

**MICRO-FINANCE AND WOMEN EMPOWERMENT :
A CASE STUDY OF SHGs
IN PASCHIM MEDINIPUR IN WEST BENGAL**

Synopsis

By

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MICRO-FINANCE AND WOMEN EMPOWERMENT :

A CASE STUDY OF SHGs

IN PASCHIM MEDINIPUR IN WEST BENGAL

In India and, as such, in most of the countries in the world, women constitute about half the total population of the country. If they remain undeveloped, a country cannot develop. Therefore, the overall development of a country requires that women should also be developed. Here, development means empowerment encompassing both economic and social empowerment. Therefore, the question boils down to how the women can be empowered. However, it needs to be mentioned here that of the whole women population, the women, mostly living in the rural areas and lying below the poverty line, do not enjoy any freedom to make any decision, may it be at the household level, or at the village level, or at the national level. They live under the subjugation of their male counterparts. How to make these economically and socially deprived women empowered? This is the basic question we make an attempt to find answers to.

Recently, the concepts of micro- finance and interlink between banks and women's group, known as Self-Help Group (SHG) have received wide publicity as a solution to the problem of empowerment of women lying below the poverty line. This help line for the women does not require the women to furnish the details of their assets/property- financial or physical, to the banks to get loans. They need not have to submit any collateral for this purpose either. Here the liability of the loanee is a joint one, i.e., all the members of the group are jointly responsible for repayment of loans. So, through SHG- Bank linkage programme, poor rural women can get credit facilities which help them to start up any economic activity. In this scheme, training facilities are also provided so that women SHG members get training on different aspects and become more efficient in their field of work.

We, therefore, set out the following broad objectives: To assess the change in empowerment indicators of women SHG members and identify the factors contributing to empowerment of women members of the SHGs, and to examine the effect of SHG programme on women of different castes and religion. Keeping in mind the above objectives the following hypotheses have been formulated.

1. There has been no significant difference in the empowerment status of women SHG members between two periods- the pre- and post- SHG membership periods.

2. Microfinance services do not have any significant impact on the empowerment of the women SHG members.
3. General caste women are as empowered as the minority and backward class women SHG members.
4. There is no difference between the empowerment level of backward class women and that of the minority women after their participation in SHG programme.
5. The micro-finance services along with various production and marketing related support services do not have any relation with the performance of the SHGs in empowering women.
6. The economic conditions of the members of SHGs have not significantly improved over the pre-SHG formation period.

These are null hypotheses. We have statistically tested these hypotheses against the alternative hypotheses that the null hypotheses are not true.

In chapter 2 we made a review of the literature in the following areas 1) Micro-finance-meaning, usefulness and results, 2) Progress and Performance of SHGs, 3) Women and SHGs, 4) Women empowerment and SHGs 5) SHGs as a means of removal of poverty 6) SHGs- Impact on society 7) Sustainability of SHGs 8) Problems of Microfinance Programmes and their solutions, and 9) Suggested remedial measures.

After critical review of literature in these different areas, we have found the gaps in these researches and accordingly we have noted the gaps in their research and we propose in our study to bridge these gaps as far as practicable.

In chapter 3, the sample design used in this study, data collection and methodology for analysis of data have been described in detail. Our sample units have been selected using the Multi-stage Sampling design, which consists in, first selecting the state; second, the district; third, the blocks; then Panchayats; then SHGs and finally, the SHG women members whose empowerment status we propose to examine. As the main work relates to the assessment of women's empowerment which is made on the basis of the responses of the SHG women- members, the type of the data used in our study is primary data which have been collected from the women respondents who constitute our sample. The experimental design used in this study is 'Before-and-After without control design'. In our study 'Before-and-After' means Before-and-After the treatment.

Here, treatment means the introduction of SHG programme for the socio-economic betterment of the women SHG members who have been selected for the purpose of data collection. For collection of data questions are asked in the form- whether there has been any change and, if any, how much? The question 'how much' is answered in qualitative terms such as very good, good, not good, or highly satisfactory, satisfactory, not satisfactory depending on the nature of information required. Thus, the information on different empowerment indicators received from the respondents indicate the improvement or otherwise on the empowerment indicators. After the collection of the data, appropriate techniques for analysis of data have been used. The first step in the data analysis is to measure the empowerment score of the women-SHG member respondents.

We measure women empowerment by formulating women empowerment score which is obtained by measuring the change in different dimension of women empowerment, such as decision making power, mobility, awareness, participation, skill etc. As the data obtained are qualitative, scaling techniques are used to quantify them. Here, 3-point Likert scaling process is used. We consider empowerment score as dependent variable and different SHG facilities are independent variable. Our first objective is to assess the change in empowerment status of women SHG members and then identify the factors contributing to this change. So, we formulate our hypothesis 1 that there has been no significance difference in the empowerment status of women between two periods-pre-SHG membership period and post-SHG membership period and the hypothesis 2 that the effects of various institutional factors such as banking facilities, administrative organizations and policies; personal factors such as level of education of members, years of association with SHG, family support etc. have no significant effect on enhancing the empowerment levels of SHG women members. To test hypothesis 1, paired t- test is used. Such a test is generally considered appropriate in a before- and-after-treatment study. Here we calculate change in empowerment score due to participation in SHG programme and by applying paired t-test we measure the significance level of this change. To test the hypothesis 2, a dummy variable regression equation is used. Here, variables which have three categories-high, medium and low corresponding to 'very good', 'good' and 'not good' or 'highly satisfactory', 'satisfactory' and 'not satisfactory' have been assigned two dummy variables and the variables which have two categories (yes or no) have one dummy. By considering the level of significance of t-value of each independent variable along with their corresponding p values, their impact on women empowerment is measured with reference to the base category or characteristics. A Logit model is formulated to identify the factors that explain the causes underlying the success or failure of the SHG in empowering women. With the help of the Logit model, the probability of being empowered due to one unit increase of independent variable is measured.

To test our third and fourth hypothesis we measure the impact of SHG on the empowerment status of the women SHG members belonging to different castes (general, SC,ST,OBC) and religions (Hindu and Muslim). Here Z test is used to test the difference between two population means for large and independent sample. We use t-test to test fifth hypothesis (null) that the quality of micro-finance services along with various production and marketing related support services do not have any relation with the performance of the SHGs in empowering women and sixth hypothesis that the economic conditions of the members of SHGs have not significantly improved over the pre-SHG formation period.

In chapter 4 there is a brief discussion on the growth of SHGs in West Bengal. In chapter 5 the Socio-economic and geo-physical characteristics of the district of Paschim Medinipur and the sample blocks and the gram Panchayats are discussed.

The objective behind these discussions is to give an idea about our study area and the sample units, i.e., the SHGs, which will serve as a background or initial conditions against which the conclusions will be drawn about the variables of our interest, i.e., about the status of women SHG members under study. In chapter 6 'SHG and Women Empowerment: Theoretical and Empirical Analysis at the All -India level,' we discuss the all-India scenario so far as SHG and women empowerment are concerned. In chapter 7 an attempt has been made to know how the SHG programme has played a pivotal role in empowering women SHG-members. In this chapter certain empowerment parameters or indicators have been considered *a priori* and they are assumed to be the empowerment determining factors. The data have been collected on each of these indicators from the respondents through personal interview using structured questionnaires – meant for the SHG as well as for the respondent units, i.e., the selected women SHG members. This chapter contains total 48 case studies on the respondent women members' pre-SHG membership status and the present status, interspersed with their tales of tortures at home and outside, presented in boxes.

In chapter 8 all the hypotheses as described above have been tested using appropriate statistical techniques elaborated in chapter 3. The results of hypothesis testings are described below.

The test result of the hypothesis 1 is that the difference between the pre-SHG programme empowerment status and post-SHG programme empowerment status is statistically significant at 1 percent probability level, which means that there has been significant improvement in the empowerment status of the women SHG members after they became associated with the programme as members and availed themselves of all or some of the facilities. This applies to all categories of women SHG members taken together.

The result obtained from the testing of second hypothesis shows that increased year of association increases empowerment of women members. The reason behind that long time association with SHG increases confidence among SHG members. Moreover, a member of a group has some feelings for her co-members and this feeling become stronger for the older group members. Large amount of credit facility accelerates women empowerment while there is no impact of small amount of credit facility. After few month of its establishment, a group gets a small amount of credit facility. With help of that they start any type of small business. This may not result in increased income by any significant amount or increased confidence. But after second gradation, SHGs get project loans. With the help of that they can start any project, individually or jointly. If they use that credit successively then they would be economically better off and confident enough about their project. As we mentioned before, training facilities are highly significant in determining empowerment. Without training, rural women do not find the way of utilizing the fund properly, mainly, when they get a large amount of credit. Formal education of SHG members helps them to understand SHG mechanism properly. This also helps them at every stage of functioning of the SHG- starting from formation to receiving loans, to making products or carrying out trading business, and later on, marketing the product. So, here high level of education is a significant determinant of women empowerment while low level of education i.e. below class-v is found not significant. Support from the family members helps women members to proceed along the path of empowerment. Sometimes, it is found that family members are very supportive and do many of the household activities so that she could attend SHG meeting and do economic activity. Position in the group is of two types – as leader or as general member. So, this variable has one dummy. Results shows that position of the member as leader helps women to gain knowledge because some training programs are organized only for the leaders and they perform bank transactions and interact with the government officials, which help them to be empowered easily. Sometime, women find no way of utilizing bank loan, therefore, they use it for consumption purposes or hand over the amount to their counterparts, willingly or unwillingly. If they use the bank loan on their own economic activity then in the process of this activity she would acquire skill, confidence and therefore, will feel empowered. Change in independent earning is another determinant of women empowerment, which has two dimensions- increase or no change in income. Therefore, one dummy is used. Result shows this variable is statistically significant. Support services including facilities of raw materials, marketing and other related facilities encourage women to participate in income generating activities and acquire empowerment. This variable has also two dimensions and so, has one dummy. This variable is also found to have significant effect on the empowerment score. The other two variables i.e. role of promoting agency, here Gram Panchayat, and role of bank are found to be

statistically not significant. We know that different SHG facilities are disbursed through Gram Panchayat and bank. If they favour any SHG then it gets different facilities more easily and member belonging to that SHG enjoy special advantage which in turn helps in economic empowerment of the women members of that SHG.

Dimensions which are used to prepare the scores of women empowerment are mainly social and political, though we assume that social empowerment will take place when women get economic power. For example, decision making power of women depends on their earning capacity. Therefore, after group formation, poor rural women socially and politically empowered. One of the causes of this increased empowerment is increase in earning over the pre-SHG period. Sometimes, it is found that Gram Panchayat is not so helpful but due to external exposure through SHG, women can understand what facilities are must for their own betterment. They by using different means can sometimes extract some advantages from the Panchayats. In this case empowerment occurs more rapidly. Sometimes opposition of Panchayat makes women SHG members more resolute and determined. The same explanation can be made for the role of banks also. It is found from our study that the SHG members put up demonstration in front of the banks demanding loans and other facilities to which they are entitled, when such situation arose. This fight against Panchayat and Bank officials' discriminatory attitude has been reported by many women. This awareness about their right to loan from the banks, or the right to be equally treated is an eloquent testimony to their being empowered to fight against injustice and discrimination.

With the help of the Logit model, the probability of being empowered due to one unit increase of independent variable is measured. It is found from the model that probability of being empowered is significantly increased if the member is associated with the group for more than five years or if gets training facilities as compared to no training or associated with the SHG for a short time. Probability of being empowered will increase with the increase of loan facility but statistically it is not significant though in regression analysis large amount of credit facility has significant impact on dependent variable. This indicates unproductive use of loan by many SHG women members.

Formal education is very much significant in probability term. Unlike regression result, primary level education also has significant impact on women empowerment in probability terms. Further, the probability of being empowered increases if members's own earning increases, member holds leadership position or if he gets different support services to expand the economic activities. Probability of being empowered is not significantly high if bank is very helpful or family members are very helpful. But in regression analysis, family members' role has been found to be very important

for women empowerment. Empowerment of women is significantly less in probability terms if Gram Panchayat is not in favour in any way than if the SHG get full support from Gram Panchayat.

To test our third and fourth hypotheses we measure the impact of SHG on the empowerment status of the women SHG members belonging to different castes (general, SC,ST, OBC) and religions (Hindu and Muslim). It is found from the study that General caste Hindu women members are found to have been more empowered than the non- general caste Hindu women members and general caste minority members.

Mean empowerment scores of non- general caste Hindu women members and minority members are not statistically significantly different from each other. That is, on an average, there has been no difference in the empowerment status of the non- general caste Hindus and the Muslim women in the statistical sense. Actually, general caste member can utilize SHG facilities more efficiently where as SC,ST and OBC members are lagging behind due to lack of education and social backwardness, and relatively much lower access to financial and other resources. Their empowerment status increases, but not as much as that of general caste members. SHG programme has opened up a new vistas of empowerment to many minority women but due to social and religious obligations they fail to improve their position to an appreciable extent. Therefore, through participation in SHG programme the women can empower themselves more rapidly if they are already on the road to empowerment. The social and religious hindrances to achieving decision making power in the case of Muslim women are gradually being overcome. It is expected that their emancipation from the social and religious dogmas is just a matter of time. Here, SHG is working as a catalyst. It helps the women members to reach their goals.

Our fifth hypothesis (null) is that The quality of micro-finance services along with various production and marketing related support services do not have any relation with the performance of the SHGs in empowering women. Here we have calculated the correlation coefficient between these two variables- women's empowerment and support services. From the results of the regression and logit models we see the variable support services, is a significant determinant of women's empowerment. It is also found that there is high correlation between women empowerment and support services. There are many cases where women SHG members were forced to stop production due to lack of market or due to lack of raw materials. The quality of micro-finance services along with various production and marketing related support services has positive relation with the performance of SHGs in empowering women. Therefore, various support services have helped the SHG women members to be self- dependent.

The sixth and last hypothesis assumes the economic conditions of the members of SHGs have not significantly improved over the pre-SHG formation period. To test this hypothesis we have used mean difference test. It is observed from the result that the difference in income of the SHG women members between the pre-SHG and post- SHG period is statistically significant and it is significantly high in the post-SHG period compared to the pre-SHG period. Therefore, we may conclude that SHG-Bank linkage programme has positive impact on women empowerment and women who are associated with an SHG for a long period and got SHG related facilities are more empowered than the women who have been associated with SHG for shorter time or did not get requisite facilities related to SHG. Here, we must mention that association with an SHG for a long period does not ensure more SHG facilities. In a good number of cases, we observe that many old SHG have got negligible credit facility and training facility. Some problems related to SHG-Bank Linkage programme are discussed.