

Micro Credit as Catalyst to Women Empowerment: Evidences and Observations

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Socio-economic prosperity of a developing nation, like India, demands an active participation of all, particularly women. Credit availability is one of the important conditions to this prosperity. In this regard micro credit through microfinance has been a catalyst in empowering its clients, prevalently women of rural areas. Experiences, national and international show the potency and efficacy of microfinance in transformation. This article delves into the empowerment impact of micro credit in North Eastern Region (NER) of India in general and specifically concentrates on the state of Meghalaya as a micro case. The NER shows ample scope for further growth of the activity in future. An analytical study of 150 samples is done on one of the districts of Meghalaya in order to analyze the impact of micro credit on women empowerment. Findings suggest that micro credit has transformed the lives of the clients to the better over a period of time. Evidences of economic empowerment are observed in form of increase in income, asset accumulation, more participation in economic decision making of household etc. Similarly, more participation in family planning decisions and decisions of health and nutrition concerning family members and in children education are found significant. Clients have got more access to several social amenities and derived more respect in family and outside. These evidences are very encouraging which demand a systematic and well planned micro finance intervention in this region.

INTRODUCTION

Participation of women in development process is well documented around the world. They produce on an average more than half of all the food that is grown: up to 80 per cent in Africa, 60 per cent in Asia, between 30 to 40 per cent in Latin America and Western countries, but unfortunately, own only 2 per cent of the land, receive only one per cent of all agricultural credit, only 5 per cent of all agricultural extension resources are directed to women, represent two third of all illiterate people and the number of rural women living in poverty has doubled since 1970. These indicators speak volumes about their marginal share in the global wealth. This skewed distribution of wealth across the genders creates unbalanced development in the society. This simply warrants economic empowerment of women, which is often argued as the panacea for many of the social evils. Amartya Sen (1999) makes a compelling case for the notion that societies need to see women less as passive recipients of help and more as dynamic promoters of social transformation, a view

strongly buttressed by a body of evidence suggesting that the education, employment and ownership rights of women have a powerful influence on their ability to control their environment and contribute to economic development.¹

Despite domestic and social constraints women have proved themselves to be major contributors to rural economy. Their empowerment [defined as the ability to define one's goals and act upon them, awareness of gendered power structures, self-esteem and self-confidence (*Kabeer, 2001*)] can have significant outcomes of rural development. The psychology and intrinsic nature of women in dealing with domestic and society make them efficient engines of growth. Women can be said to be empowered if there is a transformation in their socio-economic positions measurable through variables like asset structure, net income, savings, health and nutrition, marriage, family planning, fertility and child birth systems, access to various social amenities, etc. Hence, we see that there is a close knit supplementing linkage between women empowerment and rural development. Empowering women will enable achievement of the rural development variables.

How to bring this economic empowerment among women is a pertinent question, very often asked and also answered by many. One of the solutions provided is making financial resources available at their doorsteps. Thus, credit provisioning is one of the ways how this would be possible. In this direction many global efforts are being made. One of them is the novel idea of providing micro credit through self help group (SHG) mechanism. In this regard Indian attempt to emulate the world experience of micro credit revolution has yielded astounding success and regarded as one of the remarkable achievements. Regional variations of this efforts are however, very much visible. North East India in particular, a region of eight states lags behind significantly. Since the economic and demographic features of this region are dominated by rural profiles, the development of this part of the country is synonymous to rural development which hinges upon women empowerment. Keeping this in the background the article attempts to present a case of micro credit intervention in North Eastern Region (NER) and women empowerment with a case of Meghalaya.

OBJECTIVES, METHODOLOGY AND ARCHITECTURE OF ARTICLE

The objectives of the study are four fold. The first examines the efficacy of micro credit provisions in uplifting women. The second aims at studying the micro credit interventions in North East India with a focus on women. The third explores micro credit experience in Meghalaya as a case and the fourth objective is to analyse the impact of micro credit on women empowerment.

The Study has a broad scope and coverage. A sample analysis is conducted for drawing specific results concerning impact of micro credit. Variables identified and captured through

¹ Quoted from Speech delivered by Arti Mehra, Mayor of Delhi, India, on the subject "DYNAMIC CITIES NEED WOMEN : ACTIONS & POLICIES FOR GENDER EQUALITY", in the First International Forum organized by the Brussels Capital Region and the Metropolis Women International Network at Brussels, Belgium from 3rd to 5th December, 2007

a primary survey of women micro credit clients and non-clients form the main source of information for the analysis. For this purpose samples are collected from Garo Hills District of Meghalaya where majority of the SHG's are concentrated. The experimental group sample size is 100 with respondents being drawn at random from SHG's of IFAD Project, Government Schemes, Churches and Non-Governmental Organisation (NGO's). Impact is measured as the difference in the magnitude of a given parameter between pre and post micro credit situations spread over a period of five years. A Control group consisting of 50 women who have not received any micro credit during the same study period is also considered so as to facilitate comparison between the groups. Focus is laid upon the economic and social variables. The empirical research has been undertaken to establish a linkage between the micro credit provisions and economic upliftment of women. Besides, secondary published sources also form an important part of the study. International and national journals and resources and other secondary sources like National Bank for Agriculture and Rural Development (NABARD), International Fund for Agricultural Development (IFAD) and Reserve Bank of India (RBI) publications are referred.

The presentation is spread over five sections. The first one highlights the credit intervention efforts undertaken for women across the globe along with the micro credit revolution. Next section critically reviews the efficacy of micro credit provisions in uplifting women. The third section elaborates the status of micro credit in NER with a special focus on women. The fourth throws light on the state of micro credit in Meghalaya, which has also been undertaken as an area of the present study. Section five narrates on the sample analysis and observations of the study and closes with a conclusion.

MICRO CREDIT INTERVENTION: THE NER SCENARIO

The North Eastern Region of the country lags behind in the field of micro credit from all aspects. As an intervention measure for overall economic development it has gained momentum only after the year 2000. Microfinance can be considered to be ending pioneer and entering take-off stage in North Eastern Region (*Porteous, 2006*). As per NABARD figures as on 31st March, 2007 the number of SHGs linked under SHGs Bank Linkage Programme (SBLP) in the North Eastern Region is 91,754 (3.14% of all India total) and the amount of loan sanctioned is Rs. 263.9 crores (1.46% of all India total). The SHG Bank Linkage Programme in the North Eastern Region as on 31st March, 2007 (Table 1) reveals a poor picture. Apart from Assam, none of the other state has made any significant stride. Even in Assam, development is a very recent one. For the whole region the growth rate is very impressive and if it continues for next few years it would bring wider financial inclusion of the rural poor. Due to the dependence on banks the SHG movement is primarily restricted to places that have a higher concentration of branches. Rural banks have been playing a dominant role in providing credit to SHGs followed by other commercial banks (Table 2).

**Table 1: SHG-Bank Linkage Programme (North Eastern Region)
as on 31st March, 2007**

State	Cumulative No. of SHGs provided with Bank Loan	No. of new SHGs provided with Bank Loan during 2006-07	Cumulative Bank Loan (Rs. Cr)	Bank Loan during 2006-07 (Rs. Cr)
Assam	81,454	25,005	2,21.84	79.44
Meghalaya	1,211	476	3.36	1.74
Tripura	2,906	910	4.95	1.84
Sikkim	160	33	.30	.11
Manipur	2,683	1,215	11.27	4.08
Arunachal Pradesh	447	101	1.92	.57
Nagaland	998	576	6.79	3.35
Mizoram	1,895	921	13.47	7.06
Total	91,754	29,237	263.9	98.19
Growth Rate (%)	96.03*		111.8*	

(Source: NABARD Annual Report, 2006-07 * for a period of 2001-2006)

Table 2: Agency-wise SHG-Bank Linkage Programme (NER) as on 31st March, 2007

Agency	Number of SHGs	Amount of Bank Loan (Rs.Cr)
Commercial Banks	37,619	156.31
Regional Rural banks	46,414	91.29
Cooperative Banks	7,721	16.30
Total	91,754	263.9
All India Total	29,24,973	18,040.74
Share in All India	3.14%	1.46%

(Source: NABARD Annual Report, 2006-07)

The North Eastern Region of India has the appropriate conditions for the growth and development of microfinance. The cost of promotion of SHGs in most parts of the hills is prohibitive, and the grants available to promote the SHGs are usually much lower than the cost. This reduces the incentives/ability to promote effective SHGs - hence the slow growth in the region. Even though growth of SHGs has been high in Assam, it has been erratic. One of the major reasons for this has been because the bank branches with 2 (two) or 3 (three) employees are not equipped to handle large number of SHG accounts. The second major reason is that despite the hype associated with high repayment of SHG's, the repayment rates in the NER is not impressive. Furthermore, the SHGs (primarily in Assam) have also adopted a habit where only the interest is paid monthly and the principal is paid in a bullet payment at the end of the loan. All these factors increase the inherent risks of SHGs and make them a less attractive proposition for rapid scale-up and expansion

(www.microfinancegateway.com). Despite these problems the SHG movement has had positive impact on the lives of the clients, particularly women.

MICRO CREDIT IN MEGHALAYA

Meghalaya houses 1.32% of the total SHGs in the NER with 1.27% of the total loan amount. In addition, the average lending per group in the state is Rs. 27,746/- which is far less than that of Manipur, Arunachal Pradesh, Nagaland and Mizoram. However, NABARD documents that the SHG-Bank Linkage Model has also served the banks well with 0% non-performing loans under SHG-Bank Linkage Programme, 1.4-7.5% returns on average assets of SHG banking, 110-165% operational self-sufficiency of SHG banking, average repayment rates of over 90% and many intangible social benefits to SHG members arising from contact with banks and management of credit transactions (*Fernandez, 2007*).

There are around 10,000 SHGs in the state of Meghalaya under various programmes as on September, 2008 such as Swarnjayanti Gram Swarozgar Yojana (Community and Rural Development Department, Government of Meghalaya), Integrated Wasteland Development Project (Soil Conservation Department, Government of Meghalaya), Horticulture Mission (Agriculture Department, Government of Meghalaya), IFAD projects (NEC and Planning Department), NGO promoted SHGs and other SHGs run under various assistance schemes. Most of the micro credit initiatives in the State have taken place with the involvement of NGO's, Self Help Promoting Institutions (SHPI's) and MFI's. Of these, the Bosco Reach Out has been more successful in the formation and linking of SHGs with the banks.

As on September, 2007 7,786 SHGs were in existence under SGSY (Table 3). The total membership in these SHGs is around 85,000. The total savings in such SHGs is around Rs. 3.18 crore (www.megselfhelp.gov.in). 50 percent of the SHGs are women groups and the rest are men and mixed groups and each SHG houses around 10 to 15 members. Women make up a sizeable number in total membership (60%) with the male folk making up the rest (40%). Most of the women SHGs (56.90%) are concentrated in West Garo Hills District and they have a minimal presence in other parts of the state. Mixed SHGs are very popular particularly in East Khasi Hills, West Khasi Hills, Jaintia Hills and Ri-Bhoi District.

Poor participation of women in SHGs as compared to the national average (90% being women SHGs) can be attributed towards a matrilineal-oriented society prevalent in the state. As such the women folk have sufficient say in domestic and community issues and are considered to be fairly empowered. The future initiative for sustaining the SHG and micro credit movement in the state rests upon an integrated concerted effort at the departmental level, NGO's and SHG's in particular. The following illustration (Table 4) presents a case for joint efforts by all the institutions, groups and individuals for attainment of vibrancy in SHG activity.

Table 3: District-wise Distribution of SHGs in Meghalaya as on September, 2007.

Sl. no	District	SHGs	Women SHGs	Men and Mixed SHGs	Women SHGs (%)
1	Jaintia Hills	644	168	476	4.29
2	East Khasi Hills	825	370	455	9.45
3	Ri Bhoi	559	106	453	2.71
4	West Khasi Hills	903	221	682	5.65
5	West Garo Hills	3461	2226	1235	56.90
6	East Garo Hills	1102	560	542	14.31
7	South Garo Hills	292	261	31	6.67
8	Grand Total	7786	3912	3874	100

(Source: Govt. of Meghalaya, Office of the State Coordinator for SHGs in Meghalaya)

Table 4: Micro credit in Meghalaya: The Road Ahead

State Government	NGO's/SHPI's/MFI's	SHG's
Introduction of State Register of SHG's	Improved penetration and reach of micro credit.	Initiative by motivated and knowledgeable persons for forming groups.
Regular assessment and follow-up of operational schemes.	Social networking and better and faster formation of groups.	Amicable bonding of group, understanding, cooperation and hard work.
Synergetic integration between NGO's and Block Development Offices.	Strict follow-up of groups especially during initial stages of formation.	Vision starting with thrift and savings and quick implementation of projects.
Sensitizing to ground realities, framing policies and timely provision of services.	Encouraging best practices and professional leadership in groups.	Start small and grow. Be sustainable and depend less on subsidy.
Market mapping, identification of new ventures and marketing assistance.	Training, provision of adequate technology and marketing of groups' produce.	Integration of groups on a large scale for bigger projects in addition to existing group projects.

THE IMPACT STUDY

Meghalaya has been considered as a case for the impact study of micro credit and women empowerment. Along with the impact of credit on economic status of women clients other social impacts are also highlighted. One hundred micro credit clients (experimental group) and fifty other women (control group) who have not taken micro credit are randomly picked up for the study.

To begin with the analysis, the variances in the population is tested to see whether there is a significant differences between the populations from which these two groups are selected. An analysis of variance (ANOVA) (Table-5) of the income and expenditure variables between experimental and control groups at pre and post intervention periods are found to be within the critical value thus signifying no significant difference in the variances of the two populations. This portrays that the samples for the experimental and control groups are derived from the same universe (score difference best explained by chance factor). This helped us to make use of the data set as per the requirements of the study.

Table 5: ANOVA

Variables	Income Before 5 years	Current Income	Expenditure Before 5 years	Current Expenditure
Experimental group/ Control Group (F Values)	.138	.017	.017	.561
F value (df = 1 and df = 148, at 0.05)	3.905	3.905	3.905	3.905

The correlation between income and expenditure and income and saving of respondents from both the variables provides us an idea about the possibility of impact of micro credit on the microfinance clients. Stronger correlation in post micro credit intervention period (Table-6) corroborates this. There is a positive correlation between income and expenditure both before and after micro credit intervention. Increase in income has also increased the consumption spending of the clients. Non-micro credit clients also experienced an increasing spending pattern over a period of five years with an increasing propensity to save. Change in income and expenditure levels is experienced in both the groups. Higher change in control group can be attributed to higher levels of educational qualifications of the respondents which qualify them for formal and structured positions of employment. This signifies that with the passage of time (i.e. five years) these basic economic variables have a general tendency of showing a greater association among themselves.

Table 6: Correlation- Pre and post Micro credit intervention

Correlation co-efficient	Experimental group		Control group	
	Before	After	Before	After
Income and expenditure	0.882	0.898	0.958	0.953
Income and savings	0.645	0.736	0.548	0.735

The frequency distribution of economic status of clients impacted upon micro credit intervention presented in Table -7 reveals that in more than 90 percent of cases the income and expenditure has increased. Though almost similar observation is made from the control group the net result in form of saving increase is found to be far more in case of experimental group. This indicates an overall impact on the clients. The microfinance

mechanism has inculcated the habit of saving among the beneficiaries which help them in negotiating the future contingencies.

Table 7: Frequency Distribution- Change in basic economic variables

Variables	Experimental Group Change			Control Group Change		
	Increase (%)	Decrease (%)	No (%)	Increase (%)	Decrease (%)	No (%)
Income	93	0	7	90	0	10
Expenditure	90	1	9	82	4	14
Savings	73	3	24	52	4	44

Besides the impact on the basic economic variables impact on other related economic variables are also studied. From Table- 8 it is found that the micro credit clients have been experiencing a better economic freedom in comparison to control group. Most of them are self employed by engaging themselves in some economic activities, have increased household property and actively participating in economic decision making like purchase in the household etc. One of the negatives observed is that the avenues of alternative finance become squeezed for these clients. This is because of the fact that once they are into a SHG group women clients hardly think about any other sources of finance. Probably peer pressure dissuades women to get into more debt. Whereas non-micro credit clients have better opportunity of accessing different sources of finance as she is relatively free from any group/peer pressure. The overall change in post micro credit intervention period has been salubrious for the clients.

Table 8: Frequency Distribution- Change in related economic variables

Indicator	Experimental Group		Control Group	
	Change (%)	No Change (%)	Change (%)	No Change (%)
Self-employment generation	86	14	72	28
Asset structure improvements	60	40	88	12
Increased access to productive assets	80	20	60	40
Increased access to household property	90	10	88	12
Access to other sources of income	68	32	80	20
Growth in Income	90	10	64	36
Economic decision making ability	100	0	80	20
Purchase decision making	80	20	48	52

While social variables are analysed, change has been observed in most of the cases (Table-9). The acceptability of women in the society has been increased along with better wellbeing

in the family. Women have been more responsive to the education and health needs of the family members. They have increasingly participated in social activities, developmental programmes and decision making. Moreover, a marked change has been observed in capacities and abilities of clients. Similarly, improvements have also been observed in the case of control group as well.

Table 9: Frequency Distribution- Change in Social Variables

Indicator	Experimental Group		Control Group	
	Change (%)	No Change (%)	Change (%)	No Change (%)
Satisfaction level in family	92	8	64	36
Education decision making	88	12	68	32
Decisions on health and nutrition	94	6	88	12
Decision concerning marriage of children	70	30	84	16
Family planning decisions	68	32	80	20
Access to social amenities	68	32	68	32
Travel and mobility decisions	96	4	64	36
Recognition and acceptance in family and society	88	12	68	32
Capacity building changes	98	2	84	16
Participation in development programmes	96	4	92	8

The study suggest that micro credit intervention leads to economic empowerment of women which tantamount into women empowerment. This leads to active participation of women in domestic and societal issues and results in social or developmental outcomes. The relation is depicted in the following model and table (Table 10).

EMPOWERMENT MODEL

Micro credit Intervention → Economic Empowerment
 → Women Empowerment → → Social Outcomes

Table 10: Empowerment Levels-Pre and Post Intervention

Economic Empowerment Indicators	Pre Intervention	Post Intervention
Employment	Most of them were unemployed and had no means of sustenance.	Employed in the form of self-employment and professional activity.

Economic Empowerment Indicators	Pre Intervention	Post Intervention
Income and savings	Low or no income and savings	Access to income and increase in income with generation of savings
Asset structure	Poor or no assets	Creation and holding of assets
Household Property	Low savings and family wealth	Accumulation and creation of wealth and savings
Economic decision making	Poor or no decision making ability	Discovery of voice and making decisions concerning most household issues
Women empowerment		
Social Development Indicators	Pre Intervention	Post Intervention
Satisfaction	Burdened and had no vision in life.	Satisfied with life and start shaping and planning the future.
Education decision making	Little say on education matters	Major say on plans for shaping future of children
Health and nutrition	Little access to means for healthy living	Better food and access to health centre at village and block levels
Family planning	Male dominated	Based upon consultancy and understanding
Travel and mobility	Limited mobility and presence of restriction	Increased mobility and freedom of travel with limited/no restriction
Recognition and acceptance	Lukewarm recognition and little notice of contributions	Increased acceptance and recognition in household and family
Capacity building	Limited sociability and networking	Major change in self-confidence and self-esteem through socialization

OBSERVATIONS

Micro credit has resulted in positive changes in the socio-economic lives of the women folk. It has led to economic empowerment of women and this has led to other social outcomes. It has given the poor and the uneducated a means of basic livelihood. SHG activities through micro-enterprises generate income for the members. This facilitates individual and household expenditure and savings. The rate of growth of the rural economy in terms of economic activities and commerce has ensured a holistic development of the area. Even non-

micro credit clients produce similar results of empowerment and development (social) outcomes. However, this does not mitigate the importance of micro credit in rural transformation. Micro credit has accelerated the rate of development. It has helped more people to join the mainstream at a faster pace. Majority of the women engaging in SHG's and micro-enterprises are having minimal level of educational qualification (illiterate and primary). Higher the level of educational qualification, lesser is the involvement in Group activity. Majority of them are in the age group of thirty to fifty years. Participation of the younger class and older women are less in SHG activity.

Micro credit has changed the employment profile whereby majority of the respondents became self-employed through SHG activity. Economic activities have ensured a means of livelihood for them. Many women who were not involved in Group activity were still unemployed even after a period of five years. This has brought satisfaction to the self-employed women whereas the unemployed experienced burden and lower level of satisfaction. As a result of micro credit intervention the respondents experienced an upward transformation on aspects like increased access to productive assets, household property and other sources of income, asset structure and growth of income. Micro credit intervention has resulted in better economic decision making ability for the respondents in households for major and minor purchases, but, this is not true for non-microfinance respondents.

Social indicators of empowerment are similar for both the experimental and control groups. The respondents experienced a change in decision making concerning education and marriage of children, decisions concerning health and nutrition, family planning and use of contraceptives, participation in developmental programme in villages, access to social amenities like water and electricity. In addition, micro credit intervention has resulted in a change for the respondents as far as state level mobility is concerned, recognition and acceptance in family and society and has also enriched the capacity of the women in terms of communication skills; leadership; team building; self-confidence and self esteem.

The women clients through involvement in SHG's have become more confident of their future and begin shaping their own lives. Sociological transformation is prominent in the respondents. This has helped transform the individual by enabling taking of certain important decisions relating to family and society. They are being able to expand their horizon of thinking and have access to some of the basic amenities and institutions (health, family welfare, blocks etc). However, there is a lot of work to be done for ensuring the long term sustainability of microfinance and SHG's in the area.

The current study proposes that micro credit has made significant contributions towards women's empowerment and poverty reduction. The need of the hour is to devise strategies so as to improve the impact of microfinance and concentrate on specific issues like gender mainstreaming, products design, delivery systems, value added services, marketing services and group dynamics. Microfinance intervention measures should be webbed with other developmental schemes and the focus should be on personality development and not economic aspects alone. The male folk should be made a part of the mix but without diluting the female-oriented profile of the measure. A greater presence of MFIs is required and

women's empowerment needs should be integrated into national planning and designing policies and products which fits and meets the needs of women.

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