

## CHAPTER TWO

### LITERATURE REVIEW

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There has been a growing awareness in the international community - both official and institutional, about the critical need for integrating women in the process of economic development and promoting equality between men and women, right since the United Nations declaration of the Decade for Women (1975-'85) in 1975. Since then, the literature and research works on this focal point "Women and Credit" have been scanty, diverse and synophrenic and most of them have dealt with women's access to credit. In majority of them, women and credit is one of the many planks of inquiry. Research works on the impact of credit on women are conspicuous by their absence. This study makes on humble attempt to fill this void.

To make the literature review more meaningful, we have reviewed literature on women and credit in the first part and examined a few studies relating to the impact of credit on women at the household level in the second part.

#### 2.1 Section I

##### 2.1.1 RESEARCH ON WOMEN'S ACCESS TO CREDIT

The first set of studies reviewed indicate that women's access to institutional credit is very poor. Bank of India Report of female slum dwellers in Madras was the first

study conducted by a nationalized bank which provided gender differentiated and class specific data (Shetty, 1981).

Women's access to credit is one of the most pressing problems of developing world today, the reasons for this are multiple. Literature suggests that initially it was the lack and delay of gender specific data regarding women's borrowing patterns from nationalized banks which hampered their access to credit.

Pushpa Sunder (1983), in her study of 38 branches of major banks noted that only 11 per cent of the beneficiaries financed were women. The Seventh Five Year Plan shows that against the target of 17 per cent for women's coverage under the Integrated Rural Development Programme, only 7 per cent of the total beneficiaries covered in the Sixth Five Year Plan were women. The recent Economic Review (1990-91) shows a 23.98 per cent coverage of women beneficiaries against the target of 30 per cent. On comparing the accessibility of credit to women under target oriented approaches and general schemes it is often noticed that the target oriented programs have higher coverage of women (SAARC Guide Book on Women in Development, 1990). Margaret A. Lycette and Janet Self (1984) have prepared a report, "A Preliminary Evaluation of Aid Income Generation and Employment Projects" based on International Credit for Rural Women (ICRW) review of eleven Aid income generation/ employment projects. In their report they have observed that eight of the projects which have been implemented through government agencies and ministries of

development banks are the ones which are ostensibly open to women.

The second strand of literature projects the availability of different schemes for women and the role of women's organization as supporting agents. Nandini Azad in 1985 conducted a study for ILO titled "Improving Conditions of Rural Women Through Creation of Alternative Employment Options: A Case-study of Working Women's Forum, Dindigul Dairy Women's Project and Adirampattinam Fisher Women's Project" on special credit schemes for informal sector workers in India.

The study highlighted availability of resources under the priority sector for women, interventions and strategies utilized for delivering credit to poor women, role of women's organizations in creating access and awareness as well as facilitating borrowing and repayment. Another intensive study conducted by Savara & Everett (1983) on the women's borrowings in the weaker section development programmes of two banks concluded that women received seventy to eighty per cent of the mass banking schemes.

The final strand of literature on women's access to credit shows that besides the formalized credit flow to women through the government agencies and banks, there have been some innovative approaches for poverty alleviation such as savings, credit and asset creation for poor women by the Non-Governmental Organizations (NGOs). These experiments are

founded with the objective of increasing the accessibility of credit to rural poor women in the informal sector and to help them strengthen their capacity to survive by higher income generation. (Poona Wignaraja 1990).

In India, the first of such experiments was initiated by a women's Non Governmental Organization (NGO) - Self Employed Women's Association (1972), followed by the Working Women's Forum (1975) in Madras. The main purpose of these organizations is to provide access of credit to the poor women with meagre means. SEWA has approximately 21000 members organized into small groups.

The distinguishing features of these organizations which lead to larger coverage and success of the organization are numerous: simplification of lending procedures which lead to quick allocation and little paper work, loan amount in sizes adequate to the small borrowers needs, loans granted to borrowers and also in groups with different interest rates, close-supervision, self monitoring through participatory process, building up of collective consciousness, group dynamics, self management and a credit plus approach.

Some successful innovative approaches have also been noticed in other developing countries like Grameen Bank and Bangladesh Rural Advancement Committee in Bangladesh (BRAC), Production Credit for Rural Women (PCRW) in Nepal, Association Dominica Pare El Desarrollo De La Microempresa (ADMI) and Mujeres En Desarrollo Dominica. Inc. (MUDE) in Dominican

Republic. The main objective of these institutions has been to increase the productivity and income of micro enterprises in the informal sector, in order to further develop their potential and improve their links with the formal economy. They work towards the achievement of their objectives through the operation of similar mechanisms adopted by SEWA and Working Women's Forum. (Poona Wignaraja, 1990 ; INSTRAW News, 1990).

#### 2.1.2 STUDIES ON FEMALE HEADED HOUSEHOLDS

Literature on the Female Headed Household (FHH) is at a preparatory stage. Most of the Indian studies have focussed on defining the FHHs and identifying their characteristics. Even in the western world there are hardly any studies on the impact of credit on FHHs as sample units. A few studies have evaluated the impact of program interventions on FHHs. Their main concern has been the identification of the FHHs and studying their characteristics.

Due and White (1986), were one of the first to observe that Female Headed Households were increasing on a world wide basis and that they formed one third of the total households. Their observations revealed that the FHHs were headed by women who were widowed, divorced, abandoned or simply had never married or were bearing the responsibility of running the household. These households were amongst the poorest farming households, under resourced and suffering serious labour constraints.

A paper titled " Policies to Overcome the Negative Effects of Structural Adjustment Programs on FHHs" by Jean Due (1987) argues that 25 per cent of the rural households which were FHHs could not benefit from the policies. She states that structural adjustment programs adversely affect the FHHs as they have lower average per capita net incomes, less access to credit for hiring labour or labour saving devises, lesser access to extension services and smaller crop accerages planted which result into lower agricultural output.

Sikapande (1988) in evaluating the Training and Visit (T & V) extension system introduced in Southern province of Zambia in 1983 confirmed that FHHs had significantly fewer adults available for farming (1.7 compared with 3.5 for Joint Headed Households), smaller accerages in crops (3.0 acres compared with 6.8) and significantly lower values of total crop production, crop sales, farm operating expenses and net farm income. He further found that the FHHs consumed 74 per cent of the agricultural production, whereas, Joint Headed Households (JHHs) consumed only 35 per cent. The FHHs had much less access to credit and were visited much less often by extension agents than the JHHs under the Training & Visit system. These results of Jean Due and Sikapande, is corrborated by Ranadive (1984).

In India, few authors have studied the FHHs appropriately. Visaria (1983) utilized the census data (1961 and 1971) and consumption expenditure data of National Sample

Survey relating to the two states in 1972-73 to identify the regional variation in incidence of FHHs. Analyzing the socio-demographic characteristics of these households, he found that they were characterized by smaller household size, older age and were engaged in cultivation and household industry.

Utilizing the primary data collected through field survey of such households, Randive (1984) suggested that widowhood was the main cause of female headship. Parathasathy (1982) in a survey found a definite link between poverty and FHHs.

One of the most recent comprehensive studies in the Indian context on the FHHs is that of Ranjana Kumari (1989). In her study, Ranjana Kumari has set parameters for identifying the FHHs, besides studying their characteristics and the survival strategies adopted by them. The most noteworthy findings of her study were: FHHs had a larger family size and inspite of the fact that they had larger labour force their income was lesser than the JHHs and none of the FHs had availed credit from the banks or co-operatives and their main source of credit came from money lenders.

### 2.1.3 OTHER STUDIES ON WOMEN IN DEVELOPMENT

Women in Development is an interdisciplinary area of research and ample analytical reports are available in this area. Research reports link gender analysis with research

evaluations dealing with economic development and social change. In this section an attempt is made to review few of the several research endeavors relating to women in development.

The pioneering work on women and development is that of Ester Boserup (1970). It provides a comprehensive analysis of women's participation in the labour force in Africa, Asia and Latin America, under the rural, urban and transitional economic systems. Bina Agrawal (1981), has examined the effects of the introduction of agricultural modernization schemes, including new input and practices towards the past several years, on rural women in the third world. Acharya and Benett (1981), have obtained evidence on the basis of qualitative and quantitative data on gender patterns of labour use, income flows and decision making.

These data were exhaustively analyzed to demonstrate both, women's economic contributions and their roles in household decision making. Zarina Bhatti (1985) and S Grippa (1987) have studied women in Bidi making industry using several indicators like income, activity analysis, decision making and their social status. Yasmeen Mohuddin (1979) studied the women in handicrafts by using the indicators such as the economic role, social status and their characteristics.

Uma Lele (1988) states that, "It is extremely important to understand the micro process of an economic activity as



it helps to assess the prospects for women's further likely participation in economic growth and development". In this context Fazila Banu Lily (1985) has studied the involvement of women in income generating activities. Both of them have observed that in rural Pakistan, women were in charge of tending to animals and agricultural work, which was done in the family compound. Fazila Banu Lily besides undertaking an activitywise analysis has also studied the consumption of the milk produced within the households. Her findings revealed that very few households were consuming the milk produced in the household. Bulmerg (1978) and Lanchester (1976) have also undertaken a similar analysis. Bulmerg's study shows that women's economically productive labour is dependent on the activity's compatibility with her child bearing role and the labour demand versus supply.

Lanchester agrees with Bulmergs findings and further asserts that male's involvement is largely concerned with the prestige sphere based on control of special goods usually involving mobility and risk taking.

The income contributions of women in the household income have been explored by various studies of literature on women in development. Evenson, Popkin and King Quizon (1979), Cain (1979), Shrikantan, Narayana and Rao (1978) found that in low income rural households, women income constitutes one-third of the family's income. Acharya and Bennett (1981 and 1983) have also made similar observations. They have computed the incomes through the time-use recorded in various activi-

ties. Value added is derived from quantities of goods purchased at the given market price, transportation costs, volume of raw materials and interest charges. While for other activities, income was calculated by multiplying time inputs with the local wage rate. Allocation of the income to different sex/age groups was distributed between household members on the basis of time spent in various types of activities.

Besides these (Women's Household and Agricultural Development Strategies in Asian Context), Bina Pradhan's study (1983) is one of the comprehensive studies on the effect of agricultural strategies on women and their households. The study presents a conceptual model of micro level household economy and its survival strategies. Its search includes the effect of income and the labour contributions made by men and women and the exploration of variables that affect the comparative male and female participation in framing their survival strategies.

Finally, it also attempts to see how economics of household at micro level fits into the overall context of national and regional development. The nature and diverse occupations undertaken by women were highlighted, particularly the varied roles, problems and contribution of women to the different economic sectors, in the micro-level studies such as, Cashew Producing Industry in Trivendrum (Karan, 1978), Work on Women's Role in Forestry (Chand and Bezbaruah,

1980), Assessment of Women's Role in Karnataka Sericulture Development Project (ISST, 1982).

## 2.2 Section II

This section has two parts. In the first one, the studies examining the impact of credit at the household level are reviewed. The second part deals with studies focussing on impact of credit at the household level with reference to gender issues.

The literature review reveals that there were some common indicators used for measuring the impact of credit on women at households level viz. income and employment generation, productive asset creation, activity analysis and consumption.

### 2.2.1 STUDIES ON IMPACT OF CREDIT AT THE HOUSEHOLD LEVEL

Several individual researchers and institutions have evaluated the impact of planned interventions in different situations and locations. Out of the several studies reviewed, six studies have directly evaluated the impact of credit delivered through the Integrated Rural Development Programme. The most comprehensive study amongst them is the study conducted by National Institute of Rural Development (NIRD, 1985), which covers four states in the Southern region.

Using the with and without approach, the authors have examined the impact on IRDP beneficiaries using the indicators - employment, consumption of food, clothing, better

medical facilities, education of children, provision of additional economic asset, improved housing and status of the beneficiary. Income generation is estimated at two points of time in the pre and post loan periods. This is done in view of the programme's objective, namely to assist the beneficiaries to cross the poverty line threshold.

The study has used simple statistical techniques such as averages, frequency distributions and percentages for assessing the impact. In case of income impact, inequalities were measured by the use of gini-coefficient and lorenz curves. The factors contributing towards incremental income were identified by the use of multiple regression techniques. Further, the capital output ratio was worked out and the optimum credit and subsidies were estimated.

S.K. Bhanja and S Venkatadevi (1988) have specifically studied the credit impact in case of milch cattle under IRDP in two extreme weather conditions. Using the pre and post evaluation technique, the study examines the impact on income, employment, consumption of milk and other variables as the effectiveness of the programme, attitude of people etc., using simple statistical techniques such as mean, averages, percentages etc.

The other four studies viz., Center on Integrated Rural Development for Asia and Pacific, CIRDAP (1980), Punjab National Bank (1987), J. S. Sodhi (1987) and NIRD (1987) have evaluated the impact by using common indicators - income,

employment and level of living and repayment. All of them have adopted pre and post approach for evaluation and have found milch cattle to be the most popular activity financed. The income computed by the CIRDAP was tested through t-statistics. These studies have found a marginal increase in all the indicators used except employment. Besides the poor quality of animals supplied to them, milk yield was not as high as expected and lack of veterinary services and proper marketing services were the highlights of the study.

S.C. Gupta (1987) assessed the coverage, utilization, repayment and the impact of rural credit at the household level by pre and post evaluation technique. The prominent findings of the study were that only one third of the borrowers were able to pay back the loans and major part of the defaulters consisted of the higher classes, educated and socially higher ups.

Impact of district credit plan of the State Bank of India (1985), Impact of Financing under the DIR (Differential Interest Rate Scheme) scheme by the State Bank of India (1987) are some of the other studies which have undertaken an credit impact analysis using indicators as the net income, employment, levels of living, repayment performance and production. Only simple statistical techniques such as percentages are used. However, in spite of the fact that they have used several indicators, these studies are merely reports and lack the indepth systematic and analytical approach.

### 2.2.2 IMPACT STUDIES WITH REFERENCE TO GENDER

Rural women need credit for the same reasons that rural men do to increase the family's income through expanded production and investment and to increase family's welfare through increased consumption. Besides, they need credit to increase their productivity and income as much as rural development schemes need to improve men's productivity, given the objective of economic growth in rural areas and the alleviation of poverty. (Mayra Buvnic, Jennnifer Sebstad and Sondra Zeinstein;1979).

The study on Grameen Bank by Rushdie (1986) is gender specific and most comprehensive of its kind. Adopting the control and non-control group, the study uses several social and economic indicators to study the impact intricately. Indicators used are income, cost and returns, employment, pattern of investment, expenditure on basic needs, consciousness raising, fertility and practices and role in decision making. The statistical techniques used were simple percentages, frequency distributions and regressions. The noteworthy findings of the study besides the positive impact on all the indicators is the procedure of weekly repayment which makes it easier for the beneficiaries to repay the loan and more so for the women.

There are only two gender specific studies available on IRDP, both of them conducted at the National Institute of

Rural Development, Hyderabad by adoption of the pre-post evaluation technique of investigation.

Mohiuddin Asghari, Prasad Hemalatha C., Bramhaman K. E.E., Seetharaman Sridhar, Achari P.P (1986) is one of the comprehensive studies conducted on the IRDP and DWCRA (Development of Women and Children in Rural Areas). The study is quite similar to Rushdie's as the indicators and the data presentations have a commonality. However, the study has used pre-post evaluation technique and has employed simple statistics such as the frequency distribution, percentages and graphs. The main findings of the study showed a marginal positive impact of the programme on the beneficiaries.

G.L. Verma (1986) has studied the extent of women's participation in IRDP activities and has evaluated the impact of IRDP on the day to day life of women beneficiaries and the differing value systems within the household. However, the study's main focus has been on the procedural aspects of delivering credit to women, structural drawbacks and changes necessary for women's active participation. .

"Women in Dairy in Andhra Pradesh", by Manohar Monshi (1978), is a study which has assessed the impact of milch cattle provided under the Operation Flood Strategy. Besides income, employment and activity analysis, condition of the asset and pattern of investment, she has also analyzed the social indicators such as the level of living, expenditure patterns, social status, household expenditure patterns and

consumption of milk. The most noticeable finding of the study is that the men preferred to stay back on the pretext of working on the animals, while women combined their dairy activity with agricultural wage labour.

There are a few evaluations available on the project impacts. Margaret Lycette and Janet Self (1984) found that under Kenya Rural Employment Programme (KREP) women operated 46 per cent of the assisted small scale enterprises and constituted 46 per cent of the employees. Each loan granted under the project had generated employment for one additional person or more fully employed adult son or daughter. Women with previous enterprenurial experience were more successful than women without experience.

Repayment rates varied widely by region. After the first year and a half, the repayment rate averaged at 44 per cent. Women interviewed in general stated that the loans had generated more food and income especially to pay for children's education fees. Margeret Alycette and Janet Self (1984) in their report based on ICRWs (International Credit for Rural Women) reviewed eleven AID income generation/employment projects and found that providing credit unaccompanied by training diminishes the chances of success with income generation. The use of PVOs (Professional Voluntary Organisations) with the professional staff experience with income generation and credit programme enhances the income of the households to a greater extent. These results were also



relevant for projects operating in Zambia, Nicaragua and Thailand.

Bidar Integrated Rural Development Project (1987), is an evaluation report by the UNICEF studies, the credit operation and the possible asset base built by them. Besides, it has also studied the impact on the income, employment and the social status of women. M. Gulam Sattar (1985) has analyzed the impact of agricultural development programmes on the employment and income of rural women.

### **2.3 Conclusion**

Conceptualization of the way gender affects the participation in economic development is relatively at an early stage. In spite of the fact that gender analysis is critical for policy implications, the extent to which policy interventions influences a variety of economic and social outcomes is not well researched. Majority of the studies reviewed on women are in a static context. Scientific studies on impact analysis of credit have failed to incorporate gender issues and specific studies on gender are very scarce and lack a scientific approach of analysis.

Thus on reviewing the literature relevant to women, what ultimately emerges is the dearth of systematic literature which incorporates a scientific approach plus a comprehensive socio-economic analysis of the impact of credit on women and their households and a gender analysis of the female and male borrowers with specific reference to the

Female headed households. Hence, there is a need for literature which would give a combination of the evaluation approaches adopted by the studies relevant to women's access of credit, Female Headed Households, approaches of the general studies, the impact studies on the household and the gender studies.

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