

**MICROFINANCE, WOMEN EMPOWERMENT AND  
HEALTH: AN ANTHROPOLOGICAL STUDY OF  
SELF-EMPLOYED WOMEN ASSOCIATION  
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*Chapter 8*  
*Conclusion*

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## **CHAPTER-8**

### **CONCLUSION**

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The women's subordination in majority of South-Asian countries including India is posing a persistent challenge to all stakeholders. The factors and consequences of subordination of women are continuously explored in different discipline. The anthropological and sociological finding argued that hierarchical power structure, gender based discrimination, unemployment, social insecurity, social and financial exclusions and poverty etc. are responsible to a great extent for existing women's status in present society. This greatly affects women's participation in their decision making process at large.

The empowerment approach in developmental discourse and right based paradigm in the field of women's empowerment especially in relation with poor women is discussed and it is being used as important strategies to promote the idea of inclusive development. Empowerment is a multidimensional concepts and its conceptualization are rooted in inter-disciplinary theoretical propositions. It is often discussed in terms of concept of power, change from hierarchy to egalitarian type of society (Beteille, 1983), Social Power: rights, respects, autonomy, interests, and control (Bookman and Morgen, 1998; Batliwala, 1996 and Karl, 1995), command over own right's (Bankoff, 2001), democracy (Renblad, 2003), social justice (Planas and Civil, 2009) etc. This approach essentially focuses on equality, participatory resource management (PRM) to bring women into mainstream development and sharing stakes in decision making processes.

In recent years, the microfinance gained popularity especially after the contribution of Muhammad Yunus (Bangladesh), FINCA (Bolivia), and NABARD (India) in different parts of the world to achieve the objective of empowerment of women. Several other efforts of NGOs and International NGOs (INGOs) to link women to different MFI's shows its acceptability and efficacy to change women's status in respective culture. Thus, the underlying principle of microfinance is to provide set of services like; easy access to credit, insurance, capacity building, awareness etc. to the

poor people especially women. The result from the empirical findings shows great support in the view of microfinance as an important intervention to empower poor women holistically (economic, social, political) in general and also able to address the problem of lack of comprehensive health care to these people. These efforts help in the achievement of MDGs goals like; promoting of gender equality and women empowerment (MDG-3), improvement of maternal health (MDGs-5), achievement of universal primary education (MDGs-2), eradication of extreme poverty and hunger (MDGs-1) etc. and helping them to come out of hardship of poverty and gender based discrimination in different parts of the world including India. But at the same time several empirical findings in a cross-cultural settings shows adverse impact on beneficiaries, such as AP crisis, cases of suicide by poor borrowers in India, and also notion of universality of positive impact are questioned by policy research activist and by grass root workers. These findings pave the ways for better regulations, monitoring and evaluation of impact based studies and consolidation of its operational models.

The important socio-economic statistics of SEWA and Non SEWA women are presented in table number 2.12 in the chapter two of this thesis. The majority of women in the SEWA and Non-SEWA fall under the age group of 18 to 59 years but also about 18 % of women in SEWA and 26.5% of women in the Non-SEWA group are above 60 years of age. Forty percent in SEWA and 42 % in Non-SEWA group of women are illiterate. Similarly, 47 % in SEWA and 43 % in the Non-SEWA women get primary level education. There are various reasons which affect the educational level of these women. Majority of women in the SEWA and Non-SEWA women belong to SC caste and in general religious affiliations of these women predominantly belong to Hindu and Muslim. The monthly income of these families varies between Rs.5000 to Rs.15, 0000 and very few families of them had income beyond Rs.20, 000.

The comparison between SEWA and Non-SEWA women regarding the impact of microfinance on various dimensions of economic empowerment clearly showed wide gap between them on various parameters in their changing economic profile. The women association with organization and participation in SHGs created a cycle of empowerment one after another, which increased the opportunities for participation of women in their developmental activities. This linkage spreads the spiral effects of

empowerment in the social life of women, vis-a vis the women's contribution is recognized at the family as well as community level at large.

The high percentage (56%) of SEWA women came under microfinance with great effort of SEWA worker and also neighbours role are significant in joining of SHGs of them. Only 6.5% of SEWA women come to join SHGs with the support of their family members. It was also reported that the SEWA women had better financial literacy than the Non-SEWA's women. In spite of the problem of illiteracy some of them were able to write the SHGs meeting's minutes and majority of them were able to understand the financial transaction which they had made over a period of time. These achievements of SEWA women bring a lot of confidence in them. There was a significant difference between the SEWA and Non-SEWA women with source of credits. About 36% and 27 % of SEWA women borrows credits from SHGs and other FI respectively. Whereas in the Non-SEWA women majority of women depended on their neighbour/ relatives or moneylender during the time of their need. It was also found that woman borrowed credit from more than one source in both the groups. This shows that SHG alone are not the only source of credit supply to meet the demand of the women borrower which consequently leads to dependency on other sources of credit supply including moneylender. But in comparison to Non-SEWA women less number of women borrows credit from the moneylender. The SEWA women had much better social networking and awareness about different government programme in comparison to Non-SEWA women, and these differences affect their pattern of availing various welfare schemes of central as well as state government.

Microfinance also leads to creation of additional resources in the family and these surplus incomes helps in the fulfillment of various personal and familial needs of family members. There were also significant differences in relation with control of resources in SEWA and Non-SEWA women. The SEWA women showed increasing trends of control on resources available in their family including additional resources created by SHGs women. The successful management of small enterprises and women's contribution to create additional employment opportunities to family members increase their social reputation of these women, and more importantly in the community, male members also accept their valuable contribution. It was also found

that male members were initially very reluctant to allow women members to participate in microfinance activities but gradually their protest decreased as they realized the associated positive impact of microfinance. Most of the SHGs members asserted that male member initially prohibits their women's mobility outside the family due to our rigid social system but now the benefit can be seen as they don't deny their women coming out of their houses. Women were generally engaged in informal sectors and lack of organizational support weakened the whole effort of empowerment. It was difficult for one woman to bring lasting changes but if a whole group of women begin to demand change, it is much more difficult for society to reject them altogether (Batliwala, 1993:10). SHG provides collective platform, where women organize themselves and become dynamic to counter the various forms of discriminatory environment. The association with SHGs helped in development of self and collective consciousnesses against the male domination, sub-ordination and sex-specific violence in the society. The micro-finance initiative brings catastrophic change in the socio-economic profile of women in developing as well as in developed world and emerged as an alternative approach to achieve the global objective of equality of women. The organizational support provides courage to speak and stand collectively for the women's cause and advocates in favors of women's rights.

There was a significant difference which was found with respect to social empowerment and ability to take decision in a day to day life in SEWA and Non-SEWA women. The social empowerment with reference to women is deeply rooted in norms and values of society, which broadly affects the Women's roles in their respective culture. Empowerment as a process leads to change in our ideas, perception and creates awareness about one's rights and opportunities for self development in all important sphere of life (Das, D and S.N. Mishra, 2001). The increase in the ability to take decision within and outside the family is rooted in the process of women empowerment. Among the SEWA women about 53% women had full freedom to fulfill daily need whereas in the Non-SEWA women only about 19% of them had the same freedom. Among SEWA women majority of women had freedom to spend money on their personal need, which showed the benefits of microfinance which helped them to fulfill their daily need. The SEWA women also enjoyed more freedom

to manage family affairs like; repairing houses, more to say in selection of bride/groom of their family members, helping needy women, and decision making in comparison to Non-SEWA women. These differences further strengthen due to the organizational support and awareness to the different social as well as constitutional rights which leads to better utilization of resources and participation in decision making both within and outside the family. The social prestige of self-employed women who managed small enterprises successfully earned better respect at the community level. The economic contribution may increase their role in household decision making (Hashemi et al, 1996; Pitt and Khandker, 1996 and Mayoux, 2000). The Non-SEWA women lacked sustainable livelihood and financial security, and also lack of awareness, etc., which kept them in the disadvantageous position. Many SEWA women were also able to address the issues of female feticide, child marriage, domestic violence etc. which signified that association with microfinance and organizations lead to development of self-confidence to fight with historical biasness against one gender. Women organization like SEWA addressing domestic violence issues by providing organizational support, legal assistance, awareness about women right which are effective strategies to minimize such incidence in the society.

The political empowerment of women and their level of participations in democratic governance reflected that inclusive development of any society is considered as an important marker in the holistic process of empowerment of women. The findings of present research show that there were marked differences between SEWA and Non-SEWA women in relation to political participation and ability to take decision on matter related to political participation. The microfinance and organizational support created higher level of political socialization and helped them to claim legal and social rights, protest against local issues, development of political affiliation, evaluation of ongoing welfare programme etc. directly or indirectly benefitted them in comparison to Non-SEWA women. The organizational support and financial intermediation helped SEWA women to claim different rights guaranteed under the laws In the present study it was found that SEWA women had increasing trends in terms of freedom related to casting of vote in election, participation in ward meeting, participation in mobilizing other women during election campaign, etc. showed

positive and securing assertive role in political institutions. But, it was also reported that majority of women in the SEWA and Non-SEWA group had partial freedom to cast their vote in election which showed that there was male domination still prevailing in political matters. The women were facing various forms of challenges and the socio-political environment were also not in favour, so to increase their participation required great deal of sensitivity to address these issues.

The factors like gender relation, socio-economic profile, illiteracy, lack of economic security, intra-household power dynamics, family size, cultural norms etc. determine the status of women's health in general, which affects their productivity, efficiency, and right to equal access to health care services. The finding of this work shows that SEWA women have better QOL in comparison to Non-SEWA women. The mean score of women in SEWA and Non-SEWA group in relation to QOL domain of physical health, psychological health, social relation and environmental domain reflect that SEWA women who had higher mean score in comparison to Non-SEWA women. The mean score of overall perception and satisfaction level of the SEWA and Non-SEWA also shows significant difference in terms of their QOL. Among the SEWA women it was observed that they had more probability to use health services infrastructure available at district level in comparison to Non-SEWA women. It was also observed that SEWA women had more awareness about the importance of hygiene practice in comparison to Non-SEWA women. The increase in economic activity also makes them more vulnerable to occupational disease which may inflict more health expenditures. The micro-insurance reduces the economic cost and vulnerability indices of various types of disease and at the same time it also provides a sense of health security to the poor women and its member to seek institutionalized treatment of diseases and illnesses. It also promotes institutional delivery, decreasing trends of malnutrition, and more importantly awareness about their health care practices which decreases the potential occurrence of disease at different stages of lifecycle. The health meeting organized by SEWA mainly focused on to raise awareness among women related issues of various types of communicable as well as non-communicable disease which may encounter in their life.

The women's experiences also reveal the limitations and challenges associated with availing larger benefits of microfinance. As majority of women claims that coincidence of credit needs, long gestations period, and 'slow process of positive spiral effects' etc. are some of the concerns of these women. Majority of women respondent also raised questions about variation in interest rates among microfinance service providers. But they agreed that SHGs model of SEWA was beneficial for them as rate of interests are decided by group members itself and member had full freedom to make 'by-laws' of SHGs suitable to them. These practices promote democracy as well as strengthening of social network within the community.

Recognizing the underlying variations in the operational model of microfinance, it was very difficult for people to know the hidden objectives of service providers, thus it may give rise to lack of confidence among members. So, the urgency is to understand the people's response with considering social reality of beneficiaries.

## 8.1 CHALLENGES IN MICROFINANCE

In recent time, microfinance as an institution witnessed expansion at the global level and has benefitted million of poor families. This flexible strategy facilitated in the achievement of policy of social as well as in financial inclusion to ensure more equity in developmental process. But the whole normative discourse and strategies which came under the scanner of civil societies, policy research activist which raised the questions like; 'micro-loan as a lethal loan', 'charitable financing', 'violation of consumer rights' and 'abetting suicides', etc. highlighted the dark realities of this financial innovation in promoting social development. The current crises in microfinance industry reflected in repayment problems and high drop-out rates (Cohen, 2002; Meyer, 2002 and Woller, 2002). The high-drop-out rates are now raising question about institutional sustainability (Cohen, 2002:337). There are many critical evaluation research which brings the hard realities of microfinance based services and difficulties faced by beneficiary to link it with social merits or it is merely an economic model of investment or new-economic framework to maximize returns which are recently labeled against MFI. Thus, it is essential to examine the methodological, socio-cultural, economic, etc. challenges in the survival and sustainable growth of microfinance industry.

These are the following challenges which are faced in microfinance as mentioned below.

### I) Operational challenges

The operational challenges encompass the whole framework on which it works and deliver services to the lowest level. The microfinance service provider whether it to be an NGO or MFIs, both of them are accused of poor level of transparency, high interest rate, behaviour of office bearer, poor attention on social mobilization and development of social capital are some of the challenges which prohibit the sustainability, and are also considered as a major hurdle in the sustainable growth of this sector. The microfinance service in India principally operated on SHGs as well as MFIs model. But these organizations are generally unable to maintain the standard of financial accountability which affect the people's faith in general and women in particular. Many service providers did not declare the annual financial statements which highlight the financial health and existing status of the organizations. The United Nation Capital Development Fund report said that only 1% of MFIs have developed into stable, self-sustaining operation and majority of MFIs to maintain their financial health by the increase in the interest rate. In major part of world the interest rate of about 22-26 percent invariably acceptable for this industry but some of the MFIs charges 36 to 73 percent which proves disastrous for the borrower. Other major challenges are lack of trained human resources, behavior of office bearer with borrower and lack of cultural sensitivity are the major issues in this sector which urgently needs to be addressed. The SEWA Bharat, facilitating microfinance services in Bikaner principally on the SHGs model and loan interest rates which are decided by group members democratically and each member of the SHGs has equal role in the decision making and formulation of by-laws of SHGs and more importantly majority of SEWA office bearer are women who monitor all the operation of microfinance. To a great extent it is addressed the major ethical consideration of these sectors includes the accountability and interest rate.

## **II) Corporate Challenges**

This type of challenges arises due to lack of stringent corporate law to prevent the growth of profit oriented microfinance operator in the financial market. The first major concern is to restrict the mass conversion of NGOs into NBFCs, a form of incorporation to operate in a regulated financial market. This shift from NGOs to NBFCs in recent year shows increasing trends after the Andhra Pradesh crisis in the year 2006. These NBFCs borrows huge amount of money from open market and private investor at minimal interest rates and provides credit to poor people on higher interest rates. To maintain the organizational cost and expenditure on credit delivery to people, these NBFCs generally keep higher interest rates. Generally the problem of low recovery of loan, increasing tendency of NPA etc. puts eminent danger on its existence. In the global economic environment many venture capitalist join the microfinance industry with the objective to maximize their return on invested amount as they have very little concern with social reality and socio-economic background of borrowers.

## **III) Risks Factor (Financial and Natural Calamity, etc.)**

The microfinance providers have to bear the bundle of risk in providing credit to the poor people. It is also said that the risk arises due to lack of information about borrowers. After the borrowing credit there is a very little control of MFIs to monitor the potential areas in which this money are used and some time collection of these loans become costly affairs as many habitations are located in far flung areas and MFIs may find it difficult to collect these loans if they are not located in strategically located (Hertz-Bunzl, 2006:32).

The migration problem also reduces the chance of recovery of loan and sometimes ended with conflict among group members. As majority of members are living in the same locality so, every movement of SHGs member are known to each other and peer group pressure reduces the probability of ‘bad debt’. It is also reported from various part of the world about committing suicides by credit borrowers due to known or unknown reason. It is argued that loan burden, high interest rate, failure of crop due to natural calamity, failure of microenterprises etc. make them more vulnerable which

become a part of ‘loan vicious circle’. In India about more than eighty individuals were reported to have committed suicides due to repayment pressures (Craxton & Rathke, 2011:25-32).

#### **IV) Challenges Related with Policy Framework**

The policy framework has very important role in deciding the direction, growth and output of different sectors of economy, at the same time it also influences the overall development of economic environment of the country. This industry is generally operated by multiple corporate regulators. The lack of comprehensive regulatory policy for these operators faces major challenges for the sustainable growth of microfinance industry. It is also reported that the central as well as state laws are creating stumbling block in healthy competitive growth of these industries. Another major hurdle is direct interference from government as well as from private financial regulator which creates uncertainty and poses severe limitation on future growth of these sectors. The multiple central agencies like ministry of finance, corporate affairs, RBI, RRB, NABARD, SIDBI, etc. have authority to intervene to check negative outlook of microfinance industry. There is also a wide gap between interest of service providers and the loan borrowers. In the absence of policy measures it is difficult to make a balance between different stakeholders which create hindrance in financial markets in several ways. The GOI also brought the Microfinance Development and Regulation Bill 2007(MDRB-2007) and tried to address various inconsistencies in the policy measures for healthy business environment and growth of this industry. But due to various reasons this bill did not materialize. After the experience of ‘Andhra Pradesh crisis’ the new MDRB-2012 placed in the lower house of parliament [see Appendix-V].

#### **V) Socio-cultural Challenges**

To reap real benefits of microfinance, the level of acceptance and adherence of by-laws by individuals, communities and village at large are essentially needed. Recognizing the very fact of cultural diversities and background of people it seems very difficult to bring people with different cultural out-look in its fold. The patriarchal social system also possesses a serious challenge in the maximization of

associated benefits to women. As it is pervasive in most of the countries in South-Asia which undermine the normative discourse of principle of microfinance operations by controlling women's various social domains, this in turn affect the whole process of empowerment. Kabeer (1999:20) pointed out "many feminist recognize that poor men are almost as powerless as women in access to material resources in public domain, but remain privileged within the patriarchal structure of family". Thus, it is very essential to understand how cultural norms permeate the boundaries in accessing the process of empowerment in cross-cultural settings.

### **8.2.1 Challenges faced by SEWA Bharat and Women Borrowers**

The SEWA Bharat in 'Bikaner' providing microfinance services primarily based on the SHGs Bank Linkage Model (SBLM), SEWA is facing different type of challenges associated with various stage of micro financing. The SEWA coordinators acknowledge that majority of women associated with us had poor socio-economic status and we have to operate with great care and sentiment. She also accepts that many MFIs operating in the state were charging exorbitant interest rate and poor people bear the prices of illiteracy, fallacy of government programme, lack of timely credit from government banks etc. which exposes them to these MFIs.

The SEWA staff shared various types of challenge which they are facing in providing microfinance services to poor women. In the beginning most of the people did not let them to enter in the house especially male member of their family. It was principally due to low level of awareness about microfinance and their unseen benefits. In these circumstances it is extremely difficult to bring these women to microfinance fold. But gradually their problems became easier as more people started coming in this fold and now their presence are felt at most of the household level. These works generally facilitated local women and also reduced their chances of investment of credit money into any other purposes for which it has been taken.

The majority of SEWA's women had positive perception about the normative and methodological aspect of microfinance. But some of them also highlighted limitations of SHGs model and satisfaction of their credit need. Sawrin, 39year old SEWA women said that "*In the SHGs every one has equal right and the needs of credit may*

*arise anytime, high price of consumer goods and costly socio-religious festivals compel them to borrow credit from other sources. Beside this lack of support from male member of family leads to failure of micro-enterprises and women face psychological stress to repay the credit amount on time".* Many other women also complain about long gestation period and limitations when credit requirements coincide with other women which are some of the issues are reported frequently. The SEWA office bearer primarily gives due importance of making women self-independent through the process of empowerment and ensuring impact of economic benefits to alleviate their social life of women.

## 8.2 POLICY RECOMMENDATIONS

Considering the very fact of empirical findings of the present study and limitations highlighted in the available literature related to the microfinance operations and women empowerment in different parts of the world it necessarily need to re-visit the whole discourses and focus should be to improve the efficiency, efficacy and service delivery mechanisms by incorporating the people sentiment and ground realities of borrowers to make whole process of microfinance operation as a people's approach.

The various articles of Indian constitutions were essentially added to achieve the principle of justice (social, economic, justice), positive discrimination in favour of women, and gender component etc. which were re-enforcing our commitment to achieve the objective of gender equality. The finding of the present research shows the increasing trends in the economic, social and political empowerment of women in comparison to Non-SEWA women. For the holistic empowerment of women one should realize the socio-cultural reality of borrowers and the local meaning of empowerment. This is important to support the skill and training component to develop micro-enterprises and better monitoring by the financial intermediaries as well as identification of potential market, which develop the producer-consumer linkages and consequently will lead to better price to the producers and securing better profit margin. It is also needed to incorporate male members of family to sensitize about their responsibility to support women entrepreneurship activity to reap the benefit of microfinance. For this the financial intermediaries also conducts awareness campaign to establish better coordination between

financial intermediary, credit borrower and male member of family which minimizes the risk conversion of bad loans.

The seven point strategies of state government of Rajasthan for empowering women which highlighted the issues like safe motherhood, reduction in IMR, population stabilization, prevention of child marriage, retention of girls at least up to class X, providing security and safe environment to women, economic empowerment by providing self-employment opportunities through Self Help Group programme. These ‘seven point’ strategies broadly address the economic, health and educational need of the women and at the same time convergence model adopted to maximize the efficiency of resource utilization capacities. Besides this many women centric welfare programme such as Rajeev Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG) or ‘Sabla’, Indira Gandhi Matritva Sahyog Yojna (IGMSY) for pregnant and lactating mother, STEP for promoting self-employment activity, SHGs supported by NABARD, Swamsidha etc. were taken to strengthen the objectives of empowerment of women. The objectives of National mission for Empowerment of Women (NMEW) are to promote economic empowerment of women. But due to the cultural diversity and intertwined nature of relationship of different factors of empowerment comes as a major hurdle to deliver these services to the various parts of countries. Thus, there is a need for active involvement of women organization and local NGOs in the implementation of these welfare programmes.

Beside this there are some of the suggestions regarding expanding the outreach of microfinance, which are as follows:

- i. The urgent need for comprehensive microfinance policy
- ii. Need to strengthen the regulatory mechanism
- iii. Establishment of neutral institutions for evaluation of company policy and their implication on clients
- iv. Recognizing the very fact of globalization, appropriate legislative measure should be taken to make balance between social responsibility and financial gain of MFIs

- v. Need to incorporate social impact assessment and binding clause on releasing of financial report each year.
- vi. There is a need to establish independent financial institutions which produces qualified human resource, keeping in mind the cultural diversity of India, to minimize the inter-departmental and knowledge gap related to microfinance practice
- vii. To make provisions of appropriate compensation if found guilty of violation of any consumer rights
- viii. The steps should be taken to make balance between rights of service providers and responsibility and duty of borrowers
- ix. Awareness campaign to increase the loan re-payment culture
- x. There is a need to increase the supervisory role of RBI
- xi. There is also need for increasing the role of PRIs in ensuring accountability of MFIs
- xii. There is need to put cap on upper margin of interest rates and suitable penalty clauses
- xiii. To make provisions of greater participation of borrowers, employees and employer should be given company share if their performances are found satisfactory, this helps strengthen the bond of solidarity
- xiv. Local staff should be recruited for granting credit and collecting loan installments

Therefore, in view of the findings of the study, it can be clearly stated that for the sustainable growth of microfinance sector and to achieve the objective of social as well as financial inclusion, there is need to address the gender specific sensitivity and greater accountability at all levels. The future efforts should be essentially made in the direction to make microfinance based services as a people's approach by increasing acceptability cross-culturally and the women's rights should be recognized and given priority at all levels then only the goal of women empowerment will be achieved in real sense.