CHAPTER - 1

INTRODUCTION

Smt. Ilaben Bhatt, Founder, SEWA: "Poverty and violence are not God made, they are man-made. Poverty and peace cannot coexist. It is the women who are the leaders in change and without their participation poverty can never be removed."

The rationale of this chapter is to bring conceptual clarity to understand the concept of empowerment of women through Microfinance. For empowering women micro-finance and micro-credit is considered to be effective measures. It was also thought that accessibility to credit would help in income generating activities among women. And in the long run, this would help in alleviation of poverty from the households and the society at large. Carried with such a perception, a lot of funds have been disbursed into the project of empowering women. In spite of all these, the status of women in the society remains unchanged. Women are an integral part of every society. Development and growth of a nation would be possible only when women are considered as equal companions in progress with men. Empowerment of women is essential to connect the women labor in the main stream of economic development. Empowerment of women is a holistic concept. It is multidimensional in its approach and covers social, economic political and cultural aspects. Of all these facts of women development social and economic development is of utmost significance in order to achieve a lasting and sustainable development of society. Accuracy of microfinance through self-help groups is an important means for attaining women empowerment.

Basically economic dimension is considered to be a part of the overall development. Income generation is the approach advocated in recent times to empower women. However, this often leads to double burden and dual roles. Engagement in outside work overburdens a woman as she has to also manage the household chores. In situations where in the workload of cooking and childcare is not adequately shared by the husband, working outside home may hamper the health of womenfolk. In such a case defining empowerment on the basis of pandering in income generating activities would be problematic.

Access to credit and generation of income among women can be considered as a necessary but not sufficient condition for empowerment. Apart from this, focus should also be on developing awareness among the people about the prevailing gender disparities in the society. This may help in the transformation of social structure in the long run. It is evident that economic, social and political dimensions should be covered under the purview of empowerment. This study tries to put emphasize on empowerment of women not only in terms of economic accessibility but also taking the social, political including health dimension into consideration. Also empowerment is considered at individual, familial and societal levels. The study also focuses attention on whether women have really gained a sense of autonomy and decision-making after being involved in the SHG module and income generating activities.

The first chapter serves as an introduction to the topic explaining the major terms used in the microfinance Sector, overview of microfinance, emergence of microfinance, self-help groups coverage and models of microfinance. It also explains the progress under SHG-Bank linkages and MFI-Bank linkages. The present study is an endeavor to understand the concept of empowerment of women through microfinance. Empowerment as a strategy was basically formulated to bring about development of the omitted groups in the society. Apart from striving for narrowing down differences along the lines of caste, religion, region; gender was also covered. For empowering women, micro-finance and micro-credit was considered to be an effective tool. It was also thought that accessibility to credit would help in income-generating activities among women. And in the long run, this would help in alleviation of poverty from the households and the society at large.

Accepting with such a perception, a lot of funds have been pumped into the various projects and programmes of empowering women. In spite of all these, the status of women in the society remains unchanged. Access to income may have brought economic well-being but without possessing right to take decision over expenditure of own income. Sometimes transfer of credit to men availed in the names of women acts as a setback for the whole agenda of empowerment. The economic dimension cannot be considered to be exclusively responsible for empowerment of women. Access to credit and generation of income among women can be considered as a necessary but not sufficient condition for empowerment. Apart from this, focus should also be on developing awareness among the people about the prevailing gender inequalities in the society. This may help in the transformation of social structure in the long run. Women should be made accessible to' educational opportunities, health care facilities, nutrition, safety, security, powerful position in the society etc.

1. EMPOWERMENT AS A COURSE OF DEVELOPMENT

Empowerment of woman can be achieved not just taking steps towards improving their status across physical, economic, socio-cultural and political space but with their effective implementation. Just making accessible to economic resources without bringing about any change in the socio-cultural condition of woman would not lead to empowerment. Change can only be brought about when the mental cosmos is expanded. The mental space involves the capability of an individual to recognize and act accordingly. It is considered to be vital to the process of empowerment. A woman can be said to be empowered when she takes decisions about her own life without being influenced by family members or any other people. All the different spaces work together for achieving empowerment though no linear relationship can be said to exist between physical, economic, socio-cultural, political and mental spaces. However, all of them help in challenging the unequal gender relationships and striving for the improvement of status of women at the household and societal level (Deshmukh-Ranadive and Murthy 2005).

As such, empowerment as a course of development can only accelerate through achieving right in making choices and exercising control over resources. However, this has to be substantiated with challenging the prevailing inequities. Initially the process has to be accelerated through participation of women in attaining their independence relating to their control over decision-making at the familial and communitarian level. Later, the growth of awareness among the women would lead to marked changes in the social, economic and political sphere. All this would help in making women free from the clutches of discrimination and subordination (Karl 1995). In other words, empowerment should provide opportunities to channelize their choices. But at the same time, they have to be involved in the implementation of developmental projects designed for them, in order to make it a success. For any approach to measure levels of empowerment, all the three dimensions i.e. resources, agency and achievement has to be rightly understood. This is because of the fact that all the three are interrelated. Resources state the potential of the agency to choose rather than actually exercise choice. Also agency has to be rightly understood by the strategic choices to challenge the inequities prevailing in the society. When the resources are utilized by the agency to transform the existing inequalities, then achievement can be said to be made in the true sense (Kabeer 1999). All these three dimensions can be said to improve the status of women within the power relations of the society.

In basic definition of empowerment drawn from Kabeer (2001), “strategic life choices” would refer to decisions that influence a person’s life trajectory and subsequent ability to exercise autonomy and make choices. Examples include decisions related to marriage, education, employment, and childbearing. One argument is that as such strategic choices are likely to take place relatively infrequently in a person’s life, it is often difficult to link them with policy and program interventions unless the time frame of the research is very long. Given the measurement constraints imposed by the infrequency of “strategic life choices” in an individual’s life, it almost becomes necessary to consider “small” actions and choices if measuring empowerment in the short term. Indeed, given their scope, most household level studies that have included indicators of women’s empowerment have not focused on “strategic life choices” but, rather, on what might be termed “empowerment in small things.”

Women’s empowerment needs to occur along the following dimensions: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. However, these dimensions are very broad in scope, and within each dimension, there is a range of sub-domains within which women may be empowered. So, for example, the “socio-cultural” dimension covers a range of empowerment sub-domains, from marriage systems to norms regarding women’s physical mobility, to non-familial social support systems and networks available to women. Moreover, in order to operationalize these dimensions, one should consider indicators at various levels of social aggregation -- the household and the community, as well as regional, national and even global levels. In the table we group commonly used and potentially useful indicators within various “arenas” or spheres of life. In terms of practical measurement, however, it is difficult to neatly separate the dimensions. For example, many aspects of economic or social empowerment overlap considerably with the familial dimension, as in the case of control over domestic spending or savings, or the limitations on mobility or social activities.

A major revolution being tried out in the area of rural finance is the promotion and encouragement of self-help groups (SHGs) for the poor, specifically women, to help them gain better access to savings and credit plus facilities. SHGs are considered a solution for some of the problems of the rural credit markets which come in the way of rural poor having sustained access to formal credit agencies.

The Beijing World Conference on Women (1995) proposed the following qualitative and quantitative indicators for evaluating women's empowerment.

1.1 The Qualitative Indicators of Empowerment

a. Increase in self-esteem, individual and collective confidence.

b. Increase in articulation, knowledge and awareness levels on issues affecting the community at large and women in particular such as women's health, nutrition, reproductive rights, legal rights, literacy, etc. depending on the programmes.

c. Increase or decrease in personal leisure time and time for childcare.

d. Increase or decrease in workloads of women as a result of new programmes.

e. Changes in the roles and responsibilities in the family and on the community.

f. Visible increase or decrease in levels of domestic violence and other forms of violence, perpetrated on women and girl child.

g. Response to and changes in social and other customs that are anti-women. For example: child marriage, dowry, discrimination against widows, etc.

h. Visible changes in women's participation levels. For instance: Are more women attending public meetings and participating in training programmes? Are women demanding participation in other events related to their lives?

i. Increase in bargaining/negotiating power of the women as an individual in the home and community as well as in collectives of women.

j. Increased access to and ability to gather information and knowledge not only about the project, but also about what affects their lives.

k. Formation of cohesive and articulate women's groups/collective at the village level, district block and state levels.

l. Positive changes in social attitudes amongst the community members towards discrimination against women and girl child.

m. Awareness and recognition of women's economic contribution within and out side the household.

n. Women's decision making over the kind of work she is doing. Is her income and expenditure in her control or is she still subservient to male members in the family?

1.2 The Quantitative Indicators of Empowerment

a. Demographic trends in – maternal/mortality rate, fertility rates, sex rates, life expectancy at birth, average age of marriage, etc.
b. Numbers of women participating in different development programmes.
c. Greater access and control over community resource/government schemes/services. For example: crèches, credit saving groups, co-operatives, schools, wells, etc.
d. Visible changes in physical health/status, nutrition levels.
e. Changes in male/female literacy levels - primary, secondary and adult literacy including enrolment and retention rates.
f. Participation rates of women in political processes at the local level.

1.3 The International Encyclopedia of Women (1999) and women empowerment

The International Encyclopedia of Women (1999) lists the indicators of women empowerment at individual, organizational and national level.

1.3.1 At the level of Individual Women and her household

a. Participation in crucial decision-making process.
b. The extent of sharing the domestic work by men.
c. The extent to which women take control of their reproductive function and decides on family size.
d. The extent to which women is able to decide where the income she have earned will be
e. channeled to.
f. Feeling and expression of pride and value in her work.
g. Self-confidence and self-esteem.
h. Ability to prevent violence.

1.3.2. At the Community and Organizational

a. Existence of women organizations.
b. Allocation of function to women and women projects.
c. Increased number of women and leaders at village levels.
d. Involvement of women in the design, development and application of technology.

e. Participation in community programmes, productive enterprises, politics and arts.
f. Involvement of women in non-traditional tasks.
g. Increased training programmes for women.
h. Exercising her legal rights when necessary.

1.3.3 At the National Level

a. Awareness of her social and political rights.
b. Integration of women in the general, national, development plans.
c. Existence of women's network and publications.
d. Extent to which women are officially visible and recognized.
e. The degree to which media take heed of women's issues.

Kabeer (1999) feels that though 'access to resources' is thought to be crucial in relation to women empowerment, but without understanding the right to exercise power over it is meaningless. In other words, apart from understanding - the interrelationship between empowerment and resources, it is also necessary to probe into the choice factor. This is nothing but independency of making decisions in regard to resources at disposal. There is however a distinction between potential and actualized choice. A woman can only be said to be empowered when she has the right to exercise her choice than mere possession of the same.

2. MICROFINANCE IN INDIA

Inadequacies in access to formal finance has led to the growth of microfinance in India. In India microfinance operates through two main channels viz. a) banking system through the SHGs under SHG-Bank Linkage Programme (SHG-BLP) and JLG bank lending programme and b) through Micro Finance Institutions (MFIs) lending through individual and group approach.

2.1 MICROFINANCE: AN OVERVIEW

Microfinance is the provision of loans and other monetary services to the poor. The microfinance has evolved due to the efforts of committed individuals and financial agencies to promote self-employment and contribute to poverty mitigation and provision of social protection. India has been able to develop its own model of microfinance organizations in the form of savings and credit groups known as the Self Help Group (SHGs), which are bank-linked. These SHGs are mainly formed and managed by women and this has become an instrument, which has led to women's empowerment and social change. Most of the microfinance institutions in India attempt to go beyond savings and credit groups to provide microfinance services in the form of savings and insurance.

NABARD has defined microfinance as ***"provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban provided to customers to meet their financial needs; with only qualification that (a) transactions value is small and (b) customers are poor."***

Microfinance provides financial services to those whose income is small and unstable. These people are in need of credit facilities for several reasons (i) their needs are small and arise suddenly (2) the institutional providers of finance namely the banks demand collateral security which they cannot provide (3) most of the time, they are in needs of funds to meet their consumption demands, for example, to meet expenses related to education, illness, funerals, weddings for which it is difficult to obtain institution finance (4) for purpose of investment in income generating activities.

Microfinance is a concept that is helping the poor to avail of a create opportunities for economic growth. In India, microfinance has filled the efforts of rural development, women empowerment and wealth generation by providing small scale savings, credit, insurance and other financial services to poor and low income households. Microfinance thus serves as a means to empower the poor and provides a valuable tool to help the economic development process. The concept of micro financing and self-employment activities in rural areas has developed considerably over the last two decades. It is working neither on domain/charity nor on subsidy. It is basically rotational investment done to motivate the poor to empower themselves and practice the dictum 'Save for the future and use that resource during the time of need.' Theoretically, microfinance also known as microcredit or micro lending means making provision for smaller working capital loans to the self-employed or self-employment seeking poor.

Microfinancing is a new method to meet the credit requirement in rural areas. Since the bank borrowing requires collateral and the deprived class does not have any type of such collateral, the success of Bangladesh Grameen Banks attracted the attention of Indian policy makers towards the microfinance and microcredit, which are the new entrants in realm of present rural financing. Microcredit is based on 20 self-help groups which will be technically supported by NGOs and sponsor bank. In other words, self-help group is a small, economically homogeneous and cohesive group of rural poor voluntarily coming together to save small amount regularly, agree mutually to contribute to a common fund and have a collective decision making for providing collateral free loans on terms and conditions decided by the group. The group will make a project, which will be supervised and assisted by banks and NGOs. After evaluating the viability of the groups, the banks further provide sufficient community participation in the development process.2

2.2 NEED FOR MICROFINANCE

Microfinance aims at assisting communities of the economically excluded to achieve greater levels of asset creation and income security at the household and community level. Access to financial services and the subsequent transfer of financial resources to poor women enable them to become economic agents of change. Women become economically self-reliant, contribute directly to the well-being of their families, play a more active role in decision making and are able to confront systematic gender inequalities. Access to credit has been given considered a major poverty alleviation strategy in India. Micro-credit has given women in India an opportunity to become agents of change. Poor women, who are in the forefront micro-credit movement in the country use small loans to jump start a long chain of economic activity.

Microfinance is accessing financial services in an informally formal route, in a flexible, responsive and sensitive manner which otherwise would not have been possible for the formal system for providing such services because of factors like high transaction cost emanating from the low scale of operation, high turnover of clients; frequency of transaction etc. Microfinance and self-help group must be evolved to see that SHGs do not charge high rates of interest from their clients and improve access to those who cannot sign by their use through thumb impression.

The current literature on microfinance is also dominated by the positive linkages between microfinance and achievement of sustainable development goals (SDGs). Microfinance initiatives contributes to achieve *Goal 1 of SDGs i.e. "End poverty in all its forms everywhere".* credit Summit Campaign's 2005 report argues that the campaign offers much needed hope for achieving the sustainable development goals especially relating to poverty reduction. In India, identification of poor is done by the State Governments based on information from Below Poverty Line (BPL) censuses of which the latest is the Socio-Economic Caste Census 2011 (SECC 2011). Allocation of expenditures on anti-poverty programs can also be done using instruments other than the poverty ratio. For example, the expenditure on the provision of housing across states can be done according to the proportion of households without house in the state. Universal programs such as those under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNAREGA) and Sarva Shiksha Abhiyan (SSA) are available to all making the question of allocation moot.

Making anti-poverty programs such as the Public Distribution System (PDS), Midday Meal Scheme, MGNREGA and Housing for All more effective represents the second leg of the strategy to eliminate abject poverty. Jan Dhan Yojana, Aadhaar, Mobile trinity could play a vital role in widening the reach of Government to the vulnerable sections. Jan Dhan bank accounts under Prime Minister's Jan Dhan Yojana (PMJDY), biometric identity cards under Aadhar and accessibility to the accounts through mobile phones promise to revolutionize the anti-poverty programmes by replacing the current cumbersome and leaky distribution of benefits under various schemes by the Direct Benefit Transfers (DBT).

Credit is vital to the poor for overcoming the inevitable and common imbalance between income and expenditure. Credit is also crucial to the poor for income generating activities, like investing in their marginal farms or other small scale self-employment ventures. Their access to formal banking channels, however, is limited due to their low resource bases as well as due to the nature of formal credit institutions. The popularity of the microfinance, self-help groups stems from widespread recognition that formal banking channels are largely ineffective in catering to the credit needs of the poor.

Tiny savings and loans are generally an unattractive business proposition for formal banking institutions. In addition to disincentives faced by the banks, there are also problem faced by the poor in accessing loans from formal banking institutions. For example, to minimize risks, banks demand, collateral security that the average micro borrower does not possess. Banks also insist on complicated procedures that are too time consuming and often too complicated for the poor and illiterate. Even in the implementation of direct lending programmes formal institutions find it difficult to overcome the problem of targeting. The experience is that the rich and powerful typically manage to corner the scare loanable funds. Thus formal banking channels remain largely inaccessible to the poor in India. As a result, the poor continue to be dependent on informal sector lending, paying exorbitant rates or underselling the product and their labour power to the creditor. It was in response to these limitations in formal banking channels that micro credit mechanisms were innovated.

A quite from the former U.N. Secretary General Kofi Annan's video message on the launch of the international year of micro credit on 18th November 2004 also shows the significance of microfinance. "Microfinance has proved its value, in many countries, as a weapon against poverty and hunger. It really can change people's lives for the better - especially the lives of those who need it most …. Let us be clear. Microfinance is not charity. It is a way to extend the same rights and services to low-income households that are available to everyone else. It is recognition that poor people are the solution, not the problem. It is a way to build on their energy and vision. It is a way to grow productive enterprise and so allow communities to prosper."

Trickle Up Approach of Microfinance

Most of the developed nations of the world started their growth path from the development of the agriculture sector. For a long time, it was felt that the growth of developing countries is dependent on the growth path developed countries, i.e. through the trickle down strategy. This is the economy theory which advocates letting ultimately trickle down to lower income individuals and the rest of the economy. In other words, this is a theory of economic development that claims higher standards of living for the poor will develop gradually with economic growth. The same applied on the macro level in the individual countries, which started believing on the concept of laissez-faire policy. However, there were countries like India and Israel; which did not believe in the free market economy and continued with their public expenditure programmes. Along with it, attention was made to make a self-sustained economy at least from the view point of the agriculture sector. However, it took a long time to realize that if the gains of development have to go to the poor, then some different strategy has to be adopted.

When the Grameen Bank of Bangladesh started its foray into microfinance in the middle of 1970s, it was realized that it can definitely be a good way for the benefit of the poor then it was the realized that it is not the trickle down approach but it is the trickle up approach which should be adopted to upgrade the living of the poor. Trickle up would therefore mean that the benefit should be directly provided to the poor so that they can invest it accordingly for their own development and would try to improve their living standard. The countries were providing direct finance earlier also, but since the late 1970s it was realized that if one wants benefits to be passed to the poor ensuring its true use and accountability, then microfinance is the best alternative.

In the development paradigm, microfinance has evolved as a credit based policy and programmes to cater to the so far neglected target groups (women, poor, rural, deprived etc.). Its evolution is based on the concern of all developing countries for empowerment of the poor and alleviation of poverty. Development organization and policy makers have included access to credit for poor people as a major aspect of many poverty alleviation programmes. Microfinance programmes have in the recent past become one of the more promising ways to use scare development funds to achieve the objectives of the poverty alleviation. The basic idea of microfinance is simple; if poor people are provided access to financial services including credit, they may very well be able to start or expand a microenterprise that will allow them to break out of poverty.[9]

2.3 The Important Features of Microfinance are

a. Microfinance is a tool for the empowerment of poor women;
b. Loans under microfinance programmes are very small;
c. Microfinance targets the poor rural and urban households;
d. Credit under microfinance follows thrift i.e. mobilize savings and lend the same;
e. Low transaction cost due to group landings;
f. Transparencies in operation;
g. Short repayment period;
h. Simple procedure for processing and approving loan applications and delivery credit;
i. Chances of misutilization are rare and there is assured repayment;
j. Peer pressure act as the collateral security required for loans;
k. Need based loan disbursement;
l. Prompt repayment; and
m. There is no ceiling from the RBI in respect of minimum and maximum amounts.

2.4 MICROFINANCE DELIVERY MODELS IN INDIA

There exists a wide range of microfinance in India. It can be said that India hosts the maximum numbers of microfinance models. Each model has succeeded in their respective fields. The main reason behind the existence of these models in India may be due to geographical size of the country, a wide range of society and cultural groups, the existence of different economic classes and a strong NGO movement. Microfinance Institutions (NGO-MFIs, Mutual Benefit MFIs and For-profit MFIs) in India have adopted various traditional as well as innovative approaches for increasing the credit flow to the unorganized sector. They can categories into four broad categories:

(1) SHG Model (2) Federaled SHG Model (3) Grameen Bank Model (4) Co-operative Model
Important features of these four micro-finance models are as follow. These models vary in their legal form, in the channels and methods of delivery, in their governance structure, in their approach to sustainability and also in their approach to microfinance.

2.4.1 Self-Help Group (SHG) Model

A self-help group consists of 10-20 members drawn from a relatively homogeneous economic class (i.e. poor), selected on the basis existing affinities and mutual trust; members meet regularly at a fixed time and place and pool their savings into a common fund from which they take need based loans. The group develops its own rules and regulations and sanctions for violations; the meeting procedures and processes, leadership change norms, intensive training and handholding, are designed to enable SHGs to function in a participatory and democratic manner. The objectives of the SHGs go beyond thrift and credit –and include the overall development of members in the social, political, cultural and economic arena; thus the SHGs are ‘credit plus’ institutions (Fernandez, 1998).
SHG has emerged as the 'Indian model of microfinance'. It is so popular in India that government programmes have SHG as the core of their strategy.

Dynamics of SHG Model:

a. The SHG model has evolved in the NGO sector, NGOs primarily have the functions of enabling, educating and networking. This model has emerged as the capacity building of community based institutions.
b. SHGs are small and informal groups (consisting 10 to 20 members). Group members are socio-economically homogeneous.

c. Groups are composed either by male only or by female. In India 90 percent of the SHGs are composed of female only.
d. Group members are self-selected act as a facilitating agency to build processes and systems that makes the SHGs viable and sustainable institutions.
e. The group members meet regularly at an appointed time and place for carrying out their savings and credit activities and other issues of development.
f. The group mobilizes savings among the members and issues need based loans to the members (only) of the common funds created.
g. The rules and norms are determined by members themselves and the NGO does not interfere in this matter.
h. After the SHG has been put on the path to sustainability, organizationally and financially, the NGO may decide to withdraw from supporting the SHG and move on to new groups.
i. The main motto of the SHGs is to empower poor socio-economically and their livelihood pattern.

2.4.2 Federated Self Help Group Model: Federation of SHGs bring together several SHGs. In India, FSHGs includes those promoted by the Dhan Foundations, PRADAN, Chaitanya and SEWA are famous in India.

Dynamics of Federated SHG Model

a. Federations usually come under the Societies Registration Act. They have between 1000-3000 members.
b. There is a distinct three-tier structure in federations - the SHG is the basic unit, the cluster is the intermediate unit and an apex body or a federation, represents the entire membership.
c. Each SHG participates directly in the representative body at the cluster level. Two members from each SHG attend the monthly cluster meetings. Information from the groups to the apex body and vice-a-versa is channeled through the cluster level representative body.
d. The cluster leaders are a highly effective part for group monitoring and strengthening, so the operations of the apex body are decentralized through the clusters.
e. The executive body at the apex level is consists of 9 to 15 members.
f. Three common financial activities of federations are:
    - Acting as an agent and managers of external credit funds.

- Assisting SHGs with loan recovery in difficult cases.
- Strengthening weak SHGs, so that they are able to carry out their savings and credit functions smoothly.

Other financial services provided by the federations are:

- Additional options for members to save: federations often offering additional savings schemes to the group members, which is apart from group savings. So the members have savings with the group and in addition, with the federations. Satisfactory returns on savings to members.
- Credit giving patterns also vary. Generally, federations have credit activities at the group level, although, federations provide credit to the members, these loans are disbursed from member's savings that may be deposited with the federation and from the external funds that it is able to access independently, federations are able to increase the amount of credit available to members. Federations even provide bridge loans.
- Federations provide insurance and housing finance, and also support services to facilitate productive use of credit. One federation in India (Chaitanya) started to provide insurance services to its members. It has become an agent of the insurance company.

2.4.3 Grameen Bank Model

The Grameen Bank model of Bangladesh, developed by Muhammad Yunus, its former chairman was considered as the pioneer microfinance institution. It has been highly successful in its banking service to the poor as well as in its poverty alleviation programmes. With its well-recognized success, many organizations in India, like SHARE Microfin Ltd., Activities for Social Alternative (ASA) and CASHPOR, Financial and Technical Services Ltd. have adopted this methodology with little variations.

Dynamics of Grameen Bank Model

- Homogenous groups of five members are formed at the village level.
- The field worker of the Grameen Bank facilities the process of group formations.
- All the group members undergo a 7 days compulsory training of 1-2 hours per day. Some groups undergo the Group Recognition Test (GRT). It is a screening test that can distinguish between serious and non-serious groups.
- Once the preliminary groups have passed GRT, and then the women become members of Grameen Bank by paying a one-time member fee.

- Eight join liable groups affiliate together to form a center. Every week center meets at a defined time. Bank Assistants attends the meetings and it is mandatory for the members to attend the weekly meeting and all the loan applications have to be approved by other group members as well as center members. The loan is disbursed from the bank fund and it is not linked with the group savings. Loan is given to the individual not to the group or the center.
- The loan disbursement is always done in the center. The housing loans are disbursed at the Branch to maintain documentation.
- Various loans are provided by the Grameen Bank such as general loans, supplementary loans, special loans, sanitations and housing loans etc. The size of loan ranges from Rs. 4,000 to Rs. 10,000 for general yearly loans. The first loan is Rs. 4,000 and there is an annual increase of Rs. 1,000 in loan size in each year thereafter. Every member save Tk. 10 per weak and it is compulsory. This saving is deposited with Bank. The Bank funds their consumptions with this deposit. This strategy overcomes the problem of default as it is proved that nobody is likely to default on his or her own money.
- All loans are repayable within a year in 52 equal installments (over 52 weeks). Bank charges 5 per cent tax on all productive loans to a member. In this way group fund is increasing.
- The group leader collects the loan repayments and savings prior to the meeting and hands its over to the center leader who gives it to the field worker during the meeting. This collected amount is deposited in the branch on the same day. No new loan is issued from this collected amount. It discouraged all possible leakages in monetary transactions.
- Peer pressure replaces the collateral. Member-borrowers who repaid the loan in time are allowed to get repeated loans and conditions access to increasing credit from bank. The most significant aspect of the Grameen Bank model has been its high loan recovery rate (98% and above).

2.4.4 The Cooperative Model

The leading organizations that has been successful in using the cooperative form in rural microfinance in India has been the Cooperative Development Forum (CDF), Hyderabad. It has built up a network of financial co-operatives based upon women's and men's thrift groups. It has registered under the New Generation Co-operative Act, 1995.

2.5 On the basis of SHGs formation and credit linkages there are three models of bank linkage emerged as follows:

A. SHGs formed by and linked directly to banks (Model I)

B. SHGs formed and facilitated by SHPIs such as NGOs and government departments but linked directly to banks (Model II)

C. Indirect bank linkage or 'bulk lending' where NGOs and other MFIs (like Supath Gramodhyog Sanstha & Prayas, Gujarat) acted as financial intermediaries by borrowing from banks and on-lending to SHGs directly, or through SHG federations (Model III).

The combined efforts of the banks, the NGOs and the SHGs themselves thus brought institutional credit to the many millions of people who had earlier failed to benefit from it. However, as the programme spread, a host of SHPIs, especially government agencies, contributed to the large numbers of SHGs that were formed with many of them being linked to banks.

India has been a fertile breeding ground for a large number of models of Micro finance, each of which has become hugely popular. In fact, it can be said that India hosts the maximum number of Micro finance models, both in indigenous practices as well as in modern Micro finance. The sheer geographical size of the country, a wide range of social and cultural groups, the large spectrum of economic classes and a very active NGO movement, can be said to have caused the upcoming of a wide variety of Micro finance models. The models range from pure "home-spun" varieties like the SHGs and the co-operatives to the "adapted" models like the Grameen methodology and the for-profit corporate models (Sadhan, 2004).

M S Sriram et al, (2005) gives his opinion saying, in the dynamic field of micro-finance, there is clearly no one best way to deliver services to the poor - multiple models exist and each has succeeded in their respective contexts. According to him, the evolution of the different models may have happened due to any or the combinations of the following reasons:

1. Compatibility with the programmes that the NGO is already involved in.
2. The inclinations of the promoter.
3. Choosing between an approach that delivers only Micro finance or a mixture of financial and business development services.
4. Legal and policy considerations.
5. Whom to serve – Clientele.

6. How many clients to cater to and where to operate – Outreach and Geographic Dispersion.
7. What specific services to offer to the clients – Products (social, financial and business intermediation).
8. How much to charge for the various services – Price.
9. What methods of service delivery to employ – Channels.
10. What organizational mechanisms to use – Legal/Institutional Forms, and
11. How to communicate the availability of various services – Promotion
12. What are the long term objectives – social versus commercial micro finance; the various dilemmas about Micro finance itself-For-profit or no-profit

Though, a range of micro finance models exists in India, the most used model is SHGs. These are larger (around 20 members) and much more autonomous than borrower groups in the Grameen model. SHGs are based primarily on the principle of lending their members' savings but they also seek external funding to augment these resources. A number of non-governmental organizations (NGOs) specialize in promoting and motivating SHGs, with an important distinction between NGOs, some who operate as financial intermediaries, and others, who confine themselves to social intermediation (ADB, 2005).

2.6 Microfinance Institutions (MFI) - Bank Linkage Programme

With the success of SBLP, while banks had started emphasizing Model I (SHGs promoted by banks themselves or their agents) and Model II (direct linkage with SHGs promoted by other SHPIs) Model III (NGOs as financial intermediaries) lagged behind for the following reasons:

- Lack of trust of banks on ability of small NGOs to act as financial intermediaries
- Entrance of private banks into microfinance by disbursing loans to big NGOs/MFIs who on-lent the same to small NGOs

Though several leading NGOs did agree to borrow from banks, the move initially was not a great success. Having worked with grant-based programmes and reluctant to resort to coercive methods, they were unable to recover the loans given to SHGs and found themselves in arrears to banks. As a result only about 6% of bank linkages by March 2006 were under Model III. However, NGOs that were prepared to act as financial intermediaries around that time generally switched over to the JLG methodology on being attracted by its good repayment performance. Looking at this business proposition, some of the small and medium NGOs which were earlier involved in nurturing and capacity building of the SHGs in their programmes formed their own MFIs for borrowing from banks and on-lending to the SHGs.

This led to a process by which while certain NGOs remained as pure facilitators while other NGOs transformed into MFIs either providing loans through the SHGs or through JLGs or even directly to individuals.

2.7 MICROCREDIT

The term microcredit refers to a small size loan, to be repaid within a short period of time, used mostly low income households and micro entrepreneurs for the purpose of income generation and enterprise development. The mobilization of such credit is restricted to external sources such as banks and moneylenders. Microfinance on the hand, provides a greater menu of options whereby the small loan can be garnered not just from the external sources but also through self-mobilization, by way of saving and sale of assets. Also, in case of microcredit, due to the definite obligation to repay the loan, physical collateral may sometimes be needed. However, the biggest flexibility in the case of microfinance is the lack of any physical collateral, even in case of loan from the bank. The options available with microfinance, therefore, are much broader and flexible than the ones available with microcredit.

Microfinance therefore, refers to the provision of small loans without collateral security, to the poor and low-income households, whose access to the commercial banks is limited. The institutions that provide such services are microfinance institutions. Microfinance is being viewed as a very powerful tool for uplifting the economic conditions of the asset less poor through group approach that ensures active participation and involvement of the beneficiaries in effective implementation of the programme. In India, microfinance programme has a crucial role to play in uplifting more than 30 crore people living below poverty line (NABARD, 2005).

Table-1 Difference between microfinance and microcredit

No.	Characteristics of loan	Microfinance	Microcredit
1	Size of loan	Small	Small
2	Repayment of period	Short	Short
3	Sources of mobilization	Both external and internal	External
4	Repayment	Obligation if source external	Definite obligation to repay
5	Collateral	Not needed	May or may not be needed
6	Purpose of use	Flexible, consumption income generation	Mostly fixed, limited scope for deviation
7	Scope of operation	Mostly group loans	Usually individual loans

Source: NABARD

3.1 SELF HELP GROUPS: AN OVERVIEW

Concept of Self Help Group (SHGs) is the most exciting discovery in the context of microfinance. The Indian microfinance scene is dominated by SHGs and their linkage with Banks. Owing to the importance of microfinance and self-help groups in the eradication of poverty and in the empowerment of women.

Journey of Self Help Group – Bank Linkage Programme

The journey so far traversed by the Self Help Group-Bank Linkage Programme (SHG-BLP) crossed many milestones – from linking a pilot of 500 SHGs of rural poor two decades ago to cross 8 million groups a year ago. The geographical spread of the movement has also been quite impressive - from an essentially Andhra Pradesh – Karnataka phenomenon in the beginning now spreading to even the most remote corners of India. Over 95 million poor rural households are now part of this world’s largest micro Credit initiative. Unlike similar experiments in other developing countries, the SHG-BLP lay emphasis on regular savings by the members with the savings corpus being used to lend among themselves and as needs arise, later by linking the groups with banks for availing credit. The poor in the country have demonstrated that in spite of being poor, they are perhaps, the most “bankable” clients and most willing to help each other for a better tomorrow.

When the first self-help groups (SHGs) were linked to banks in Udaipur in 1992, several high-profile visitors from Reserve Bank of India (RBI),Indian Institute of Management, Ahmadabad (IIM-A), Swiss Agency for Development and Cooperation (SDC) and National Bank for Agriculture and Rural Development (NABARD) assembled to the small village of Sakroda to ask the bewildered group of women about their experience with the` 5,000 loan that they had received from the local bank branch—What will they do with the loan? How will they lend among their members? Who will manage their books? Indeed, it was the first time that an informal group of poor women were dealing with a bank; it was the first time for the NGO as well to be facilitating such a loan, and the intelligent questions by the visitors were difficult both to comprehend and to respond to by this group squatting on the floor of the house of the SHG leader. Every time a new SHG got linked to a bank branch, there would be a local cheque presentation ceremony and group photographs of the SHG leader accepting the Rs. 5,000 cheque from the collector with the regional manager of the bank, District Development Manager (DDM) of NABARD, the NGO head and the lead bank.

The principal features of existing SHGs can be stated as follows:

a. An SHG is generally an informal homogeneous group formed through self-selection
b. It is owned by its members and operated on principles of self-help and mutual interest.
c. Most SHGs are women's groups with membership ranging between 10and 20.
d. SHGs have well-defined rules and by-laws and hold regular meetings
e. SHGs maintain thrift and credit discipline in the financial intermediation
f. SHGs are self-managed and characterized by participatory and collective decision-making
g. The group has a code of conduct to bind all the members.
h. All the members are required to be regular in savings, repayment of loans
i. All the members are required to be attending meetings on regular basis.
j. The groups generate a common fund
k. Each SHG member contributes an equal amount of savings on a regular basis.
l. The group decides the amount to be saved, its periodicity
m. The group decides purpose for which loan is given to the members.
n. All transactions must happen only during the group meeting.
o. Loan procedures are simple and flexible.
p. The group decides the rate of interest to be paid/charged on the savings/credit to members

q. The group decides repayment period
r. The group functions in a democratic way allowing free exchange of views and participation

The Self Help Group is considered as a viable organization of the rural poor particularly women, who are the marginalized groups of our society due socio-economic constraints in the rural areas, for delivering micro credit in order to undertake entrepreneurial activities. If adequate self-employment can be generated for women in compatible with their roles in home-keeping, it will help increasing their economic, social and physical well-beings and ultimately free them from the clutches of subjugation. Since the launching of the pilot project in 1992, SBLP had given importance to two objectives, viz., outreach and access of the poor to institutional credit.

Self Help Group Bank Linkage Programme (SBLP) is a step to bring the "unbanked" poor into the formal banking system and to inculcate thrift and credit habits. A natural corollary is for the group members to graduate into seeking better livelihood opportunities through access to credit from financial institutions.

Key Statistics under SBLP as of March 20161

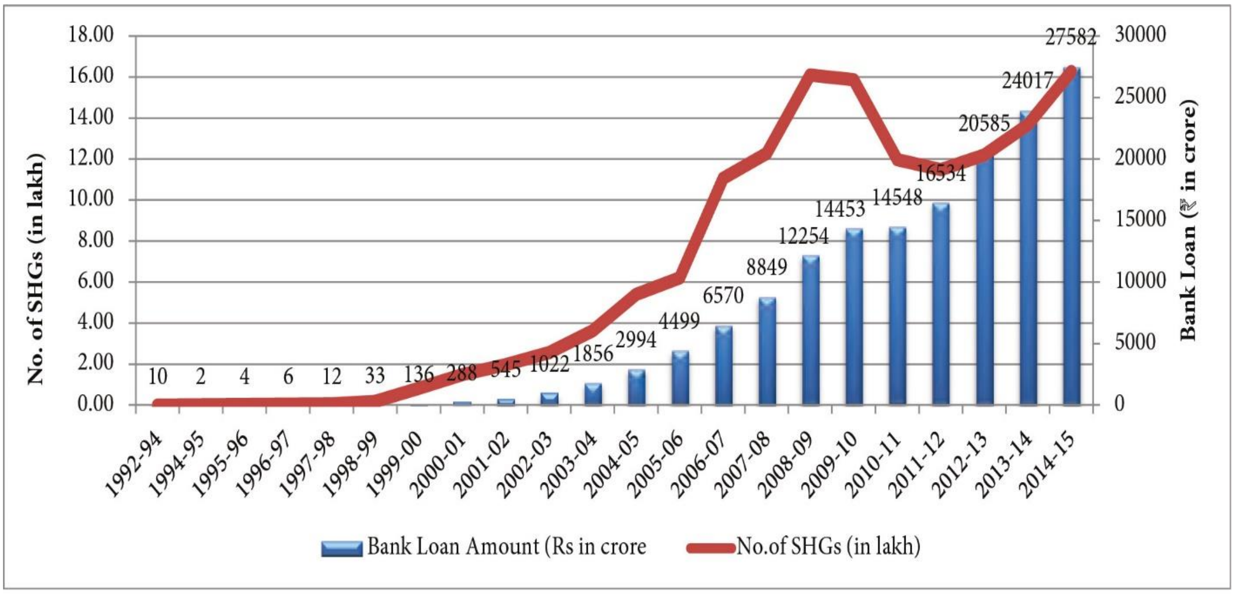
• Total number of SHGs saving-linked with banks – 79.03 lakh
• Total saving amount of SHGs linked with banks – `13691 crore
• Total number of SHGs with loan outstanding – 46.72 lakh
• Total loan amount outstanding – `57119 crore
• Total No. of SHGs credit linked during 2015-16 – 18.32 lakh
• Total Amount disbursed during 2015-16 – `37286 crore
• NPA declined by 0.59% over previous year.

Source: The Bharat Microfinance Report 2016

SBLP Activity since Inception

Banks have been active in accepting SHGs' savings and lending to SHGs since the early nineties. Figure 5.1 brings out the historical trend in credit linkage of SHGs. Trend of SHGs linked to banks has remained positive since the beginning though the credit linked SHGs have witnessed a decline during the year 2010-11 and 2011-12 as a ramification of the AP crisis. The credit linkage to banks resumed a positive trend after year 2012-13 and continued in 2015-16.

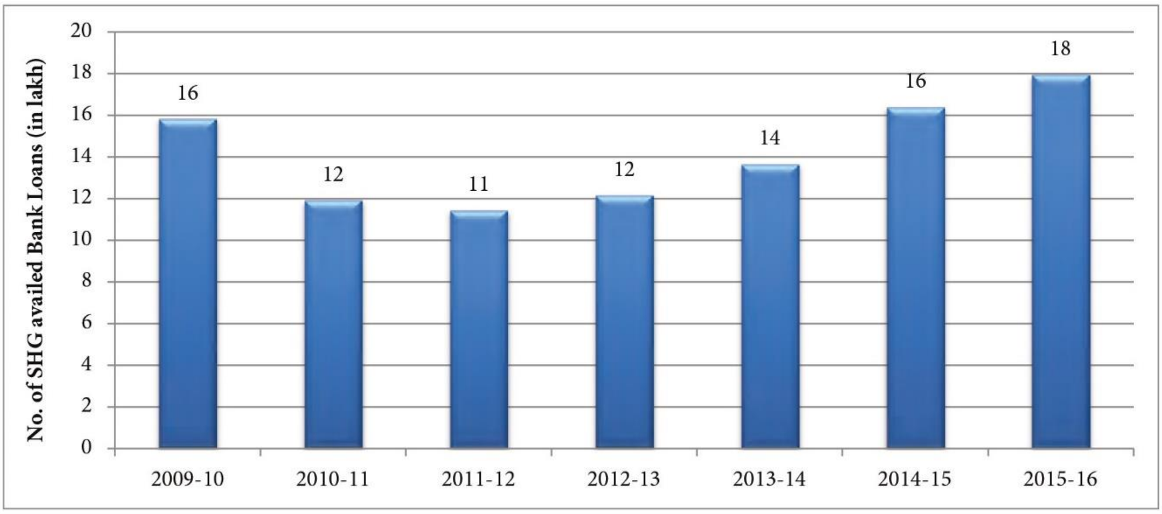
Figure 1.1A Historical Trend in Credit Linkage and Bank Loan Disbursed



Source: Data compiled from various reports of NABARD

[1] Source: NABARD

Figure 1.2 A No. of SHGs Availed Bank Loan during 2015-16 from the Banking System



NABARD & Sa-Dhan : The Bharat Microfinance Report 2016

Though, SHG-BLP is a step towards bringing the "unbanked" poor into the mainstream banking channels, its formal acceptance as a Financial Inclusion (FI) initiative by the Reserve Bank is still awaited. Though several initiatives were taken by the Government of India, the Reserve Bank of India, NABARD and banks to bring the poor into the fold of formal financial service providers, no serious attempt was made to leverage the SHG-BLP to achieve the FI goals. In fact, there is a need for SHG-BLP and FI initiative working in a complimentary manner, synergizing the strengths and ensuring effective banking footprints in remotest of hinterlands. A successful programme like SHG-BLP which could link millions of rural poor to formal banking system could have been the main instrument for financial literacy and financial inclusion in the country. There are number of plausible ways by which matured SHGs could have been participants in the FI initiative, including being agents of providing direct banking services to the poor at their doorsteps, as a low cost and efficient alternative. This model is certainly more cost effective and reliable alternative to the existing inclusion agenda and millions of households, now members of SHG-BLP, would have been the immediate beneficiaries. Although SHG-BLP was an attempt to bring the “unbanked” poor into the formal banking system and to inculcate among the poor the thrift and credit habits, a natural corollary is for the group members to graduate into seeking more and better livelihood opportunities with access to credit from formal financial institutions. This particular aspect probably did not get the attention it deserved in the past and the result was, as the aspirations of the poor members rose, they were not adequately equipped to seek and adopt better livelihood opportunities or becoming entrepreneurs.

4.1 Empowerment: Theoretical Constructs and Operational Issues

It is really a challenging task to define the term 'empowerment'. The term may imply differential meanings for individuals dwelling in diverse social conditions. Situations wherein the basic living conditions are not met, empowerment for the individuals may be perceived as right to shelter, food, clothing, health care and when these are met then aspects like education and employment may be important. But it can be rightly said that empowerment involves the right to decision-making and power of autonomy. When an individual is able to decide about his/her own life as per the situation he/she dwells in, then that particular individual can be said to be empowered. However, the concept of empowerment is subjective in nature.

The World Bank’s Empowerment and Poverty Reduction: A Source book defines empowerment in its broadest sense as the “expansion of freedom of choice and action” (Narayan, 2002). United Nations (2001) defines empowerment as the processes by which women take control and ownership of their lives through expansion of their choices. Kabeer’s (1998, 1999) view of empowerment refers to the processes by which those who have been denied the ability to make choices acquire such ability. The fundamentals of empowerment have been defined as agency (the ability to define one’s goals and act upon them), awareness of gendered power structures, self-esteem and self-confidence (Kabeer 2001). Kabeer points out that a distinction has to be made about the type of choice, and the focus necessarily has to be on strategic life choices, that is choices that shape livelihoods or are ‘critical for people to live the lives they want’. The expansion in the range of potential choices available to women includes three inter-related dimensions that are inseparable in determining the meaning of an indicator and hence its validity as a measure of empowerment. These dimensions are:

- **Resources:** The pre-condition necessary for women to be able to exercise choice; women must have access and future claims to material, human and social resources;
- **Agency:** The process of decision-making, including negotiation, deception and manipulation that permit women to define their goals and act upon them;
- **Achievements:** The well-being outcomes that women experience as a result of access to resources and agency.

Mayoux’s (2000) definition of empowerment relates more directly with power, as “multidimensional and interlinked process of change in power relations”. It consists of:

A. ‘Power within’, enabling women to articulate their own aspirations and strategies for change;

B. ‘Power to’, enabling women to develop the necessary skills and access the necessary resources to achieve their aspirations;

C. ‘Power with’, enabling women to examine and articulate their collective interests, to organize, to achieve them and to link with other women and men’s organizations for change; and

D. ‘Power over’, is changing the underlying inequalities in power and resources that constrain women’s aspirations and their ability to achieve them. These power relations operate in different spheres of life (e.g., economic, social, political) and at different levels (e.g., individual, household, community, market, institutional).

Batliwala (1994) points out that the concept of empowerment was widely recognized as a strategy to development in the mid-1980s. Within the purview of empowerment, all the excluded groups including women were considered as the target groups. Since early 1990s 'Empowerment of women' has gathered a lot of momentum.

Linda Mayoux (1995) defines empowerment as 'the multidimensional and interlinked process through which people work towards a society where all people are able to make and realize free and informed life choices. Free and informed life choices are only ultimately possible within an environment of equal opportunities, resources and power. It requires both bottom-up empowerment of those currently having least power, and also top-down changes in the attitudes, behaviour and position of the currently powerful' .

Naila Kabeer (1999) points out that the concept of empowerment is linked with that of disempowerment. Empowerment is 'a process of change' which is achieved through capacity over making choices that were previously denied. She feels that some individuals may not be said to be empowered even though they exercise power over making choices. This is because they possess this ability beforehand and were not disempowered ever.

This necessitates the conceptualization of empowerment, as theorized by Naila Kabeer (1999), to be based on the analysis of power and this analysis of power implies different notions of choices. According to Kabeer, there exists interrelationship between poverty and disempowerment as lack of ability to fulfill the basic needs of life makes an individual unable to make strategic choices. Various choices differ from each other in an individual's life. And these choices of life can be analyzed in terms of three interrelated dimensions i.e. resources, agency and achievements.

4.2 Microfinance as a tool for combating poverty

A decade ago, the expectation for microfinance as the decisive tool in combating poverty was high. Empowerment or marginalized groups in general, with special focus on women, was among the non-monetary impacts on hoped microfinance would bring about. By providing access to credit at reasonable conditions it was believed that poor people would increase their income, create more jobs and gradually lift themselves away from poverty after the “first love” had drift away, there has been a gradual shift towards building sustainable institutions that through a strong focus on financial sustainability would assure the permanent of these services to the poor. One financial service sometime thinks about own share or benefit and secondly there is biggest difference between demand and supply. The world demand is so high that it is unrealistic to think that this can be met by donor capital. The push for financial viability might challenge the wish to reach the poor. Basic economics tells that lending a small amount of money to a person with no collateral. Considering recent development in the field, data from micro credit summit held in Washington in November 2009, suggests that the number of clients reached with micro finance products have increased considerably over the last years. Considering the fact that the industry has matured, and that more funds have been made available also through commercial channels this should not come as a surprise. The interesting thing mentioned in NABARD's micro credit report,2013 is the increase in the number of poor reached through micro finance activities.

The Indian state put emphasis on providing financial services to the underprivileged and weaker section since independence. The commercial banks were nationalized in 1969 and were directed to lend 40 percent of their loan able funds at a concessional rate, to the priority sector. The priority sector includes agriculture, and other rural activities and weaker section of society in general. The aim was to provide resources to help the poor to attain self-sufficiency. They had neither resources nor enjoyment opportunities to be financially independent, let alone meet the minimal consumption needs.

The microfinance industry, which began in 1976 with the establishment of Grameen Bank in Bangladesh, is now a worldwide movement comprising thousands of specialist, banks credit unions, co-operatives, village credit societies, NGOs and charities spanning across both the rich and the poor countries. The common purpose is to extend the outreach of banking services especially business credit to those who do not quality for normal bank loans. Micro credits are granted at commercial interest rates, though at much lower rates than those charged by the informal moneylenders.

The terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between them because both terms are often confused. Sinha (1998, p.2) states "microcredit refers to small loans, whereas microfinance is appropriate where NGOs and MFIs supplement the loans with other financial services (savings, insurance, etc.)". Therefore, microcredit is a component of microfinance in that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, insurance, pensions and payment services (Okiocredit, 2005). The importance of microfinance in the field of development was reinforced with the launch of the Microcredit Summit in 1997. The Summit aims to reach 175 million of the world's poorest families, especially the women of those families, with credit for the self-employed and other financial and business services, by the end of 2015 (Microcredit Summit, 2005). The UN, as previously stated, declared 2005 as the International Year of Microcredit.

4.3 Microfinance services are provided by three types of sources:

a. Formal institutions, such as public and private sector banks and cooperatives;
b. Semiformal institutions, such as non-government organizations; and
c. Informal sources such as money lenders and shopkeepers.

Vijay Mahajan, Bharati Gupta Ramola & Mathew Titus, 1996 views that all small savings are not microfinance, nor are all small loans. Going by that liberal definition, India is probably the world leader in microfinance. However, if microfinance is small savings, credit and insurance services, based on certain design principles, then there is little microfinance provided by existing mainstream Financial Institutions (apex FIs, commercial banks, co-operatives, NBFCs).

Revan Smith, 2006 defines microfinance as an activity that includes the provision of financial services such as credit, savings and insurance to low-income individuals with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through provision of capital for micro enterprise, insurance and savings for risk mitigation and consumption smoothing.

Financial inclusion

Financial inclusion has been defined as the “provision of affordable financial services” (RBI, 2006) to those who have been left unattended or under-attended by formal agencies of the financial system. Micro finance has been looked upon as an important means of financial inclusion in India (RBI, 2006). As already discussed, the Indian concept of micro finance encourages access of SHGs to banks both as means of savings and providers of loan services. However, going a step further, we can say that micro finance has to act proactively not just as a means of financial inclusion and also has to work towards reducing dependence of poor borrowers on various informal sources of credit that are often notorious for the onerous terms at which they offer credit. An effective financial inclusion is possible only with the accomplishment of the second. Given the definition of financial inclusion, any means for financial inclusion, to begin with, has to be not just easily accessible but also affordable to the borrowers, who do not have access to formal financial system. Secondly, it should ensure that over time the borrowers are able to reduce their dependence on informal sources of finance and a certain degree of loyalty towards SHGs, which can work towards permanent or effective inclusion of these borrowers into the formal banking network.

It has been projected that there are more than five hundred million economically active poor people in the world operating micro enterprises and small businesses. Most of them do not have access to adequate financial services. Microfinance has gathered significant worldwide attention as being a successful tool to meet this substantial demand for financial services by low-income micro entrepreneurs. It has evolved over the past quarter century across India into various operating forms and to a varying degree of success. India now occupies a significant place and a position in global microfinance through promotion of the self-help groups (SHGs) and the home grown SHG-Bank Linkage (SBL) model. The Indian model offers greater promise and potential to address poverty as it is focused on building social capital through providing access to financial services through linking with the mainstream.

5.1 Empowering women through Self Help Groups

The Word Bank has suggested that empowerment of women should be a key aspect of social development programs (World Bank, 2001). India has also ratified various international Conventions committed to securing equal rights to women1. The 'National Policy for The Empowerment of Women' (2000) states that "The women's movement and a widespread network of NGOs which have strong grassroots presence and deep insight into women's concerns have contributed in inspiring initiatives for the empowerment of women." However, the policy also speaks of "a wide gap between the goals enunciated in the Constitution, legislative Policies, plans, programs, and the related mechanisms on the one hand and the situational reality of the status of women in India, on the other…Gender equality manifests itself in various forms, the most obvious being the trend of continuously declining female ratio in the population in the last few decades2. Social stereotyping and violence at the domestic and societal levels are some of the other manifestations".

UNDP has identified two crucial routes as imperative for empowerment. The first is social mobilization and collective agency, as poor women often lack the basic capabilities and self-confidence to counter and challenge existing disparities and barriers against them. Often, change agents are needed to catalyze social mobilization consciously. Second, the process of social mobilization needs to be accompanied and complemented by economic security. As long as the disadvantaged suffer from economic deprivation and livelihood insecurity, they will not be in a position to mobilize (UNDP 2001). In many developing countries (especially in South Asia), one strategy which has been found to be promising is participatory institution building in the self-help groups, often coupled with savings and micro credit loans (ESCAP,2002).

5.2 Impact of microfinance on women empowerment

Microcredit enables women empowerment by placing capital in their hands and allowing them to earn independent income and contribute economically to their households and communities (Cheston and Kuhn, 2002, p. 14). In theory, women invest the microcredit in their own income earning activity, either in the form of a microenterprise or agricultural production, and accordingly their income, which they themselves control, increases. In other words, involvement in a successful income generating activity should translate into greater control and economic empowerment. Women's economic empowerment is then expected lead to increased well-being for themselves and also their families. Furthermore, this economic empowerment is seen as enabling women to renegotiate changes in gender roles, which may lead to social empowerment (Mayoux, 2001, p. 438, 439). Microcredit may also lead to increased women empowerment through increased power in decision-making. Browning and Chiappori (1998) show in their collective decision making model that if behavior in the household is Pareto efficient, the household's objective function takes the form of a weighted sum of individual utilities. This individual weight can represent the bargaining power of the female member in the household, relative to the male member, in determining the allocation of resources in the household. It is then assumed that by increasing the relative value of the female members' time and income, the weight and therefore the bargaining power of the female can be increased within the household (Browning and Chiappori, 1998, p. 1248, 1249).

Women workers throughout the world contribute to the economic growth and sustainable livelihoods of their families and communities. Microfinance helps empower women from poor households to make this contribution. Microfinance — the provision of financial services to the poor in a sustainable manner - utilizes credit, savings and other products such as micro insurance to help families take advantage of income-generating activities and better cope with risk. Women particularly benefit from microfinance as many microfinance institutions (MFIs) target female clients. Microfinance services lead to women's empowerment by positively influencing women's decision-making power and enhancing their overall socio-economic status. As such, microfinance has the potential to make a significant contribution to gender equality and promote sustainable livelihoods and better working conditions for women.

Although the positive impact of microfinance on women's empowerment is evident, microfinance providers must also be cautious to avoid possible negative outcomes. Studies have shown that women sometimes have little or no control over their loan, with the husband or male family member making all decisions. Moreover, differences in literacy, property rights and social attitudes about women may limit impact outside of the immediate household. Residents of rural areas specifically continue to have difficulties in accessing microfinance. Women may also struggle with the heavier workload created by the responsibility for loan repayment. Changes in the access to finance influence the distribution of working time between men and women in the same household and between activities yielding different returns. Evidence suggests that up to a point microcredit increases the workload of women and girls, perhaps offset by more equality in household decision-making.

The logic of microfinance's potential for empowerment is similar to the economic model of empowerment: microfinance makes women economically independent by putting capital and financial resources in their hands. Economic independence results in higher bargaining power for women in their households and communities, and subsequently results in higher prestige and self-esteem. Here the functions of microfinance are synchronous with its potential to empower. Microfinance has been seen as contributing not only to poverty reduction and financial sustainability, but also to a series of 'virtuous spirals' of economic empowerment, increased well-being and social and political empowerment for women themselves, thereby addressing goals of gender equality and empowerment (Mayoux and Hartl 2009).

Empowerment through microfinance is identified and measured in various dimensions: impact on decision-making, on self-confidence of women, on their status at home, on family relationships and the incidence of domestic violence, on their involvement in the community, on their political empowerment and rights (Cheston and Kuhn 2002).Although it is difficult to measure the exact impact of access to microcredit on different dimensions – such as impact on decision-making and on self-confidence –studies have shown that MFIs indeed have a positive effect on each of these different dimensions of women's empowerment.

The focus on women's empowerment in the context of microfinance brings to light the significance of gender relations in policy development circles more prominently than ever before. As Cornwall and Edward (2010) put it, "women's empowerment is heralded as a means that can produce extraordinary ends… their empowerment extolled as the solution to a host of entrenched social and economic problems. The predominant image of empowerment in development is that of women gaining (material) means to empower themselves as individuals, and putting this to the service of their families and communities." This is primarily because empowerment is understood in relation to deliberate and planned interventions such as electoral quotas, education, economic empowerment initiatives, legislative change and non-governmental public action.

5.3 External agents of women empowerment

As discussed above, the external agents are government/semi government agents and non-governmental organization. These agents empower women through legislation, policy and special programmes for the women. The government of India has created effective institutional frameworks to strengthen the movement for women empowerment after independence. Several programmes and remedial measures are taken up to develop and uplift women. Several Acts were framed for the betterment of women, say, the Employees State Insurance Act 1948, the Factories Act 1948, the Mines Act 1952, the Plantation Labour Act 1970 and the Payment of Gratuity Act 1970. A number of provisions were made in the Criminal Procedure Code, the Hindu Marriage Act and the Hindu Adoption and Maintenance Act to provide special protection to women.

The principle of equal pay for equal work was also recognized by the Constitution which does not prevent the government from passing separate Acts or making special provisions in the Acts for protecting the interests of women and children. Article 39 (a) of the constitution also provides for right to an adequate means of livelihood for men and women equally. The 73rd and 74th Constitutional Amendments ensure 1/3rd of total seats for women in all elected offices including local bodies in both rural and urban areas for the advancement of women. Besides this, 33 per cent reservation for women in legislature is provided by the government.

In order to empower the weaker and socially and economically deprived sections of the society, the Ministry of Welfare which was constituted on 25th September 1985, was renamed as the Ministry of Social Justice and Empowerment on 25th May 1998 during IX Plan period. The responsibility for implementation of the schemes is shared between the Central and State governments. The Government of India instituted the Department of Women and Child Development (DWCD) that coordinated and monitored all the women's development programmes of the Government. Main mission of DWCD is that woman, as a mother must be strong, aware and alert, because she is the mother of the future of our nation. The DWCD prepares plans, policies and programmes, enacts/amends legislations and coordinates both the governmental and non-governmental efforts in the field of women and child development. The department has also been keen in formulating certain innovative programmes for women and children from time to time. These programmes include welfare and support services, training for employment and income generation, awareness generation and gender sensitization. The ultimate objective of these programmes is to ensure the empowerment of women both economically and socially, making them equal partners in national development along with men. Thus, the Department of Women and Child Development, since its inception, has been implementing special programmes for holistic development and empowerment of women with major focus on improving the socio-economic status of women.

National Commission for women was established. The Government of India has announced 2001 year as the "Women's Empowerment Year". The Planning Commission is heading a task force to review the programmes for women. Women welfare schemes have been incorporated in different five year plans. These plans have accorded highest priority to the health and educational development of the women so as to improve their social and familial status and make them aware of their rights guaranteed by the constitution and also play their role as mothers and wives effectively. The first five 5 year plans had almost concentrated more on education and health programmes of the women.

After implementation of first five year plans, it is realized that even after the implementation of five plans the status of women remained backward and the goal of gender equality was far away and also the share of women in the benefits of planned development was very meager. Hence, focus is shifted from welfare to development in the Sixth Five-Year Plan. Thus, from sixth five-year plan onwards the main objective of the Five Year Plans is economic prosperity for empowering the women for bringing them into national activity as equal partners along with men. In accordance with this objective, the subsequent Plans focused on the empowerment of the women, both politically and economically. The Eighth Five Year Plan strengthened the strategy already laid down in the Sixth and Seventh Plans for the development of women. The Ninth Plan (1997-2002) evolved certain new and novel strategies for the promotion of welfare as the agents of social change and development is adopted as the main strategy for the development of women. The tenth five-year plan (2002-2007) emphasizes on the empowerment of women by taking the National Policy for Empowerment of Women (2001) into action and ensuring survival, protection and development of women and children rights based.

The Eleventh Five-Year Plan (2007-2012) is entrenched in a rights framework that views women and children as agents, not recipients and they find place within all sectors, ministries, departments and schemes. This alone can ensure that the status of women and children grows exponentially by the end of the eleventh Plan. The government has introduced several initiatives in this direction by introducing various programmes. The emphasis of these programmes is on the economic betterment of women by providing them employment and income generating assets. The prominent poverty eradication programmes were the Integrated Rural Development Programme (IRDP), the Programme for Training of Rural Youth and Self-Employment (TRYSEM), National Rural Employment Programme (NREP), the Rural Landless Employment Guarantee Programme (RLEGE), the Jawahar Rojgar Yojana (JRY), Mid-Day Meals Scheme, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), etc.

5.4 Self-help groups and Women Empowerment

Self-help groups emerge as an important strategy for empowering women and alleviating poverty. SHG is a 'people's scheme' and its organization is a significant step towards empowering women. A Self – help Group is a voluntary group, formed to attain some common goals, most of its members have similar social identity, heritage, caste or traditional occupations and come together for a common cause and manage resources for the benefit of the group members. The process of organizing women into SHGs started during the Ninth Plan to provide them permanent for articulating their needs and contributing their perspectives to development, has made tremendous progress as it brought into action more than a million SHGs all over the country. Participation of people in credit delivery and recovery and linking of the formal credit institutions to borrowers through the SHGs have been recognized as a supplementary mechanism for providing credit support to the rural poor. The SHGs are informal groups formed on a voluntary basis, for providing the necessary support to their members for their social and economic emancipation. These groups are distinct from the co-operative societies, mainly in terms of their size, homogeneity and functions.

The Non-Governmental Organizations play an important role in preparing the members by changing their attitude to participate in-group activities. The NABARD is a pioneer in conceptualizing and implementing the concept of the SHGs through the pilot project of linking the SHGs with the banks. Efforts were also made by the NABARD to popularize the project among bankers and the NGOs by organising a series of workshops and seminars at different levels. The response from banks and the NGOs was encouraging and positive. Women SHGs play a vital role in enhancing the knowledge, skill and good attitude of their members. The distinguishing feature of the SHGs is creating social and economic awareness among the members. The social awareness enables the members to lead their lives in a sound hygienic environment and pursue a better living. The woman members involve themselves more in taking decisions regarding the education of their children, the investment of the family, managing the economic assets of the family and bringing up cohesion among the members of the family and others for a better living. Every member of the SHGs has felt the need for more involvement in economic activities. The spirit for social and economic upliftment of members is the significant contribution of each and every SHG.

Problems for Women Empowerment in India

There are many limitations and ambiguities in the safeguards provided by the Constitution and various Acts for the uplift of women in India and they have been stricken with various loopholes. Though a number of policies have been formulated and reformulated for the empowerment of women, the agents for the implementation of policies have remained unchanged and have been meticulously ineffective. Improper implementation of these Acts constraints the empowerment of women in India. Hence, there have not been much qualitative changes in the status of women belonging to the marginalized groups of society. This can be evident from various facts listed below. The Suppression of Immoral Traffic in Women and Girls, 1956, has not been able to arrest the problem of trafficking and prevent the exploitation of women. Although the Dowry Prohibition Act of 1961 is passed to prevent dowry system in India, the evil of dowry still continues. Medical Termination of Pregnancy Act of 1975 has led to amniocentesis and female feticide. Although changes have been made in the Indian Penal code, Code of Criminal Procedures and the Indian Evidence Act especially for the offence of rape, judicial process and perception continue to be heavily weighed against victims of rape. Some of the labour laws are never enforced. In spite of the Equal Remuneration Act 1976, there is discrimination in promotion, training and transfer on the basis of sex.

The Indecent Representation of Women (Prohibition) Act, 1986, has not been systematically enforced and the media still continues to project women as sex objects. Sati Prevention Act was passed in 1987 but glorification of sati continues in the state of Rajasthan. The National Commission of Women Act (1990), which empowers the National Commission of Women to investigate, examine and review all matters relating to safeguards provided for women under the Constitution and other relevant laws, is not satisfactory according to the National Commission of Women. The Commission feels that it should have the power to prosecute and summarily decide on cases of violation of gender justice. Several studies conducted earlier revealed that women have not been able to get a share in the decision making process owing to the patriarchal character of India's rural society. The main hindrances to women's participation in decision making are cultural and traditional inhibitions. In our country, women are to be seen not heard and women's roles should revolve around taking care of the children and the home. Women had inadequate awareness on their capacity to change and develop the potentialities of leadership. Deep ignorance of social, cultural, economic and political conditions enslaves them.

Factors discouraging women empowerment in India are illiteracy, poverty resulting in lack of funds, unemployment, low wages, ignorance, ill health, unorganized nature, marginalization by male dominated structures, exploitation by outsiders, lack of skills to do work, caste and religious conflicts and the absence of basic amenities of life discourage women empower empowerment in the country. Lack of proper knowledge and general awareness do not allow the women to even take benefit of the rights given to all the women of India by its constitution and make use of their potential and tremendous talent. Inadequate support of family also prevents women from taking up positions of power and has to be dealt with. The problem of balancing between their personal and professional lives remains a major challenge for women.
Migration of men to urban areas in search of employment is another problem of women empowerment in India. Many rural women are left behind to support their families and agriculture alone when men migrate to urban areas in search of employment. In such a situation, women could usually be found engaged in farming operations, raising livestock, cutting fodder, bringing fuel and water from distant places. These activities keep them so busy and they do not find time to indulge in other activities of their choice. In such situation, the empowerment of women also seems to be a distant dream and their status in the society still low.

The formal political participation of women in India is still less than 10 per cent. Earlier studies have also delineated that the position of the elected women representatives in the institutions of decentralized rural governance varies from State to State. The prevailing male dominated power structure in villages is generally not ready to accept women as the Chairperson of the Panchayats. Further, women in positions of power do not bring up gender issues primarily because most of them have been appointed by men. Lack of education, political awareness and knowledge of public affairs among women folk of rural areas also discourages the women to attend the meetings and to express their views in Panchayats. The social taboos and traditions also create problems in women about induction in these institutions. The political factors for slow progress in empowering women include unwilling of political parties and leaders to encourage women, lack of political and leadership training, inadequate allocation of resources to women's structures, absence of affirmative action, absence of women's critical mass in decision-making bodies, discriminatory laws and practices against women.

6.1 VILLAGES – THE BACKBONE OF THE COUNTRY

It is well known that India is a classical land of villages. Villages constitute the backbone of the country. Villages continue to contribute 40% of our national income (Rao, 2010)1. Villages, therefore, play a vital role in the life of the nation. If villages grow and develop, the country shall automatically develop. These villages were once self-sufficient units, but with the passage of time they have become the victims of innumerable problems such as illiteracy, casteism, untouchability, conservatism, economic backwardness, and so on. The British did nothing to develop our villages. On the contrary, villages lost their autonomy, self-reliance and importance during British period. They not only mismanaged the villages but even destroyed the cottage and home industries that existed in the villages. The economic structure of the villages was shattered; their social fabric was disturbed. This resulted to the growth of poverty at an alarming rate not only in the rural areas but in the country as a whole.

6.2 POVERTY ALLEVIATION PROGRAMMES IN INDIA:

It is a well-known fact that a vast section of Indian population lives in the heaven of poverty and hence development of such poor people is a prerequisite for the development of India. And for such development various poverty alleviation or rural development programmes have been initiated and implemented from time to time by the Government of India. Some of such prominent programmes are put forward:

a. **During 1950s: Community Development Programme (CDP)**
b. **During 1960s: Intensive Agriculture Development Programme (IADP)**
c. **During 1970s and 1980s:**
    - Integrated Rural Development Programme (IRDP)
    - Training of Rural Youth for Self-Employment (TRYSEM)
    - Development of Women and Children in Rural Areas (DWCRA)

- The National Rural Employment Guarantee Programme (NREGP)
- Rural Landless Employment Guarantee Programme (RLEGP)
- Jawahar Rozgar Yojana (JRY)

d. During 1990s:

- Employment Assurance Scheme (EAS)
- Indira Awas Yojana (IAY)
- National Social Assistance Programme (NSAP)
- Swarnjayanti Gram Swarozgar Yojana (SGSY)

e. During 2000s:

- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)
- National Rural Livelihood Mission (NRLM)
- National Urban Livelihood Mission (NULM)
- Basic Services to Urban Poor (BSUP) Scheme

It is only in the second half of the twentieth century that poverty and the poor have come to be matters of our concern and obligation, after a long neglect of the poor during the British rule. But since the very beginning of planning in India, the problems of Indian economy particularly related to poverty and the poor, have remained the central point in the mind of the planners while formulating the plans and setting out the objectives (Singh, 1982). Although there is a lot of high talk about poverty alleviation with the introduction of various rural development programmes and poverty alleviation programmes like Community Development Programmes (CDP) launched in 2nd Oct.1952), Integrated Rural Development Programme (IRDP) launched in 1978), National Rural Employment Programme (NREP launched in Oct.1980) Training of Rural Youth for Self-Employment (TRYSEM launched in 15^{th} Aug.1979) etc. but the problems of poverty continue in alarming shape and the fruits of development have not been attained. In fact, this is due to defective planning methodology adopted and inadequate as well as unsatisfactory implementation.

But it should be remembered that fight against poverty has ceased to be a mere socio-economic responsibility it is a moral responsibility too. If some new, novel ideas and programmes are rightly drafted and honestly executed, poverty-alleviation which is now on the top of economic agenda of many countries will not be impossible.

6.2 AAJEEVIKA – NATIONAL RURAL LIVELIHOOD MISSION (NRLM)

The core belief of NRLM is that the poor have innate capabilities and a strong desire to come out of poverty. This intrinsic capability of the poor is unleashed only when they are organized into institutions which are truly owned by them, provided sufficient capacity building and handholding support. A sensitive support structure from national level to sub district level is required to induce such a social mobilization process. A strong institutional architecture owned by the poor, enables them to access institutional credit for various purposes, pursue livelihoods based on their resources, skills and preferences, access other services and entitlements, both from the public and private sector.

Guiding Principles of NRLM:

- Poor have a strong desire to come out of poverty, and, have innate capabilities
- Social mobilization and building strong institutions of the poor is critical for unleashing their capabilities
- An external dedicated and sensitive support structure is required to induce social mobilization

The implementation of NRLM in a Mission mode is essential as it will enable (a) focus on targets, outcomes and time bound delivery (b) shift from the present allocation based strategy to a demand driven strategy enabling the states to formulate their own poverty reduction action plans, and (c) monitoring against targets of poverty outcomes.

Figure 1.3A Present Status of NRLM

Year	Total SHGs	NRLM Compliant SHGs	No. of Loans	Per SHG No. of loans	% of NRLM Compliant SHGs	Year on Year Growth of NRLM Compliant SHGs (%)
2013-14	2811446	1424648	1674436	1.18	50.67	
2014-15	3301885	1603147	1975072	1.23	48.55	13
2015-16	3891700	1787980	2296338	1.28	45.94	12
2016-17	4005067	1806340	2343134	1.30	45.10	1

As per NRLM, at present there are 4005067 SHGs of which NRLM compliant ones are 1806340 i.e. 45.29 % of the total SHGs. There is a growth of 1% on NRLM compliant SHGs over the previous year.

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6.3 MISSION MANGALAM – AN INTEGRATED POVERTY ALLEVIATION APPROACH

Gujarat has witnessed a growth rate of 11.5% for five years ending March 2009. Along with the remarkable economic progress, Gujarat as a state is well aware of the importance of inclusive growth. To harness the multiple growth opportunities arising out of the positive developmental strides made by Government of Gujarat, on the occasion of the Golden Jubilee Year celebration of Gujarat State starting from 1st May 2010; Gujarat Government announced 'Mission Mangalam' - as an integrated poverty alleviation approach in a demand driven convergence mode. 'Mission Mangalam' aims to bring the critical mass of resources to address poverty by creating a single platform for stakeholders like Banks, Industry Partners, Micro Finance Institutes and Skill Imparting Institutions, etc. to deliver desired outcomes. While building social business enterprises, the concept of 'Mission Mangalam' envisages integration of Self Help groups and their federations into the value chain of investors. Around 24 lakh women who are currently active under 2 lakh Sakhi Mandals / Self Help Groups (SHGs) are in the state are managing to the tune of Rs.1000 crores through bank linkage. Having made such a remarkable achievement, the Government looks forward to work towards the following parameters:

- Financial literacy for women, so that they can make informed choices.
- Universalization of SHGs by ensuring that each BPL household has at least one member in a SHG.
- Build federations of SHGs, and register them as formal institutions
- Set up MIS and innovative Monitoring systems

Gujarat's most precious resource is 'people' and their potential to work towards collective betterment of the state and eventually the nation. Poverty becomes a hindrance for optimum utilization of this resource and its potential. Poverty has numerous manifestations including low and unreliable income, poor health, low levels of education and literacy, insecurity and uncertain access to justice, disempowerment and isolation from mainstream socio-economic development. Mission Mangalam, through its multi-dimensional policies and interventions aims to provide permanent solutions. It strives to provide options of income generating opportunities, ready to access means of production, affordable basic services and protection of law. Thus, 'Mission Mangalam' is a complete package with all these elements incorporated in it.

The five basic guiding principles of Mission Mangalam are:

- Leveraging upon Industry partnerships and corporate MoUs, 'the firm' goes to the community rather than people migrating to the firm.
- Improving demand and quality of rural products, thereby creating a market for these in urban segments.
- Inclusion of modern technology and processes which result in inversing the economies of scale.
- Linking local initiatives to international markets.
- Mass empowerment through ownership of assets (means of production) with producer's / producer groups.

Strengths of Mission Mangalam:

- Readily organized manpower network comprising of more than 2 lakh SHGs and 25 lakh members evenly spread across the whole state. These are being federated, trained, imparted financial literacy and linked with micro finance from banks.
- Huge credit mobilization potential of these SHGs of more than 10,000 crores. These SHGs can avail low interest credit from banks to the tune of about rs.5-10 lakh per SHG for viable income generation activities.

Pradhan Mantri Bima Yojana

Under Pradhan Mantri Bima Yojana, two schemes:

- Pradhan Mantri Jeevan Jyoti Bima Yojana (life insurance policy) and
- Pradhan Mantri Suraksha Bima Yojana (personal accident policy) have been launched by Central Government to increase the insurance penetration in the country.

Pradhan Mantri Suraksha Bima Yojana is a government-backed accident insurance scheme in India. It was originally mentioned in the 2015 Budget speech by Finance Minister Arun Jaitley in February 2015. It was formally launched by Prime Minister Narendra Modi on 9 May in Kolkata. As of May 2015, only 20% of India's population has any kind of insurance, this scheme aims to increase the number. Pradhan Mantri Suraksha Bima Yojana is available to people between 18 and 70 years of age with bank accounts. It has an annual premium of `12 excluding service tax, which is about 14% of the premium. The amount will be automatically debited from the account. In case of accidental death or full disability, the payment to the nominee will be `200000 and in case of partial disability `100000. Full disability has been defined as loss of use in both eyes, hands or feet. Partial disability has been defined as loss of use in one eye, hand or foot. This scheme will be linked to the bank accounts opened under the Pradhan Mantri Jan Dhan Yojana scheme. Most of these accounts had zero balances initially. The government aims to reduce the number of such zero balance accounts by using this and related schemes.

Pradhan Mantri Jeevan Jyoti Bima Yojana is a government-backed Life insurance scheme in India. It was also formally launched by Prime Minister Narendra Modi on 9 May in Kolkata. As of May 2015, only 20% of India's population has any kind of insurance, this scheme aims to increase the number. Pradhan Mantri Jeevan Jyoti Bima Yojana is available to people between 18 and 50 years of age with bank accounts. It has an annual premium of `330 excluding service tax, which is above 14% of the premium. The amount will be automatically debited from the account. In case of death due to any cause, the payment to the nominee will be `200000. This scheme will be linked to the bank accounts opened under the Pradhan Mantri Jan Dhan Yojana scheme. Most of these accounts had zero balances initially. The government aims to reduce the number of such zero balance accounts by using this and related schemes. A number of MFIs have been providing micro pension services under various schemes

Need for the Study

Rural and tribal women's contribution to the economy is quite significant. Over 80 per cent of the working women in rural and tribal areas are engaged in an agriculture and allied activities. They usually perform drudgery prone activities and do not get equal wages with male workers. Given a chance women agricultural workers prefer to take up alternate economic activities. The government is also laying stress on empowering rural women by identifying alternate economic activities.

From the foregoing analysis, deprived status of women in India can be observed. Further, the need for empowerment of women is also observed. Women empowerment enables the development of the nation on the whole. There are several mechanisms for the empowerment of women. Government has provided certain safeguards and facilities through Constitution and enactment of various Acts for the uplift of the women. Non-governmental organizations are also striving for the empowerment of women. Self-help Groups approach is the programme that enables self-motivation of the poor women.

So many studies have been conducted so far to evaluate the impact of the Self Help Groups on the empowerment of women. It may be found from those studies that limited progress has been made in the empowerment of women and that there is a long way to go to remove long-held male dominated practices, attitudes, values, traditions and social, political and economic systems. Although the government has started so many developmental programmes for the empowerment of women, yet they have not achieved total emancipation. Now, most of the women are poorly presented in the ranks of power, policy and decision making. Women make up less than 5 per cent of the world's heads of the state, heads of major corporations and top position of international organizations. Still they are not free from exploitation, sexual harassment, untouchables, etc.

The policies and programmes of the Government of India to asset women's identity in social, economic and political scenario are not equally distributed in various parts of the country. There is a notable rural-urban disparity in the status of women. The educational, health and economic status or urban women in India is considerably better than that of their rural and tribal counterpart. Political participation also varies in modes and degrees between the rural and the urban women. Rural women look enviously at urban women. It may not be distributed even in all the rural areas equally. There is a need to conduct a study to examine whether really microfinance contributes to women empowerment or not. No studies specifically in this context so far has been done in the state of Gujarat. Further, there is a need to take a critical look at the current status of the SHG impact on women empowerment.

Conclusion

From 1950s onwards, the approaches concerning liberty, development and empowerment of women in male dominated society have been prevailing in feminist discourse. In recent times, empowerment of women is taken as most effective strategy to abolish gender inequality in our society. This multi-dimensional approach including health, education and employment of poor especially women is implemented by the self-help approach. Women 's empowerment through microcredit is a strategy taken by the government and policy makers. The rising influence of feminist writings on women 's deprivation and gender equality assist Government and many non-government institutions to emphasize on targeting women in their microcredit programme. In this regard, Self-help Groups in connection with micro-finance are playing an important role for the improvement of socio-economic conditions of the poor and women.