duties.
- Many participants consider an increase in the number of social acquaintances (making new friends) as one of the advantages of the programme. Earlier, their social world was limited to family, neighbours and relatives (in case of homemakers) and additionally people at workplaces and customers (in case of employees and self-employed participant). Participation in microfinance programme gave them an opportunity to meet new people and increase their social circle.
- Many participants believe that before joining the programme, their lives were bound within a small circumference of domesticity where it was not required from them to know more about the outer world. After joining the programmes they became aware

about various issues gender and social issues and other macro level issues and began to understand slowly the socio-economic and cultural construct of society and their position in it. Many participants perceive that this understanding not only helped them in increasing their awareness about themselves but also enhanced their sensitivity towards other social problems.

- After joining the programmes, many participants understood the value of mutual benefit and trust. A sense of equality, solidarity and affinity for each other began to increase. Many participants found a sense of achievement and fulfillment in helping other members of the group.
- One major difference seen in participants from Stree Mukti Sanghatana (SMS) is the change in their attire and the care taken to dress well after they started attending monthly meetings. Earlier as rag pickers the participants never bothered about personal cleanliness and dressing up.
- Many women participants (specifically women rag pickers from SMS) mentioned that their ignorance in the area of etiquette and social awareness has been reduced significantly. It has brought about a change in the way they greet and communicate with other people. It has also enhanced their thinking and analytical abilities.
- The promotion of girls' education has been one of the positive outcomes of the programmes. All the organizations selected for the study encourage participants to educate their girl children. As a result, in many groups and communities (especially in women rag pickers) the girls are getting an opportunity to study beyond the seventh standard.

- Many participants stated that after joining the programme they have shed their earlier timid and shy nature and have started speaking boldly and freely. Most of the homemakers stated that, earlier, they could not give their opinion about happenings in the external world. Women rag pickers of SMS stated that they were frequently subjected to verbal abuse from various people such as policemen, residents of housing societies, municipal employees, etc. They never had the courage to speak assertively. Domestic maids of MMM organization stated that they could not negotiate for better terms and conditions with their employers. The frequent interactions of these participants with area leaders, branch managers, programme officers made them more aware about their legal and family rights and that helped them to make more vocal and assertive.

5.3.4.3: Social and political empowerment:

- One of the major changes perceived by participants in the socio-economic sphere is that when someone is associated with an organization, they get a formal recognition and it helps in improving their social status. Women rag pickers from Stree Mukti Sanghatana, had never been organized. They had been working in isolation before they joined the organization. When they joined the organization, they became aware about their legal rights and the regulations that applied to them. They also received an identity card which helped to reduce the level of exploitation that they had experienced previously at various levels and also helped them to get access to collect garbage from formal organizations and housing colonies which they had been denied before.

- The level of social and political empowerment has been limited to consciousness-raising and building awareness about gender and social issues in the environment of the participants. Gradually, participants are becoming aware of various issues which can be addressed through collective action. Of these four organizations, Maharashtra Mahila Mandal is the one which is consciously using the SHG platform to build this awareness. Through numerous programmes, such as demonstrations for getting ration cards, for education reforms, for raising wages for domestic servants and against inflation, etc. it is promoting collective action and helping to improve the bargaining position of women in society. Stree Mukti Sanghatana is another organization which is building awareness amongst women rag pickers by conducting legal awareness programmes and linking its activities to various government programmes such as Pantapradhan Jawahar Rojgar Yojana for the economic empowerment of participants.
- Evidence that using collective power actually brings about desirable changes is limited. In few cases, SHG members successfully brought the water pipeline to their locality (Mumbra, Navi Mumbai). The participants at Koparkhairane argued successfully with the authorities to get supply of good quality of food in fair price ration shops and to have it distributed properly. In a few localities participants have succeeded in removing unauthorized liquor shops by pressurizing local bodies (Kasarwadi, Pune). In a few other places women have succeeded in getting a proper sewage system constructed for their locality.
- The participants are slowly beginning to play a more active role in the elections. Though the overall awareness about the entire electoral process and the role of the common citizen in bringing about the desirable change has been increasing, very few participants

have stood for election in local elections. Yet slowly, SHGs are emerging as a force of collective voters and this has not escaped the attention of politicians.

5.3.5: Suggested changes in the structure of existing programmes:

The participants were asked to suggest changes in the various processes and systems such as conduct of monthly meetings, regularity and frequency of meetings, matters discussed in these meetings, loan disbursement procedure, grievance redressal mechanism, selection procedure of leaders, etc. Being asked for suggestions to bring out any changes in the programme itself was a new idea for many programme participants. Many of them stated that they were happy with the existing programme and they did not have any suggestions for change. After probing further, a few suggestions came forth. These are as follows:

- The most common problem faced by all the SHGs and groups is that many of the members are not punctual and regular in payments and in attending the meetings. As per the principle of the group, many decisions such as disbursement of loan, insurance claims, distribution of interest, etc are taken by consensus for which the presence of a majority of the members is required. Many times, claims from SHG of loans and insurance of larger amounts are not approved by Federation or the Bank on account of lapse or default in payment by some members. Some members suggested that there should be a proper grievance solving redressal to solve these routine issues which the implementing organization could oversee.
- In each SHG or JLG there are, generally, three leaders chairperson, treasurer and secretary. Most often they are elected every year or members take charges by rotation.

In reality only one or two active and more literate members take charge of all the transactions and run the group. These leaders get a very good exposure in their interaction with banks, insurance companies, in looking after finances of the group, coordinating the group's activities, taking part in capacity building programmes organized by the organization, etc. In most of the cases, members have shown satisfaction in the way their group has been administered by the leaders. In a few cases, however, members expressed a concern that other members do not getting adequate opportunity to work as leaders and therefore, leaders should be changed every year.

- Some participants felt that the loan amounts sanctioned in the first and second cycle are generally too small to help in setting up a new business or expanding the existing business. The loan amount should be made flexible depending on the repayment capacity of the borrower.
- Some participants suggested that the frequency of meetings should be increased from one meeting per month to two meetings per month so as to facilitate greater interaction.
- It was also suggested that, even though all members may not have the inclination or capacity to become a leader, each one should get a chance to visit the bank and carry out transactions on behalf of the group so as to get a better understanding of how a group works.
- It was also suggested that group leaders should keep themselves and the group informed about all the various activities which are taking place at the central level. They should also try to promote as many members of their groups as participants as many in various activities as possible.

- One of the suggestions made by some participants is that often individual issues are discussed in monthly meetings which take away a large portion of the total time available for all the members. It is, therefore, necessary that all the members give priority to discussing common issues.
- One of the very common problems faced by the organizers and leaders is that participants do not come on to attend the monthly meetings. In fact, in many cases the leaders have to go to participants' houses to get them for the meetings. It was therefore, suggested by many participants that there should be some disciplinary action taken against such erring members.

5.3.6: Issues which participants feel that microfinance programmes should take up in future:

- Business training and business assistance: As mentioned earlier, after getting exposure to a variety of awareness building and capacity building programmes, the aspiration levels of many participants have risen. Access to savings, credit and financial literacy has also helped them gain the confidence that they can become economically independent and can financially support the family. Almost all the organizations have organized some programmes for providing vocational training, business skill training and a preliminary exposure to how a business is conducted. Still, it is not considered to be enough by the participants. Many participants have expressed their wish to know more about how a business runs, about government assistance schemes, and have asked for actual handholding in assisting them in getting clients, networking, marketing, etc. This demand was specifically raised by the housewives who think they can use their spare time in a much more productive way.

- Health awareness and de-addiction of family members: With increase in health awareness amongst the participants, slowly a change towards pursuing healthy habits such as changes in diet, better sanitation, etc has started taking place at the family level. At the same time many participants are facing the problem of alcoholism in their own families. Many of them want SHGs and the organizations to take some action against it and prevent the ill effects of alcoholism in their houses as well as in their localities.
- Many participants voiced the feeling that the SHGs and the organizations can play a more active role in bringing about changes at locality level by organizing groups for getting better amenities such as sanitation, drainage, roads, etc, providing security to young girls from eve teasing and other forms of ill-treatment, etc.
- Nearly 30 percent of the total participants are illiterate. The proportion is much higher in Stree Mukti Sanghatana. One of the demands from these participants is that the organizations should run basic literacy programmes where they could at least learn to make their own signature.
- There has also been a growing awareness about health problems faced by women. It was suggested by many participants that some programmes specifically focusing on gynecological problems should be organized. Many participants also voiced the desire that a system of compulsory medical check-up of each and every participant at least once in a year should be put in place.
- Education of the children is their most important goal in the life of many participants. They do not want their children to pursue the same occupation as themselves viz

domestic servant or rag picker. Due to exposure to a variety of programmes organized by the organizations and due to living in urban areas, they are aware of the fact that a variety of job opportunities are available to their children if they have an education and are informed. One of the major demands of the participants is that their children require guidance related to post-matriculation education and career guidance thereafter.

- Family counseling is another area of intervention by the organizations which is suggested by some participants. It is found that familial conflicts are quite common which mainly arise due to economic and social pressures, ignorance and addiction. Many times, either willingly or unwillingly, loan officers or area leaders have to intervene to resolve them if they affect the smooth functioning of the group. It was suggested by some participants that the organizations could set up family counseling centres which would provide guidance on various issues such as family conflicts, marital problems, addiction, education of children, etc.
- One of the requests made by a few participants was that of launching a pension scheme for the participants. Many participants especially from Stree Mukti Sanghatana (SMS) are sole earners in the family and work for daily wages.
- One of the worries which many participants have mentioned is that due to continuous interaction and networking and programmes organized by the organizations, their level of consciousness, self-esteem, and self-awareness about various issues has considerably increased. At the same time, the level of consciousness and awareness of their spouses has not been keeping pace. It has started creating a difference in the outlook, opinions, expectations and aspirations of women participants and that of their spouses. Certain organizations like Annapurna Mahila Mandal try to involve the members' spouses in

certain programmes and monthly meetings. Some participants suggested that at least certain programmes should be organized in such a way that their family members would be able to attend. It is believed that involvement of other family members, especially spouses, will have a better impact on the overall development of the women and their families.

5.4: Summary:

One of the major objectives of conducting focus group discussions was to understand how the participants perceive the changes in their own level of empowerment, what they consider are the major changes that have happened in their lives, what their expectations are and what changes they still want to bring about. It can be seen that participants feel that there has been an overall a change for the better in their lives which has been brought about through the microfinance programmes. It has increased their confidence level, economic independence and has also improved their status and negotiating power within the family. The various capacity building programmes organized by the organizations have not only helped them in building awareness, but has also helped them bring about change for the better in their families. At the same time it has also raised their aspiration levels. The participants feel that SHG with backup support from the organization is an effective tool for bringing about change at family level and at community level in reducing alcoholism and improving sanitation facilities. They also think that better business skills training and additional support in production, networking and marketing will help them start small businesses and improve their economic conditions and make them economically independent.

Chapter VI

Conclusions and Discussion

6.1: Introduction:

This chapter consolidates the findings from the survey of 698 of microfinance programme participants who were respondents and of the focused group discussions of some of the same participants held at the group level. It also tries to answer the major research questions to test and the hypotheses proposed earlier.

6.2: Findings related to the main research questions:

This subsection discusses the major research questions and the hypotheses proposed in the study in the light of the analysis of surveyed data and the content analysis of focus group discussions.

6.2.1: Research objective 1:

Have urban microfinance programmes surveyed in the study succeeded in reaching the un-tapped and previously considered un-bankable clients in the market?

One of the major objectives of the study was to find out whether urban microfinance has reached the un-bankable clients or not. The demographic profile of the randomly selected programme participants and the focus group discussions throw light on this aspect. The survey data reveals that the average age of the programme participant is 38 years. Nearly 30 percent of the participants are illiterate and only 24 percent of them have been educated up to 10th or 11th standard. Around 56 percent of the participants belong to the lower social class. Mean monthly family income is Rs. 7,160. The average number of earning members per family is 1.80 and the average monthly income of the programme participants is only Rs. 1,400. Nearly 46 percent of the participants are housewives and more than 40 percent are micro entrepreneurs or self-employed women. Seven percent are working as domestic maids. Around 60 percent of the surveyed participants revealed that they did not have any access to formal financial institutions. (Table no: 4.2.1 to 4.2.13).

The survey also revealed that each of the four selected organizations had targeted a particular segment of lower or lower middle income group. FML has targeted a lower middle income group from a relatively industrially developed urban area around Pune city and the educational as well as socio-economic profile of its participants is also relatively better than that of other organizations. SMS has targeted the lowest ranks i.e. the women rag pickers in Mumbai city and the profile of the participants also reveals that they belong to the lowest social rank in society. MMM has targeted various segments such as housewives of the lower middle income groups and the domestic servants from New Mumbai area. And, lastly, AMM has focused on working women such as micro entrepreneurs and domestic servants mainly belonging to the lower social class.

The focused discussions held at the group level also revealed that most of the participants were afraid even to go inside the commercial banks or any other formal financial institution. Going to the bank, meeting a branch officer and getting a saving account for the group was itself seen as a great achievement by many of the participants.

The survey shows that the monthly income of 34 percent of the participants' monthly family income is up to Rs. 5,000 and that of up to 89 percent of the participants' monthly family income is below Rs. 10,000. At the same time, it can be stated that of those covered by the microfinance organizations included in the study, a very small percentage of participants (only 7 percent) are those whose monthly earnings are less than Rs. 2,500 per month or Rs. 30,000 yearly. Thus, it can be said that though the urban microfinance has reached clients who were previously thought to be un-bankable, it has not yet succeeded in reaching the poorest of the poor in urban areas.

6.2.2: Research objective 2:

What are the main motives of the microfinance programme participants for joining the programme? Is there a good alignment between the interests of the microfinance programme participants and the goals and objectives of the implementing organizations?

For successful implementation of any development programme it is essential to know the actual motives and reasons of the participants for joining the programme. It assures proper alignment between the interests of the beneficiaries or participants and the objectives of the programme implementing organization and guarantees full participation. The survey data reveals that the main reasons for joining microfinance programmes are access to financial resources. Access to savings is found to be the most prominent reason for joining the programme. This substantiates our earlier finding that more than 60 percent of the participants did not have any access to formal financial institutions.

The second prominent reason for joining the programme is the access to loan at a cheaper rate of interest. The rate of interest charged by many microfinance organizations has been an issue of debate for a long time. It is argued by many researchers that the microfinance organizations take undue advantage of the client's weaker economic position, ignorance and lack of access to formal financial institutions and charge exorbitant rates of interest. The organizations covered under the study charge interest at a rate between 18 to 24 percent per year. Though in comparison with the formal financial organizations it is found to be higher, it is considered to be reasonably lower in comparison with the interest charged by private sources which ranges somewhere between 48 to 120 percent per year. (Table no: 4.3.1 to 4.3.5).

Besides other financial reasons such as supplementing family income and enhancing economic independence there are also some non–financial reasons for joining the programme. It was mentioned by many participants in focus group discussions that they wanted to join the programme in order to get better information and knowledge about their surroundings and make new acquaintances and friends. Many participants thought that belonging to a group will give them greater strength to deal with their daily stresses such as economic pressures, domestic problems, community level problems, etc. Group identity and identification from the organization was cited as a major reason especially by women rag pickers from SMS organization as it helped them in getting access to various new housing colonies and government and other offices and in dealing collectively with some of the exploitative practices they had been subjected to. At the same time it must be noted that most of the participants seemed unaware about the implementing organization's other objectives such as using microfinance programme to bring about a change at various levels such as at the individual level by capacity building and at macro level by taking collective action to deal effectively with constraining socio-cultural norms that existing in society against women. Most of the participants joined the programme in order to gain a few marginal benefits in terms of financial and non-financial resources without expecting any major of the change in their lives.

It can be concluded that there is a good alignment of between the objectives of the organizations and the interests of the programme participants on most of the grounds. At the same time, the organizations have not succeeded fully in communicating to the participants the macro level changes which can be brought about by integrating individual interests with and group interests and using collective collection.

6.2.3: Research objective 3:

To what extent has the microfinance programme succeeded in replacing of private financial sources?

As discussed earlier, microfinance programme mostly intervenes as an intermediate market between formal and informal financial market. It tries to provide an informal link between previously un-bankable clients and the formal market via an intermediation of group dynamics and the support of an implementing organization. It is, therefore, necessary to assess to what extent it has reduced the need of the clients for an informal financial market. The survey shows that nearly 35 percent of the programme participants had earlier raised loans from private sources. The rate of interest charged by the informal sector varied between 4 percent to 10 percent per month. As against this nearly 87 percent of the programme participants have raised loan from the programme. (Table no: 4.4.1 to Table 4.4.2).

The focus group discussions threw light on some other aspects related to the accessing of loans from private sources and from the microfinance programmes. Many participants feel that loans taken from the group are like their own money which they have saved with difficulty. Hence, even though the amount is small, it gives them a sense of entitlement in using it. At the same time, it does not put them under any pressure of repayment and fear of confiscation of an asset in case of non-repayment as in case of loans taken from private sources. Another intangible advantage of taking a loan from the group is that it enhances the position of women within the household as she can prove that she can fetch emergency loans within a short time. A few participants revealed that microfinance loans are more useful to those who do not possess any gold or other assets to mortgage with the private sources. At the same time, it was also stated by many participants that microfinance loans cannot completely replace private loans as the former are small loans and cannot be used to meet major expenses such as house repairs, major hospitalization, etc.

It can be concluded that access to microfinance has reduced the dependence of surveyed programme participants on private sources of finance to certain extent though not completely. Microfinance loans have been very useful to satisfy emergency needs and small requirements. At the same time the amount received by microfinance is not sufficient to satisfy major needs of the family such as housing finance, repairs or major illness treatment, etc.

6.2.4: Research objective 4:

Is there any difference in the average amount of loans taken and in the utilization of loans taken from private sources as against those taken from the programme?

The average amount of loan taken from private sources is Rs. 35,568; whereas the average loan amount taken from the programme is Rs. 17,516. There is a significant difference found in the way the loan amount taken from private sources and that taken from the programme has been used by the participants. A higher proportion of the loans amount taken from private sources is used for construction or renovation of houses (56 %) as compared to loans taken from the programme (22 %). The small amount of the loan available from the programme is perhaps one of the reasons for this difference. There is a very marginal difference between the two in the case of use of loans for spending on marriages and other ceremonies (15% and 12 % respectively) and the treatment of illness and hospitalization (14 % each). It shows that the same proportion of the loans is used for expenses which are unavoidable due to economic or socio-cultural circumstances. The major difference lies in the use of loans for setting up a new business or any economic activity or expansion of existing business. It is seen that nearly 21 percent of the loans taken from the microfinance programme have been used for this purpose as against only 3 percent of the loans taken from private sources. Similarly, it is seen that nearly 19 percent of the loans taken from the microfinance programmes have been used for education of the children as against only 7 percent of the loans taken from private sources. This clearly shows the positive result of the intervention of the implementing organization in guiding and motivating participants for using loans for improving of their lives, for economic empowerment and for the benefit of the family. The proportion of loans used for 'other' purposes is also larger in the case of loans raised from the programme as these 'other' purpose mainly refer to repayment of loans taken from private sources at higher interest rates. (Table no: 4.4.3 to 4.4.6).

It can be concluded that though the average amount of loan taken through microfinance programme is significantly smaller than that taken from the private sources, the utilization of loan taken from the programme has more desirable effects in the long run as it is mainly used for educational and business purposes.

6.2.5: Research objective 5:

Are there any major differences in the amount of loan taken, number of times loan taken as well as utilization of loan taken by the programme participants across the four organizations include in the study?

The comparative analysis of the four organizations selected in the study shows that the average amount of loan received by FML programme participants is maximum (Rs. 21,760) and that received by AMM participants is minimum (Rs. 19,303). One of the reasons may be that the average number of years of association of FML participants is higher than the other organizations and thus the average number of times loans are taken is also higher than in other organizations. It is also seen that the average number of times the loan is taken is also higher in case of FML as compared to other three organizations. The proportion of programme participants utilizing loan for running micro enterprises is highest in AMM followed by FML. The proportion of programme participants using loan for social functions such as marriages, etc is highest in SMS and found to be lowest in AMM. The proportion of participants using loan for treating illness and funding for education of the children does not differ significantly across the four organizations. (Table no: 4.4.11 to table no 4.4.12)

6.2.6: Research objective 6:

Which are the independent variables selected in this study to assess the impact on empowerment level which are considered to be most important by the programme participants?

Various independent variables were used to assess the impact of economic, self- and socio-political empowerment of the programme participants. Each variable has been given different weightage by the programme participants. Collation of the Likert scale into three categories namely worse, no change and better change helps in identifying single variables found to be important from participant's perspectives.

a. Economic empowerment: It can be seen that 'reduction in the vulnerability at the time of crisis' has been found to be the most important variable contributing to overall economic empowerment (85 percent of the participants considered this to be important) followed by 'reduction in dependence on private financial sources' (74 percent of the participants). Gaining economic independence is another variable cited by nearly 67 percent of the participants. (Table: 4.5.1).

More or less the same conclusions can be drawn from the focus group discussions. The participants believe that access to compulsory savings has significantly increased their control over the family's financial resources and has given them psychological comfort. Knowing that their own money or group's money is available to them in times of emergency has also given them better confidence to deal with crises and has helped them improve their position in the family. They have also learned the importance of financial literacy and planning for the future by regularly monitoring and operating group finances.

b. Self empowerment: The frequency distribution of all the fourteen variables selected to assess the level of self empowerment into three categories such as 'worse', 'no change' and 'change for the better' shortlists some variables found to be important from participant's perspectives. According to the participants' perception, the most desirable changes which the programme has brought about in their lives is building self-confidence (response of 87 percent of the participants) followed by improvement in physical mobility physical mobility (opportunity to go out) as well as social mobility (interaction with other people). Improvement in social position within household in terms of better negotiation abilities, self-awareness, social status within the neighbourhood are also considered to be major changes by the participants. (Table: 4.5.2).

The focus group discussions played a very crucial role in better understanding the change in the participant's personalities as an outcome of the programme. Most participants admitted to a gradual improvement in the self-confidence, decision-making abilities and an improvement in their status within the household. They perceive that their voice is taken more seriously by their husbands and their in-laws in taking any decision related to family matters. Interaction within the group with their group-mates as well as interaction with other people such as area manager, programme executives, branch manager, and other officials has helped them speak assertively and give their opinions. The participation in various capacity building and awareness building programmes has helped them adopt better habits with respect to diet, children's education, sanitation, financial discipline, etc. They perceive that, in the long run it has benefited their families as well. The change in self-empowerment is specifically visible in case of participants belonging to lower social and economic classes such as rag pickers and domestic servants. Small regular learnings related to legal awareness, reading numbers, learning to make signatures, interacting with government employees and officers like ration officer, policemen, bank clerk, etc. taking place through monthly meetings has helped them gain confidence and given them an identity which barely existed before. A few of the older participants also stated that the microfinance programme has given them emotional comfort in that they believe that if there is nobody to look after them in their old age, the organization will certainly take care of them.

c. Socio-political empowerment: Four different dimensions were identified on which to assess the perception of the participants on the socio-political empowerment. Of these participation in collective action to promote some gender related issue and social issues such as getting a ration card, raising voice against inflation, etc. were found to be important. (Table: 4.5.3). The findings focus group discussions are also the same. In a very few cases the participants have shown a collective force to bring out change in their localities or in their communities. It can be concluded, therefore, that the urban microfinance organizations covered in this study had limited success in bringing about socio-political empowerment of the programme participants.

d. Agency: Out of the nine individual variables selected to assess the level of 'agency', control over loan and control over savings were found to have most desirable impact on the prgramme participants. (Table: 4.5.4).

Overall it can be concluded from the frequency distribution and focus group discussions that few variables such as reduction in vulnerability, reduction on dependence on private sources of finance, improvement in self confidence, improvement in social status, increase in mobility and awareness building about collective action to tackle gender related issues are some of the important indicators of overall empowerment.

6.2.7: Research objective 7:

What has been the actual impact of the microfinance programme in terms of increase in monthly incomes, monthly savings and accumulation of economic assets of the programme participants?

The virtuous spiral mentioned by Mayoux and many other researchers begins in a small way with access to resources such as savings and credit and some control over the use of these resources. If these resources are not actually controlled by the participants but are controlled and used by other family members such as spouse for their own personal interest then it can put the virtuous spiral into reverse gear. Hence, it needs to be seen to what extent the access to financial resources has really enhanced the monthly incomes and savings of the participants and helped them in getting greater control over these resources or getting ownership of these assets. Following hypotheses were tested by using paired sample T-test.

H7.1: Assessment of impact of urban microfinance programmes on increasing monthly earnings of the programme participants

H_{01}: Urban microfinance programmes included in the study have not resulted in increasing the monthly earnings of the programme participants.

H_{11}: Urban microfinance programmes included in the study have resulted in increasing the monthly earnings of the programme participants.

H7.2: Assessment of impact of urban microfinance programmes on increasing monthly savings of the programme participants

H_{02}: Urban microfinance programmes included in the study have not resulted in increasing the monthly savings of the programme participants.

H_{12}: Urban microfinance programmes included in the study have resulted in increasing the monthly savings of the programme participants.

H7.3: Assessment of impact of urban microfinance programmes on increasing ownership of economic assets of the programme participants

H_{03}Urban microfinance programmes included in the study have not resulted in increasing the ownership of economic assets of the programme participants.

H_{13}Urban microfinance programmes included in the study have resulted in increasing the ownership of economic assets of the programme participants.

The survey found that the monthly savings of the programme participants have increased substantially as compulsory saving of some fixed amount is an essential component of all the microfinance programmes included in the study. The monthly average savings have increased from Rs. 47 to Rs. 150 in the period between 'before' and 'after' joining the programme. The monthly average earning has increased from Rs. 905 to Rs. 1,322 during the period 'after' joining the programme. The reason behind this difference is that many participants used the access to credit to set up their own business or to expand the existing one. It was found that in the case of nearly 40 percent of the participants there is a marginal rise in their monthly earnings. Productive/economic or household assets are considered important for reducing the vulnerability of poor families as they can be either used as source collateral to meet unexpected needs. The study finds that the average value of economic assets hold bought by the participants has increased from Rs. 195 to Rs. 1,140. On all the three parameters the difference was found out to be statistically significant. (Tables 4.7.1 to 4.7.3).

It must be noted here that only 14 percent of the participants have used credit for buying economic assets such as sewing machines, equipments, etc. Many other studies have also found that microfinance programmes have received limited success in building economic assets for women. Nearly 20 percent of the participants have used credit to purchase working capital and only 6 percent of the participants have used credit to buy household asset like television or cupboard. (Table no: 4.7.4).

On the whole it can be concluded that though microfinance has helped women to raise their economic status by increasing their earning capacity, saving capacity and ownership of assets, though the proportion of participants affected by this positive change is very small.

H7.3: Assessment of impact of urban microfinance programmes on increasing ownership of economic assets of the programme participants

H_{03} Urban microfinance programmes included in the study have not resulted in increasing the ownership of economic assets of the programme participants.

H_{13} Urban microfinance programmes included in the study have resulted in increasing the ownership of economic assets of the programme participants.

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6.2.8: Research objective 8:

Have the urban microfinance programme led to enhancement of economic, self-, socio-political and total empowerment of the programme participants? If yes, what is the extent of such empowerment?

One of the major objectives of the study was to find out whether urban microfinance programmes lead to economic, self-, socio-political and total empowerment of the programme participants. All the four organizations selected in the study use an integrated approach to microfinance whereby microfinance is used as a tool for empowering the programme participants and not only as a source of financial resources. In order to see the impact of microfinance programme on these three dimensions of empowerment, the programme participants are classified into three categories as per their period of association with the programme such as period of association up to only one year, up to four years and more than four years. It is assumed that with higher years of association, the impact on empowerment level of the programme participants will be higher due to higher access to financial services, capacity building, awareness building, exposure to outer world and networking. Following hypotheses were tested with the use of ANOVA test to find out the find out the significance level of differences in means of these three categories of programme participants.

H8.1: Assessment of impact of urban microfinance programme in enhancing economic empowerment of the surveyed programme participants

H_{01}Access to microfinance has not helped in enhancing economic empowerment of the surveyed programme participants.

H_{11} Access to microfinance has helped in enhancing economic empowerment of the surveyed programme participants.

H8.2: Assessment of impact of urban microfinance programme in enhancing self-empowerment of the surveyed programme participants

H_{02}Access to microfinance has not helped in enhancing self-empowerment of the surveyed programme participants.

H_{12} Access to microfinance has helped in enhancing self-empowerment of the surveyed programme participants.

H8.3: Assessment of impact of urban microfinance programme in enhancing socio-political empowerment of the surveyed programme participants

H_{03}Access to microfinance has not helped in enhancing socio-political empowerment of the surveyed programme participants.

H_{13} Access to microfinance has helped in enhancing socio-political empowerment of the surveyed programme participants

H8.4: Assessment of impact of urban microfinance programme in enhancing total empowerment of the surveyed programme participants

H_{04}Access to microfinance has not helped in enhancing total empowerment of the surveyed programme participants.

H_{14} Access to microfinance has helped in enhancing total empowerment of the H8.1 = surveyed programme participants.

a. Economic empowerment: Economic empowerment is one of the desired outcomes of the programme wherein, the participants, by getting access to financial and nonfinancial resources gain better control over economic aspects of their lives such as regularity of earnings, reduction in vulnerability, reduction of dependence on private financial sources, increase in total monthly expenditure on necessities and overall economic independence.

   This assessment of economic empowerment was done by obtaining perceptions of the participants regarding these selected variables using the Likert scale. The study found that there is an overall positive impact on the economic empowerment of the participants. The overall level of economic empowerment as perceived by participants has increased from 3 (no change) to 3.79, i.e. for the better. It is seen that the level of economic empowerment has been rising along with the number of years of association of participants with the programme. It has increased from 3.37 (of the participants having only up to 1 year association with the programme) to 3.95 (of mature or old participants having had four or more years of association.). (Table no: 4.8.2).

b. Self-empowerment: As mentioned by many researchers such as Kabeer and Rowlands the crucial advantage bestowed by the provision of access to financial and other resources on the microfinance programme participants is the beginning of self-empowerment which starts with the process of consciousness raising, self-awareness and developing an ability to overcome internalized constraints. It covers a variety of dimensions of the personality such as self-awareness, confidence, self-esteem, leadership abilities, decision-making abilities, risk taking abilities, perception about self in the context of family and the neighbouring community, confidence to engage with one's society etc. The study used, altogether 14 different parameters (variables) to study the impact of the microfinance programme on self-empowerment. The Likert test was used to obtain the perceptions of the participants on these parameters. The survey results show that there is a positive impact on self-empowerment of the programme participants. In fact, amongst all levels of empowerment, the impact on self-empowerment is highest. On an average it has moved from 3.0 (no change) to 3.83 (change for the better). It is seen that the level of self-empowerment has increased significantly across the three levels of participants' categories as per the years of association viz. up to 1 year, 2 to 4 years and more than 4 years. It has increased from 3.31 (marginal improvement) in first category to 4.04 (very good improvement) in the last category. (Table no: 4.8.3).

c. Socio-political empowerment: Many authors argue that the ultimate objective of any empowerment focused programme is bringing about a change in the existing socio-economic and cultural power structure, which subordinates women, by collective concentization and action and by bringing about changes in macro level policies. This is seen as the logical end of the empowerment process. It is expected that the virtuous spiral started with economic empowerment and supported by self-empowerment and social capital build-up along with group dynamism will better enable women to raise their voices collectively against common problems they face in their lives because of their gender. This political concentization supported by implementing organizations and local government bodies will enhance their participation in the electoral process which will gradually help bring changes at macro level. The survey shows that though there is a positive trend in the development of socio-political empowerment, it has increased only in a very small degree from 3.0 (no change) to 3.51 (marginal change for the better). Socio-political empowerment can be seen to increase with the number of years of association with the programme as evidenced by the related figures: 3.0 to 3.13 (very marginal change)in case of first category of participants having only one year of association to 3.72 in the last category of participants having an association of more than four years. The level of socio-political empowerment is found lowest amongst all other types of empowerments such as economic and self tested in the study. (Table no: 4.8.4).

On the all four parameters such as economic, self-, socio-political and total empowerment the difference between the mean was found to be statistically significant. Thus it can be concluded that the urban microfinance programmes included in the study have been successful in enhancing the economic, self-, socio-political and total empowerment level of the programme participants.

6.2.9: Research objective 9:

What kind of impact of differences in the implementing organization's objectives and policies brings out on the empowerment level of their programme participants?

Each of the four organizations covered in the study have different objectives and unique features of microfinance programmes. It is seen from the data analysis that each organization has focused on a different aspect of development of their participants and has reached out to a different segment of the society and this difference has an impact on their empowerment level. An attempt is thus made to find out the impact of these policies on the dimensions and the level of empowerment of their programme participants. The list of the hypotheses tested to find out the answers to this research questions is given below:

H9.1: Assessment of impact on economic empowerment of the surveyed programme participants in each organization

H_{01} The level of economic empowerment across the four organizations would not differ significantly.

H_{11} The level of economic empowerment across the four organizations would differ significantly.

H9.2: Assessment of impact on self-empowerment of the surveyed programme participants in each organization

H_{02} The level of self-empowerment across the four organizations would not differ significantly.

H_{12} The level of self-empowerment across the four organizations would differ significantly.

H9.3: Assessment of impact on socio-political empowerment of the surveyed programme participants in each organization

H_{03} The level of socio-political empowerment across the four organizations would not differ significantly.

H_{13} The level of socio-political empwerment across the four organizations would differ significantly.

H9.4: Assessment of impact on total empowerment of the surveyed programme participants in each organization

H_{04} The level of total empowerment across the four organizations would not differ significantly.

H_{14} The level of total empowerment across the four organizations would differ significantly.

a. Economic empowerment: The level of economic empowerment varies significantly between the four organizations with AMM having maximum impact (4.00) and MMM having lowest impact (3.86). Since the majority of AMM's participants are micro entrepreneurs and one of the objectives of AMM is to promote economic independence of the participants, a substantial number of their loans have been used to promote small businesses. MMM on the other hand has concentrated more on social and political awareness and has not designed any specific programme for promoting the entrepreneurial potential of the participants. Thus, the difference in the organization's objectives and strategies and the difference in the socio-economic background of their participants are found to be one of the major reasons for the differences between the organizations. (Table 4.9.2)

b. Self-empowerment: It is also found that self-empowerment varies across the four organizations with SMS scoring the highest (4.00) and AMM scoring the lowest (3.93). The difference across the four organizations is not found to be statistically significant. It can be argued that, as mentioned by many researchers, 'self-empowerment' is the initial stage or the beginning which acts as a key, raise the consciousness and motivating assertive and positive action to bring about change in one's life. Hence, irrespective of the organization's goals and objectives as well as of socio-economic background of the participants, 'self-empowerment' becomes a natural outcome of the microfinance programme. (Table no: 4.9.3)

c. Socio-economic empowerment: It can be seen that across the four organizations, the level of socio-political empowerment differs significantly. It is found to be highest in SMS (3.83) followed by MMM (3.63) and lowest in AMM (3.34). Many programmes implemented by SMS such as legal awareness programme, organizing women to provide them with identity cards, giving them better access to housing societies and government organizations, helping the SHGs tie up with Municipal Corporation's local development programmes, etc put an emphasis on taking collective action and developing collective identity to bring about desirable change. Similarly, various programmes implemented by

MMM also focus on social and political conscientization of the participants. The focus of the other two organizations is different. FML has concentrated mainly on self-empowerment and community development and AMM has focused mainly on economic empowerment and health awareness. Neither organization pursues any specific objectives and policies to help women undertake collective and political action. Hence, it can be stated that social and political empowerment of the participants varies significantly with the implementing organization's policies and objectives. (Table no 4.9.4).

It is found that each organization has a unique impact on the level of empowerment of its participants. FML has reached out to the lower middle class housewives segment and has concentrated on capacity building of the participants through health awareness, financial literacy, educational awareness, etc. So far, it has not focused very clearly on development of business skills or social and political awareness. The data reveals that the total empowerment level of its participants is very high (second only to SMS). Since the organization has focused more on overall development of the participants and has not been particularly working in any specific area such as health, business development or social and political awareness building, it's impact on empowerment is more generic in nature than specific. SMS has targeted women rag pickers from a weaker social class and has focused on overall awareness-building of its participants through a comprehensive set of training programmes. Since most of the participants are already economically active, the organization has focused more on building legal awareness, health awareness, educational and social awareness through collective action. Hence, the level of self-empowerment seen in SMS participants and socio-political empowerment is highest amongst the four. MMM has mainly targeted two different classes, the lower income group housewives and domestic servants. It has focused on building social and political consciousness of its participants and has not focused very keenly on economic programmes. But due to the very diverse characteristics of its participants, the single impact on economic or self- or socio-political empowerment is not seen clearly. AMM has mainly targeted self-employed and micro entrepreneurs in the city. Thus, its impact on economic empowerment is substantially higher than in the rest of the organizations. (Table no: 4.9.2 to 4.9.5). The ANOVA test shows that the difference in means across the four organizations is statistically significant tin case of economic and socio-political empowerment, but it is not statistically significant in case of self-empowerment. It can thus be concluded that though economic, socio-political and total empowerment level of the programme participants is significantly influenced by the organization's objectives and policies; level of self-empowerment does not change significantly.

6.2.10: Research objective 10:

Is there any correlation between economic, self- and socio-political empowerment?

The study tried to find out the correlation between the three dimensions of empowerment such as economic, self- and socio-political empowerment. It used correlation statistics to test the following hypothesis:

H10: Finding out the correlation between economic, self- and socio-political empowerment level of the surveyed programme participants

H_{01}There is no correlation between economic, self- and socio-political empowerment of the surveyed programme participants.

H_{11} There is a correlation between economic, self- and socio-political empowerment of the surveyed programme participants.

The correlation analysis of the three levels of empowerments shows that there is a strong association (at the level of 0.01 levels) between the three empowerments. This supports the hypotheses of the virtuous spiral of the microfinance model which states that the empowerment cycle once started at a personal level of improving economic welfare or self-awareness and consciousness-building or capacity-building gradually spreads across various other aspects of life, thus expanding the empowerment circle. (Table no: 4.10.1).

6.2.11: Research objective 11:

What is the impact of independent factors such as capacity building, amount of loan, etc. on the total level of empowerment of the programme participants?

One of the main objectives of the study was to find out independent factors which may impact empowerment. The independent factors are categorized in two types those which are independent of socio-economic background of the participant and those which are related to socio-economic background of the participant. Independent of socio-economic factors are period of association of the participants with the programme, number of times a loan is taken, amount of loan, difference in incomes, savings, ownership of economic assets 'before' and 'after' joining microfinance programme, and the level of 'agency' or capacity building of the participants. The regression analysis was used to find the impact of these independent variables on the total empowerment level. The list of specific hypotheses tested to find out the results is as follows:

H11.1: Finding out the impact of period of association of the programme participants with the programme and their total empowerment level

H_{01}The period of association of the programme participants with the programme has no impact on their total empowerment level.

H_{11} The period of association of the programme participants with the programme has positive impact on their total empowerment level.

H11.2: Finding out the impact of number of times loan taken by the programme participants and their total empowerment level

H_{02}The number of times loan taken by the programme participants has no impact on their total empowerment level.

H_{12} The number of times loan taken by the programme participants has positive impact on their total empowerment level.

H11.3: Finding out the impact of total loan amount taken by the programme participants and their total empowerment level

H_{03}The total loan amount taken by the programme participants has no impact on their total empowerment level.

H_{13} The total loan amount taken by the programme participants has positive impact on their total empowerment level.

H11.4: Finding out the impact of difference in income 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{04}The difference in income 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{14} The difference in income 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

H11.5: Finding out the impact of difference in savings 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{05}The difference in savings 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{15} The difference in savings 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

H11.6: Finding out the impact of difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants and their total empowerment level

H_{06}The difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants has no impact on their total empowerment level.

H_{16} The difference in ownership of economic assets 'before' and 'after' joining microfinance programme of the programme participants has positive impact on their total empowerment level.

H11.7: Finding out the impact level of 'agency' of the programme participants and their total empowerment level

H_{07}The level of 'agency' of programme participants has no impact on their total empowerment level.

H_{17} The level of 'agency' of the programme participants has positive impact on their total empowerment level.

It was found in the survey that there are five major independent factors which affect empowerment positively. These are agency i.e. access to capacity building and awareness building programmes run by the organization, loan amount, difference in income of the programme participant before and after joining the programme, difference in savings 'before' and 'after' joining the programme and years of association of the participant with the organization. Regression analysis shows that all the five factors are significant and 'agency' has the maximum positive impact on empowerment. This further draws attention to the ongoing debate between the minimalist and integrated approach of the microfinance organizations. Findings from this study show that capacity building of the participants is an essential step for empowerment of the participants which cannot be ignored merely in order to minimize the costs of the programme or to make the programme financially viable as early as possible. It can also be seen that empowerment is not an automatic and immediate outcome of provision of credit. Greater number of years of association with the organization will help a participant understand better the organization's goals, align her interests with and gain more from the programme which will lead to higher empowerment. Larger amount of loan received also helps the participants to solve their immediate problems, use loans for better purposes, reduce the dependence on private sources and gain economic independence. Greater difference in income before and after joining the programme shows that the participants have used the loan for productive purposes as a result of which their monthly earnings have increased which would have given them better security and improve their monthly expenses on necessities. Higher difference in savings 'before' and 'after' joining the programme shows the great weightage given by the participants to the access to small savings provided by the programme. (Table no: 4.11.1).

Thus, it can be concluded that all the five factors used in the regression analysis have positively affected empowerment.

6.2.12: Research objective 12:

Do exogenous factors such as social background, economic background, educational level, earning status, occupational status, membership position within the group and utilization of loan by the programme participants lead to differences in the level of empowerment?

Empowerment cannot be bestowed upon anyone. The programme participants have to embrace it. It can be assumed that as empowerment is a self-motivated and self-learned process, it is up to the programme participants to derive as much benefit as they can from the programme. Individual involvement in the programme and the level of self-learning, awareness building and self-changing depends on various other factors such as socio-economic context in which they are living, their educational level, etc. The analysis of survey data by using ANOVA technique shows the relationship between these factors and the level of empowerment.

Seven factors related to socio-economic background of the participants were assessed. These were social background of the participants, economic class, educational level, earner and non-earner status of the participant, occupation of the participant, membership position of the participant within the group and utilization of loan. The list of specific hypotheses tested with the help of ANOVA statistics is given below:

H12.1: Finding out the difference in the impact on empowerment level between the participants belonging to different social classes.

H_{01}The difference in social classes between the programme participants has no impact on their total empowerment level.

H_{11} The difference in social classes between the programme participants will have significant impact on their total empowerment level.

H12.2: Finding out the difference in the impact on empowerment level between the participants belonging to different economic classes.

H_{02}The difference in economic classes between the programme participants has no impact on their total empowerment level.

H_{12} The difference in economic classes between the programme participants will have significant impact on their total empowerment level.

H12.3: Finding out the difference in the impact on empowerment level between the participants belonging to different educational level

H_{03}The difference in education level between the programme participants has no impact on their total empowerment level.

H_{13} The difference in education level between the programme participants will have significant impact on their total empowerment level.

H12.4: Finding out the difference in the impact on empowerment level between the participants belonging to earning and non-earning categories.

H_{04}The difference in earning and non-earning category of the programme participants has no impact on their total empowerment level.

H_{14} The difference in earning and non-earning category of the programme participants will have significant impact on their total empowerment level.

H12.5: Finding out the difference in the impact on empowerment level between the participants belonging to different occupational categories.

H_{05}The difference in occupational categories between the programme participants has no impact on their total empowerment level.

H_{15} The difference in occupational categories between the programme participants will have significant impact on their total empowerment level.

H12.6: Finding out the difference in the impact on empowerment level between the participants belonging to different membership positions within the group.

H_{06}The difference in membership position of programme participants within the group has no impact on their total empowerment level.

H_{16} The difference in membership position of programme participants within the group will have significant impact on their total empowerment level.

H12.7: Finding out the difference in the impact on empowerment level between the participants belonging to different category of loan usage such as consumption and production.

H_{07}The difference in loan usage between consumption and production by programme participants has no impact on their total empowerment level.

H_{17} The difference in loan usage between consumption and production by the programme participants will have significant impact on their total empowerment level.

It was found that the level of total empowerment does not significantly change with differences in social categories such as Hindu higher caste, Hindu lower caste or other religions. It also doesn't change significantly with differences in the educational level of the participants.

Economic class has a significant impact on the total level of empowerment of the participants. It was found that level of total empowerment improves with the economic classes. It was found that the participants who are already earning in the capacity of employee or domestic servants or self-employed have shown higher level of empowerment than non-earners. This could be due to the fact that earning participants have better control over the savings and incomes and are able to better use loan for their economic well-being as compared to non-earners.

It was also found that the level of total empowerment of micro entrepreneurs or self-employed is significantly higher than that of homemakers and other categories. It thus proves the hypothesis that productive use of loans has more empowering effect than consumption use of loan.

It was also found that empowerment level of the programme participants who have worked as leaders either in the capacity of secretary, chairperson or treasurer is higher than those participants who are only members of the group. This can be due to the fact that leaders get more opportunities and higher level of exposure in conducting various activities such as co-coordinating with the implementing organization, doing financial transactions with the bank, organizing events, etc. which helps in enhancing their self confidence as well as their leadership qualities. (Table no: 4.12.1 to 4.12.9).

It is seen that the four microfinance organizations covered in the study have different objectives, different segments of clients and also implement different credit and non-credit programmes for their clients. One objective of the study was to find out its impact on the empowerment level of the participants.

6.3: Summary:

It can be stated that the process of empowerment is complex and dynamic in nature. It involves numerous internal forces such as the willingness to participate in the programme and bring out desirable changes as well as external pushes such as having access to appropriate financial and non-financial services.

The study concluded that urban microfinance programmes covered in our study have succeeded to certain in reaching the clients so far un-served by the formal financial institutions. It also found that most common reasons for joining the microfinance programme are access to savings followed by access to emergency loans. The study concluded that urban microfinance programmes have succeeded to some extent in reducing the dependence of the participants on private sources of finance but have not been completely successful in replacing it. It also found that though the average amount of loan taken from urban microfinance programmes is smaller than that taken from private sources of finance, it is used for more productive uses such as for setting up the business or for education of children.

The study revealed that the urban microfinance programmes covered in our study have certain positive outcomes in terms of economic, self- and socio-political empowerment. On a few parameters such as self-confidence, reduction in vulnerability, higher status within the family, higher mobility, etc, the results are significantly positive. However, on some other parameters such as political awareness, collective action for more just treatment, significantly improving economic conditions, etc. there are only marginal improvements.

The study also found out that implementing organization's objectives and policies play a significant role in determining and influencing the dimension of empowerment and level of empowerment of its programme participants. It found out that total empowerment level depends on number of independent factors such as capacity building, period of association, amount of loan, number of times the loan is taken and the difference in monthly income, savings and economic assets 'before and after' joining the programme.

Finally the study found that while certain exogenous factors such as economic status, earner status, and occupational status, use of loan and membership position within the group affect the empowerment level of the participants, whereas social status and educational level do not affect the empowerment level significantly. In short it can be stated that a lot has been done, yet much more is required.

Chapter VII

Recommendations and Scope for Future study

7.1: Introduction:

This chapter presents the major recommendations made by the researcher to the microfinance organizations and, in the end, suggests some directions for further study in this area.

7.2: Recommendations for the organizations implementing microfinance programmes:

The focus of the present study was to assess the impact on empowerment of women through urban microfinance programmes. It derives its conclusions from the primary data collected through a survey, focus group discussions and the previous research done by other in this field. It assumes that empowerment is one of the major objectives of most of the microfinance programmes and hence suggests that their outcome can be improved by using certain tools and strategies given below:

7.2.1: Recommendations related to objectives and strategies:

- It is shown in the reviewed literature that empowerment is not an automatic outcome of any microfinance programme. There are a number of blocks in the way of starting the 'virtuous spiral' sought by many organizations. These blocks which may hinder the process of empowerment or they may even dis-empower women (Mayoux, L.: 2002). It is therefore important that microfinance programmes have a clear objective of using microfinance as a tool for empowerment of women. This approach suggests that any organization implementing microfinance programme which holds 'empowerment of women' as an objective must take an integrated outlook and must consider access to credit as only one of the major tools to achieve empowerment of women. As seen earlier, the integrated approach differs from the minimalist approach or the 'credit only' approach in the way it looks at and uses access to credit. The minimalist approach considers 'access to credit' to be the only missing link in the process of alleviation of poverty and empowerment of women. The integrated approach considers access to credit to be only one of the major tools which can be used to break the vicious circle of gender subordination and believe that it has to be supplemented with many other non-credit activities such as building the capacity of women for making fruitful use of the resources and increasing their control over resources.

- This study shows that non-credit programmes of capacity-building play a very important role in the overall process of empowerment of women. Development of 'agency' or capacity-building and initiating the process of self-awareness and consciousness-building is considered as one of the primary and necessary stages in the process of attaining overall empowerment. It does not only help the women participants to improve their self-awareness, confidence and to learn new skills and knowledge, it also helps their children and families in the long run as these women use their learning to bring about desirable changes in the family. It is, therefore, essential that every implementing organization develops its own capacity-building programmes appropriate for their participants and focuses on building their capacities.
- The reviewed literature also shows that social capital built in the process of formation of SHG or a group to run a microfinance programme is helpful in bringing about many desirable changes. It gives its participants a group identity, it enhances their solidarity

and trust required for their mutual benefit and it also provides a social platform for raising their collective voice to bring about some desirable social change. At the same time, social capital also has its negative side. If the groups are formed on a very narrow basis of caste, sub-caste or economic parameters and if it hinders the personal growth of the participants by denying new opportunities and higher mobility, then social capital may bring about adverse changes and dis-empower its participants. The previous research suggests that the positive effects of social capital can be enhanced by a number of tools such as increasing the frequency of meetings, holding monthly meetings in a democratic manner, giving opportunities to each member to voice her opinion and taking decisions by consensus, giving every participant the opportunity of becoming a leader, increasing horizontal and vertical interaction of all the members across different SHGs/JLGs as well as across other organizations such as NGOs, banks, insurance companies, government organizations, etc.

- Many researchers also see the relationship between the implementing organization's structure and policies implemented within organization and empowerment of its programme participants. If the internal policies of the organization provide higher autonomy in decision making, equal opportunities, higher incentives for future growth to their female employees who are working in the capacities of loan officers, area officers, branch officers, etc. it helps in penetrating these values to programme participants. Thus, it is necessary that gender policies of the organization should be made explicitly clear from its strategies and policies for the staff employed to implement the programme.
- Any microfinance organization requires and processes data in a huge quantities. The data is gathered at various levels such as at individual level (data related to participant's

history, household data, credit history, etc), at SHG/JLG level (data related to financial transactions, records, minutes of the meetings, attendance records, etc.) and at organization level (data related to the number of SHGs/JLGs, the participants, their past records, the products and services used by them, training programmes, etc.). Excepting one organization in the study i.e. Annapurna Mahila Mandal, no other organizations has yet started using Management Information System (MIS) to collate this data, process it and use it for future decision-making. It is very necessary for the growth and diversification of the organizations to implement MIS and improve their efficiency.

7.2.2: Recommendations related to product design and execution of the programme:

- It is been shown in the study that productive loans i.e. those used for setting up a business or expanding an existing business are more empowering than consumption loans. The reason behind this is that productive loans help women to start an economic activity which helps to enhance family income, regulate the income flow, enhance her economic independence and thus not only her self-confidence but also her bargaining position and status within the household. Women require loans for a variety of reasons, and setting up a business is only one amongst them. In fact, in this study, it was found that only 27 percent of the participants have used loans for productive purposes. Nevertheless, if the organizations can encourage more and more participants to use loans for productive purposes by giving some incentives such as charging a differential rate of interest or helping women in setting up the business, etc, it will help further enhance the empowerment level of the participants.

- It is also seen that empowerment level rises with higher number of years of association with the organization. There may be many reasons for this. With higher number of years of association, there is a greater opportunity for capacity-building of the participants. With long years of association the participants come to realise the goals and objectives of the organization and their own role in implementing the programmes. There is a better synergy in what they implement at the grass root level or at SHG/JLG level and what the organization wants to achieve through programmes. Secondly, it has also been proven in many studies that initial loan cycles (first or second) are mainly used for consumption purposes and only in later cycles are the loans used for productive purposes. It is, therefore, necessary that participants get the few years for stabilizing their lives with the help of access to credit mainly for meeting consumption needs, then gain confidence, gather resources like savings and other skills required to set up a business and then eventually use them for a pursuing better life. As mentioned by many researcher, empowerment is a lengthy process which involves change at various levels such as self, family, surroundings, etc. The implementing organizations should, therefore, acknowledge this and give more emphasis on retaining the earlier participants and providing repeat loans instead of trying to get more and more new clients.
- The study also finds that a higher amount of loans lead to higher level of empowerment. One of the common criticisms made of any microfinance programme is that though it meets the urgent needs of the poor or reduces the vulnerability at times of crisis, it hardly pulls poor people out of poverty. One of the reasons is that the amount of loan approved by microfinance programmes is so small that it does not help self-employed or micro-entrepreneurs to scale up their business or to use efficient technology or to diversify the

business. It is, therefore, suggested that if the organizations could identify a few entrepreneurs which have the ability to grow and repay larger amounts of loan, they should be promoted by either giving them higher value loans or by linking them independently to formal financial institutions. These participants can also act as a role model for other aspiring entrepreneurs. It is recommended that the organizations should have clear strategies for graduation from smaller to larger amounts of loans.

- One of the finding of the study is that the empowerment level may not be significantly affected by social class and the educational level of the participants, but is significantly affected by the occupation, earning status and the economic class of the participants. It was found that participants who are earners and who are micro entrepreneurs are able to take more advantage from the credit as well as the non-credit programmes of the organization. It is, therefore, suggested that organizations should give more attention towards the development of economically weaker section of the society through various ways such as designing separate capacity-building programmes for them, encouraging leadership by them or by designing specific products to meet their requirements.
- The research also points out that there is a difference in the way a loan taken from a private source and a loan taken from SHG/JLG has been used. It is seen that in case of loans taken from SHG/JLG, higher proportion of them is spent on education of children and setting up or expanding business. It is suggested that microfinance organizations should set up some mechanism to monitor the use of loans taken from the programme. Firstly, it will help in leading the participants towards better utilization of loan. Secondly, it will also be a better guideline to the organizations for developing new products and developing new strategies to reach new participants. For instance, it was seen in the

survey that more than 22 percent of the loans have been spent on treating illness. It indicates that there may be a need for group medical insurance which the organizations may look to develop in the future.

- It was found in the study that a significant proportion of the total loans provided through the microfinance programme are used for education of the participant's children. Nearly 38 percent of the participants have used loans for education and it accounts for nearly 19 percent of the total loan amount. Most of the participants consider education of their children to be their top-most priority and believe that their children would get a better future if proper educational opportunities are made available to them. It is suggested that the implementing organizations can develop new loan products specifically for meeting educational needs of the participants with appropriate terms and repayment schedules. The organizations can also tie up with local schools or colleges for further collaboration.
- It is observed that as the SHGs/JLGs become more and more mature, their demand for diversified products increases. Along with access to credit and savings, the demand for various kinds of insurance also goes up. Today, all the organizations selected in the study are offering a group life insurance facility. Annapurna Mahila Mandal is also offering group medical insurance which has benefited a number of participants. It was revealed through a survey that many participants want group medical insurance and pension schemes to be implemented through the microfinance programme.
- It was revealed in the survey that the level of assets, whether economic or household created with the help of credit, is limited. At the same time, in most cases the participants have not been very careful about buying that asset in their own name. It is suggested that

the microfinance organizations insist that some portion of the loan is used in buying an asset and that it is registered in the participant's name.

7.2.4: Recommendations related to development of capacity-building programmes:

- The study reveals that capacity-building plays an important role in self-empowerment as well as overall empowerment. Capacity building programms can be of various types and can be held at various levels. They can be classified as follows:

  a. Self-development: This will include awareness-building related to health, education, sanitation, etc, communication skills, leadership development, etc.

  b. Financial literacy: This will include importance of savings, insurance, banking procedures, discipline, etc.

  c. Business related training: This will include development of business skills, vocational training, procedures to start a business, information about government schemes, etc.

  d. Team building: It will include training related to working as a group, decision-making in a group, interpersonal relationships and conflict resolution, etc.

  e. Social awareness and collective action: This will include training related to building awareness about social issues, gender issues, building up courage to participate in collective action, understanding of the electoral process, involvement in electoral process, etc.

The need and nature of these training programmes may change as per the socio-economic context. It is seen that, at present, many organizations are implementing various programmes without looking into proper linkages between them. Hence, the overall impact falls short of what can be expected. It is, therefore, necessary that organizations have a comprehensive plan of the various training programmes to be implemented in a year and also simultaneously put in place a system of monitoring and impact assessment.

- All the four organizations selected in the study have been successful in building self-awareness and confidence among the participants and it has increased participants' aspirations for the future. Their expectations from the programme and from the organizations too have risen. The nature of changes that aspirants wish to bring about through the programme is varied. Many homemakers want to become economically active and support their families. They want some support from the programme in terms of business training, getting contracts, marketing of products, etc. Rag pickers and domestic servants do not want their children to be in the same occupations. They want some support in terms of educational and career guidance for their children. Participants facing the problem of addiction of their spouses want to take social action against it. A few participants consider that local level or community level problems such as harassment of women by local goons, public sanitation and drainage, etc problems should also be handled through the programme. It is, therefore, suggested that the implementing organizations should plan for how they should move forward from the first stage to the second stage of empowerment by incorporating as many of the demands of their participants.

- Mayoux, (2002) has suggested that the organizations should integrate gender awareness into all training programmes as this will help the women understand better the socio-cultural constraints which they face and will help them overcome these constraints.
- One of the often debated points is the involvement in the programme of men from the participants' families. From one point of view it can be seen as an interference or constraint in the path of her self-development as she will be again considered to play a secondary role and the men in the family would take advantage of the programme benefits. From other angle, it can also be argued that active involvement of men in training programmes and loan and savings programmes may enhance gender awareness of men and may make them more responsible towards their domestic duties. Secondly, it will also prevent unnecessary antagonism against the involvement of women in the programme. Many researches point out that active male participation at the household level as well as at an organizational level (e.g. acting as intermediary between woman participant and male NGO staff) and their back-up support to attend the meetings and participate in activities enable women to take the fullest advantage from the programmes (Halder and Mosley:2004). It can be recommended that organizations may involve men in selected credit and non-credit programmes which will enhance welfare of the family including that of their wives and daughters such as facility of a loan for a girl's education or buying an asset in joint names, etc.

7.2.5: Recommendations for enhancing wider socio-political empowerment:

- It is brought out in survey and in focus group discussions that many participants, especially homemakers want to provide financial support to their families by setting up a

7.2.6: Recommendations for improving efficiency of SHGs or JLGs:

- As it comes out from the survey and the focus group discussions, it is very important that all the participants of the programme follow the discipline of the group and actively involve themselves in all the programmes including monthly meetings, training programmes, etc. Regular attendance and punctuality in attending the meetings should be given high priority and there should be some provision for taking disciplinary action against regular defaulters. Putting moral pressure, appreciation of participants who are attending regularly, selecting them on priority for receiving the benefits of any programme, etc, can be some of the disincentives and incentives and which the organizations and SHG can use to encourage more active participation.
- As mentioned in the previous chapter, each participant irrespective of her educational background should understand the basics of financial literacy. Hence, each participant should get an opportunity to oversee the financial transactions of the group, visit bank and monitor how the group is working. This will help in enhancing her confidence in her as well as in her group and will also help in reducing the chances of financial frauds by those handling all the transactions. Along with that, efforts should be made to involve all the participants in other activities such as maintaining records, writing minutes of the meetings, etc.
- Interaction between different groups should be encouraged. This interaction should go beyond social visits at the time of cultural functions and should be made more meaningful. The old SHGs/JLGs already working efficiently for some few years can act as mentors to other new groups in teaching how a group works, how finances are managed, how to solve grievances amicably, etc. Similarly, there are many of

successful case studies of such micro entrepreneurs in each organization. The actual interaction with these micro-entrepreneurs can act as an inspiration for new and aspiring entrepreneurs.

- It is also necessary to develop interaction between an SHG/JLG and various other organizations such as insurance companies, government departments providing various services, banks, SHG federations, other NGOs involved in various other development programmes, etc. This will increase the vertical and horizontal interaction and will build awareness of the participants.
- It was found in the survey that there are a few SHGs which despite having been running even for two years have not disbursed any loans on account of fear of non-repayment. It should be realised that unless there is control over resources the empowerment process remains incomplete. It is thus necessary that the participants use the resources available to them for their own benefit. The circulation of savings within the group and using them for mutual benefit is the first step towards future growth.
- Though group entrepreneurship is considered to be an ideal solution for first time entrepreneurs like SHG members, running even a group business successfully, involving as it does distribution of tasks and responsibilities and sharing the incomes and profits equitably, is a herculean task. There is also a fear that in the eventuality of incurring losses, internal conflicts may arise. Many SHGs/JLGs try to get a taste of this type of venture during Deewali or other cultural events and establish small catering stalls or trading stalls. Along with these ventures, it is also suggested that various government contracts such as pay-and-park, catering, telephone booths,

running government campaigns, etc can be easily undertaken by the SHGs or JLGs. This reduces the element of risk and the chances of incurring losses.

7.2.7: Recommendations for co-ordinating and policy making organizations:

- Looking at the expanse and the growth of urban microfinance and looking at its distinguishing characteristics and requirements it is recommended that urban microfinance should have a separate apex body to monitor the growth, guide the implementing organizations and design separate training and capacity building programmes. Today, this role is been undertaken by NABARD which is mainly oriented towards rural finance and agricultural finance.
- The microfinance programme is been implemented across various states in India. State level policies and local level policies play an important role in shaping these programmes as well as implementation of these programmes. State governments and local governments are implementing different policies and tools for encouraging establishing and development of capacity building of SHGs/JLGs and their federations, promotion of group enterprises as well as marketing and brand building of the products produced by SHGs and other groups, etc. It is necessary that a comparative study of different State government policies and their impact on development of microfinance sector in these states should be undertaken to get a holistic view.
- It is found in this study that capacity building plays a very significant role in the empowerment process. It is thus more desirous that microfinance programmes should get implemented through development organizations rather than directly through nationalised or co-operative banks as it is not possible for banks to take capacity building

activities as per the requirement of the SHGs. The development organizations' experience in working with the locality and overall approach and policies to bring out development will help increase the effectiveness of the microfinance programmes.

- It is found that there is a need to identify training needs of SHGs and their federations, develop training material and develop training to the trainers for their capacity building. There is also a need bring out uniformity and standardization in the workings of SHGs, their accounting systems as well as their monitoring systems. It is thus required that academic institutes, training institutes, MFIs and policy makers work closely with each other to enhance the effectiveness of the programme.
- One major area of concern is encouraging economic activities of SHGs/JLGs and micro entrepreneurs through policy action. As mentioned earlier many development organizations working in this field have expertise in implementing the programmes at the grass root level, but have neither experience nor expertise in helping SHGs and micro entrepreneurs in conducting business. It is thus necessary that state level as well as local level research studies should be conducted in order to identify the economic activities, evaluate government policies to promote them, find out various business models and the avenues of marketing the bring them in the market domain.

7.3: Scope for future study:

The importance of empowerment in any development intervention and particularly in a microfinance programme cannot be undermined and hence the importance of assessing its attainment or otherwise. Though there are number of studies already completed, including the present study, which focus on various aspects of empowerment, some issues still remain unanswered and can be taken up for future study. These are given below:

- The present study focuses only on the assessment of empowerment of women participating in urban microfinance programmes. There are also a number of other assessment studies conducted on rural microfinance programmes. A comparative analysis of empowerment of women of rural and urban areas can be one of the areas of future study. This will help identify specific microfinance programmes and activities suitable for women in rural and in urban areas and will help to find any commonalities between them.
- The present study selected all the four organizations which consider microfinance to be a tool for empowering women. All the four organizations have supplemented credit programmes with other non-credit programmes such as training programmes, awareness-building programmes, etc. On the other hand, there are a number of other microfinance programmes which concentrate only on credit programmes and ignore supplementary activities. The difference between the minimalist approach and the integrated approach has been debated in literature. A comprehensive impact analysis between 'credit-only' programmes and 'credit-plus' programmes can help microfinance organizations to evaluate relevance of 'credit plus' activities in empowering their participants.
- The present study does not make any analysis of the comparative advantages and disadvantages of various types of microfinance models. Theory states that each type of model will have different empowering effects on the participants. For instance, the SHG model is considered to be more empowering than the Grameen model as it gives more autonomy to the group. Individual banking focuses more on individual requirement and repayment capability and thus has a different impact on participants. Comparative

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analysis of impact assessment on empowerment of participants of different models of microfinance such as SHG model, Grameen model, individual banking model and mixed model can be another area of study.

- It is seen that Management Information System (MIS) can play a very important role in helping organizations take decisions related to expansion, diversification, optimization and monitoring of the existing operations. A comparative study measuring the effectiveness of organizations using MIS for implementation of their programmes and those not using MIS can also be considered for the future.

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Questionnaire to be filled by Participants of Microfinance Programme

PART A: Background details of the Participants:

1. Name:
2. Name of the SHG/ Group:
3. Location:
4. Name of the promoter organization (Bank/MFI/NGO,etc.):
5. No of years associated with the SHG/ Group:
6. Age:

4. Caste: a: Hindu (high caste) ( ) b: Hindu (low caste) ( ) c: Muslim ( )
d: Christian ( ) e: Boudha ( ) e: Other (Specify) ( )

5. Education: a: Illiterate ( ) b: Up to 4th std ( ) c: up to 7th std ( ) d: up to 10 th/11th std ( )
e: Up to 12th std ( ) f: Graduate ( ) e: Post graduation ( )

6. Marital status: a. Unmarried ( ) b: Married ( ) c: Widow ( ) d: Other (specify) ( )

7. Total number of family members:

8. Total number of earners:

9. Total family income per month:

10. Your personal income per month:

11. Total number of dependents:

12. Earlier occupation before joining the organization:

a: Unemployed/housework ( ) b: Factory/office work ( )
c: Self employ(same occu) ( ) d: Self employ (diff occu) ( )
e: Maid servant ( ) f: Other (specify) ( )

13. From where did you get the information about the org?

a: from other members ( ) b: from relatives/friends ( )
c: from organizers, local leaders ( ) d: from news papers, publications ( )
e: Any other (specify): ( )

14. Primary reason for joining the organization: (Rank as per priority of the reason)

a: Sole earner in the family ( ) b: Supplement to family income ( )
c: Husband's earnings are not regular ( ) d: Use of free time & resources ( )
e: Savings for future family responsibilities ( ) f: Economic independence( )

15. Had you taken loan from money lender/ shopkeeper/ etc. before joining this organization in last two years?
1: yes ( ) 2: No ( )

15. If yes, give details of the following:

Sr.No	Reason	Total amount (Rs)	Int rate (%)	Repayment period	Repaid Yes (1) No (2)	Difficulties faced
	1. Housing/ interior, etc					
	2. Marriage, social function					
	3. Illness, hospitalization					
	4. Business					
	5. Repayment of earlier loan					
	6. Any other (specify)					

17. Have you taken loan from the SHG/Group? a: yes ( ) b: No ( )

18. If Yes, a: how many time? a. ( ) b: Total amount (Rs) ( )

19. Details about loan taken from SHG/Group

Sr.No	Reason	Total amount (Rs)	Int rate (%)	Repayment period	Repayment 1. yes 2. No
	1. Housing/ interior, etc				
	2. Marriage, social function				
	3. Illness, hospitalization				
	4. Business				
	5. Repayment of earlier loan				
	Any other (specify				

20. Do you have saving account/ current account other than the one with org?
1: Yes- independent ( ) 2: No ( ) 3. Yes –joint ( )

21. If yes, approximately monthly amount saved: Rs:------

22. Are you covered under insurance scheme other than this org? 1: Yes ( ) 2: No: ( )

23. If Yes, a. the type of insurance: _______ b. the amount of sum insured: Rs. --------.

24. Are you covered under any pension scheme? 1: Yes ( ) 2: No ( )

PART B: Assessment of Empowerment:

1. Economic Empowerment

1.1: Actual Economic Impact:

1.1.1: Nature of economic activity: 1: Same as before joining SHG ( ) 2: Different: ( )

1.1.2: If different; then what is the nature of the activity:____________________

1.1.3: Acquisition of skills, training input through org: 1. Yes ( ) 2. No ( )

1.1.4: If yes, the nature of training/ skill up-gradation programme:__________________

1.1.5: Access to market: 1. same as before ( ) 2. New market ( )

1.1.6: If new, which market, how did you access it? ___________________________

1.1.7: Access to information: 1: same as before ( ) 2: new information ( )

1.1.8: If new, what type of information?____________________________________

1.1.9: Amount of monthly earnings: a: Before joining the org Rs.------- b: after joining: Rs.--------

1.1.10: Amount of monthly savings: a: before joining the org Rs.--------- b: after joining Rs.---------

1.1.11: Value of economic assets purchased by you: a: before SHG: Rs.--------- b. after SHG Rs.------

1.1.12: Value of household assets purchased with SHG loan: Rs.------------

1.1.13: Value of working capital with SHG loan: Rs-------------

1.2: Perceptions regarding the change:

Sr.no	Change	Worst than before	Worse than before	No change	Better than before	Very good than before
1.	Regularity of earnings					
2.	Security of earnings					
3.	Vulnerability at the time of crisis					
4.	Dependence on money lender					
5.	Economic independence					
6.	Increase in total monthly expenditure					
7.	Workload at workplace					
8.	Domestic workload					
9.	Pressure of repayment of loan					

2. **Self Empowerment:**

2.1: Perception regarding psychological empowerment:

Sr. no	Change	Worst than before	Worse than before	No change	Better than before	Very good than before
1	Better understanding about self					
2	Economic independence					
3	Self confidence					
4	Self esteem					
5	Leadership abilities					
6	Risk taking ability					
7	Decision regarding use of loan					
8	Decision regarding use of savings					
9	Decision regarding use of earnings					
10	Decision making ability					
11	Domestic violence					
12	Physical mobility					
13	Social position in the family					
14	Social position in the neighborhood					

3. **Social and Political Empowerment**

3.1.1: Were you a member of any social group/ org before joining SHG? 1. Yes ( ) 2. No ( )

3.1.2: If yes, the nature of the org/ social group:______________________________

3.1.3: No of meetings of SHG which you attend per month:_______

3.1.4: Have you been elected as a leader for the group (president/ secretary/ treasurer)? 1. Yes ( ) 2. No ( )

3.1.5: If yes, the nature of responsibility:_________________________

3.1.6: The nature of issues discussed in meetings:

Sr. no	Issues	Discussed Yes-1 No-2	Frequency (per month-1, per six months-2)
1.	Credit & savings related issues		
2.	Work & enterprise related – market info, trade, etc		
3.	Gender issues – dowry, domestic violence, discrimination		
4.	Any other social issues (specify)		

3.1.7: Time and money per month spent on attending the meetings: a. Time:------hrs b. Expenses: Rs.---------

3.2: Perceptions about social and political empowerment:

Sr. no	Change	Worst than before	Worse than before	No change	Better than before	Very good than before
1.	Participation in electoral process					
2.	Collective voice against discrimination, injustice					
3.	Collective voice for wellbeing such as education, health, sanitation					
4.	Legal awareness about rights and duties					

3.2.1: Had you taken part in any meeting/ demonstration related to any social/ political issue before joining SHG?
1. Yes ( ) 2. No ( )

3.2.2: If yes, what was the issue and what was the nature of your participation?____________________

3.2.3: Were you elected as a leader/member at any local/ community level committee before joining SHG?
1. Yes ( ) 2. No ( )

3.2.4: If yes, the details of the committee and your role:________________________________

4: Agency or capacity building:

Sr. no	Change	Worst than before	Worse than before	No change	Better than before	Very good than before
1.	Control over earnings					
2.	Control over savings					
3.	Control over use of loan					
4.	Access to education/ training					
5.	Access to information regarding health care					
6.	Access to information regarding family planning					
7.	Access to information regarding water & sanitation					
8.	Education of daughter/s					
9.	Education of son/s					

5: Perceptions regarding political empowerment:

PART C: Opinions related to Organization:

1: As per your opinion what is the major change which the involvement in SHG has brought out in your life?

4. What other issues which you think that the SHG and the promoting organization should handle to empower you in better way?

5. What changes do you suggest in the following:

   a. Scrutiny of application and selection of clients:
   b. Time required to get loan sanctioned:
   c. Loan amount:
   d. Installments:
   e. Interest and other charges:
   f. Savings component:
   g. Insurance:
   h. Pension:
   i. Frequency of group meetings:
   j. Procedure to select leaders:
   k. Issues discussed in meetings:
   l. Other programmes/ activities:
   m. Any other: (specify)

The details of the publications and the papers presented in the international conferences by the author:

A. Papers published:

1. Women Entrepreneurs: Challenges Faced, The Icfai Journal of Entrepreneurship Development, Vol. IV, No 4, Dec 2007, pp 6-15.
2. How Empowering is Micro Entrepreneurship Development through Microfinance?, Asia Pacific Business Review, Vol. V, No 1, Jan-March 2009, pp 67-76.
3. Economic Empowerment through Microfinance: An Assessment of CSR Activities run by Forbes Marshall, International Journal of Business Insights and Transformation, Vol. 2, Issue 1, Oct-08 to March 09, pp 64-74.
4. Microcredit and a Macro Leap: An Impact Analysis of Annapurna Mahila Mandal (AMM) – an Urban Microcredit Institution in India, The IUP Journal of Financial Economics, Vol. VII, Nos. 3 & 4, Sept- and Dec, 2009, pp 105/120.
5. Assessment of Self-Empowerment of Women in SHG Programmes from Urban India, Microfinance: Enabling Empowerment, Ed Daniel Lazar, P. Natarajan, Malbika Dev, Pondicherry University, Vijay Nicole Imprints Pvt. Ltd, Chennai, 2010.
6. Targeting and Reaching the poor for Micro Health Insurance: Challenges and Opportunities, The IUP Journal of Risk and Insurance, Vol. VII, No 3, June 2010, pp 38 – 49.
7. Measuring Effectiveness of Social Capital in Microfinance: A Case study of Urabn Microfinance Programme in India, International Journal of social Inquiry, Volume 3, Number 2, 2010, pp -25-43.

B. Papers presented in International Conferences:

1. Empowerment of Women through Micro-entrepreneurship, International Research Conference on entrepreneurship, D.Y. Patil Institute of Management, Navi Mumbai, 25th and 26th Nov, 2007.
2. Innovations in Microfinance: A Case Study of Stree Mukti Sanghatana in Mumbai, International Entrepreneurship Forum (IEF), MICA, Ahmedabad, 8-10 Dec, 2008.
3. Creating India's Global Competitiveness in World Floriculture Trade: A few strategies for India, International Conference on WTO and India's Strategy, IIM, Kozikode, 20-22th Dec, 2008.

4. Targeting and Reaching the Poor for Micro Health Insurance: Challenges and Opportunities, SIMSR- Asia International Marketing Conference, K. J. Somaiya Institute of Management Studies and Research, Mumbai, 4th and 5th Jan, 2009.
5. Innovations for Sustainability and Diversity in Urban Microfinance Models, International Conference on Sustainability of Microfinance Institutions: Challenges & Opportunities, NIILM Centre of Management Studies, N. Delhi, 5th & 6th Dec, 2009.
6. Assessment of Self-Empowerment of Women in SHG Programmes from Urban India, 3rd International Conference on Microfinance, Department of Commerce, Pondicherry University, Pondicherry, 23 – 25 Jan, 2010.
7. Using Social Capital for Development of Micro Entrepreneurship, 10th International Entrepreneurship Forum (IEF), Entrepreneurship & Society: Creating Social, Economic, Cultural & Personal Value, 9-11th January, 2011, Bahrain.

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Ms. Prema Basargekar has completed her MA and M.Phil in Economics and is currently working as an Assistant Professor in the areas of economics and entrepreneurship at KJ Somaiya Institute of Management Studies and Research, Mumbai. She has more than 15 years of experience in the field of research and teaching. Her areas of research interests are microfinance, women entrepreneurship, social entrepreneurship and economic environment. She has also published a few research papers in national as well as international journals in these areas and presented papers in national as well as international conferences.

Biography of the supervisor

Dr. Rajas Parchure has total teaching and research experience of 29 years. He has previously worked with the Times of India Group and the National Insurance Academy. At present he is RBI Chair Professor of Finance and Officiating Director of Gokhale Institute, Pune. He has published in 6 books, 12 monographs and over 50 papers in Economics, Finance and Actuarial Science. At present his principal research interests include economic theory and monetary economics. Dr. Parchure has handled a large number of consulting assignments in the field of insurance and has developed decision support systems for investment management of mutual funds. Besides he has guided 15 students for Ph.D. degrees.