

IMPACT OF MICROCREDIT DISPENSATION ON ECONOMIC EMPOWERMENT OF WOMEN IN KERALA

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ABSTRACT

Right from mid-eighties of the past century, microcredit has become a key strategy for poverty alleviation and empowerment of women in Kerala. Formation of Neighbourhood Groups (NHGs) and Self-help Groups (SHGs), and providing microcredit through all possible channels to the members of the groups have become a very popular poverty alleviation and women empowerment model in Kerala. Micro studies examining the intricacies of microcredit dispensation and its impact on the empowerment of women in Kerala are plenty. However, full-fledged macro studies examining the matter in depth are very few. The paper examines the impact of microcredit dispensation on the economic empowerment of women beneficiaries. The study finds that after joining the women groups and receiving microcredit, there is significant improvement in the economic situation of women in Kerala.

Introduction

Microcredit dispensation initiatives in Kerala, India—primarily through the Neighbourhood Groups (NHGs) formed since 1998 under the State Poverty Eradication Mission (paraphrased as Kudumbashree) of the Government of Kerala—over years have made significant changes in the lives of the poor women (Anand, 2002; Kumar, 2011; Kumar, 2013). Provision of credit to women

to engage in income generating activities was the core objective of the dispensation programme. Linkages established, later on, with commercial banks by the NHGs have widened the geographical scope and financial magnitude of the programme. Moreover, setting up of micro-enterprises, on individual or group basis, has also become an acceptable women empowerment model under the programme with the agenda of self-employment generation and thereby

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economic empowerment (Kumar, 2011). Now, it is one of the largest women-empowering projects in the country. The programme has 37 lakh members and covers more than 50 per cent of the households in Kerala (Kudumbashree, 2014). Built around three critical components, microcredit, entrepreneurship and empowerment, the *Kudumbashree* claims that its initiatives have succeeded in addressing the basic needs of the less privileged women, thus providing them a more dignified life and a better future. The paper examines the story.

Methodology

The paper is descriptive in nature examining the impact of microcredit dispensation on the economic empowerment of women in Kerala. Women groups of formal nature sponsored by Government of Kerala (Neighbourhood Groups – NHGs) and registered NGOs (Self-help Groups – SHGs) are sources of selection of women beneficiaries of microcredit. The survey required for the study was undertaken during the year 2011-12. The universe of the study comprises microcredit beneficiaries of women groups (SHGs and NHGs) in Kerala. A sample of 600 respondents is selected using multi-stage random selection process. First, three districts of Kerala (out of 14), viz; Kollam (Southern region), Ernakulam (Central region), and Kozhikkode (Northern region) were randomly selected for the survey. Then, two revenue blocks were selected on random basis from each of the selected districts to constitute altogether six revenue blocks. Next, two panchayats were selected on

random basis from each of the revenue blocks to form altogether twelve panchayats. Then, ten women groups were selected on random basis from each of the panchayats to make a total of 120 women groups. Finally, five women beneficiaries were selected on random basis from each women group to form a sample of 600 beneficiaries. Women groups having at least three years of continuous operation were included in the sample. A structured interview schedule was administered among the respondents for collection of primary data.

The impact has been assessed in terms of change in savings before and after joining women groups, rational choice of sources of finance, role and involvement in economic decision making and its implementation, and control and management at homes. In specific terms, the following are the variables used for measuring the impact;

1. Number of Savings Accounts with Banks
2. Number of Savings Accounts with Post Offices
3. Number of Regular Monthly Savers
4. Dependency on Money Lenders
5. Involvement in making Economic Decisions
6. Involvement in Implementation of Economic Decisions, and
7. Involvement in Management of Family Income.

Hypothesis : Considerable increase has taken place in the proportion of women members involved in making and implementation of economic decisions at their homes after gaining access to microcredit through women groups.

Analysis and Discussion

Savings Accounts with Banks : Opening up and maintenance of bank accounts in the individual names of members of women groups can be considered as a stepping stone towards economic empowerment. The number of savings bank account holders

among the members of women groups before and after joining the groups is given in Table 1. Out of 600 members, a meagre 5.5 per cent had bank accounts in their individual names before joining the groups. However, after joining women groups, 94.5 per cent have opened bank accounts in their individual names registering an absolute increase of 546 members (91 per cent). The members have exceptionally reported that their association with women groups necessitated opening up and maintenance of savings accounts.

Table 1: Members Having Savings Accounts with Commercial Banks

S. No.	Savings Account	Before		After		Change	
		No.	%	No.	%	No.	%
1	Yes	33	5.5	579	96.5	546	91
2	No	567	94.5	21	3.5	(546)	(91)
3	Total	600	100	600	100	-	-

Savings with Post Offices: Post office savings has also become common among members of women groups after they joined the women groups (Table 2). While 183 members (30.5 per cent) had post office

savings before joining the women groups, now 476 members (79.33 per cent) have post office savings in view of their association with the women groups.

Table 2 : Members Having Post Office Savings Accounts

S. No.	Post Office Savings	Before		After		Change	
		No.	%	No.	%	No.	%
1	Yes	183	30.5	476	79.33	293	48.83
2	No	417	69.5	124	20.67	(293)	(48.33)
3	Total	600	100	600	100	-	-

Regular Monthly Savings : The number of members able to make regular monthly savings has considerably increased after joining the women groups (421 members, 70.2 per cent) (Table 3). The source for the regular monthly savings is primarily the income of the family.

Table 3 : Members Having Regular Monthly Savings

S.No.	Monthly Savings	Before		After		Change	
		No.	%	No.	%	No.	%
1	Yes	103	17.16	524	87.33	421	70.17
2	No	497	82.84	76	12.67	(421)	(70.17)
3	Total	600	100	600	100	-	-

Dependency on Local Informal Money-lenders: Dependency of the women members on local moneylenders who are charging exorbitant interest rate was common for their financial needs before joining the groups. However, after joining the groups, dependency has considerably decreased (Table 4). The dependency of 80.7 per cent of the respondents on local moneylenders before joining the groups has been reduced to 22.8 per cent after joining the groups.

Table 4 : Dependency on Local Informal Moneylenders

S.No.	Dependency on Moneylenders	Before		After		Change	
		No.	%	No.	%	No.	%
1	Yes	484	80.67	137	22.83	(347)	(57.84)
2	No	116	19.33	463	77.17	347	57.84
3	Total	600	100	600	100	-	-

Out of 137 respondents who are still depending on local moneylenders for their financial needs, the majority (72.3 per cent) stated that they do not get sufficient loan through or from the women groups (Table 5), while 21.2 per cent reported about their default of the present loan(s) with the groups as the primary cause for dependency on moneylenders, 3.7 per cent indicated easy procedures with moneylenders, and the rest 2.9 per cent mentioned delay in getting loans from or through the groups.

Table 5 : Reasons for Continued Dependency on Moneylenders

S. No.	Reasons	Number	%	Rank
1	Don't get sufficient loan through Women Groups	99	72.26	1
2	Haven't repaid the loans from Groups	29	21.17	2
3	Easy to Get Loans	5	3.65	3
4	Delay in getting loans from/through Groups	4	2.92	4
5	Total	137	100	-

Role and Involvement in Making and Implementation of Economic Decisions: Involvement of women in making and implementation of economic decisions before and after joining the women groups

and subsequent access to microcredit is depicted in Tables 6 and 7. The role and involvement in making and implementation of decisions can be through "self"; or 'jointly with spouse" or "no participation".

Table 6 : Involvement in Making and Implementation of Economic Decisions - Aggregate Picture

Particulars	Self		Jointly with Spouse		No Participation	
	Before	After	Before	After	Before	After
I. Economic Decision Making						
House repairs and construction	64 (10.67)	65 (10.83)	299 (49.83)	445 (74.17)	237 (39.50)	90 (15.17)
Agro and livestock purchase and sale	111 (18.50)	114 (19.00)	330 (55.00)	386 (64.50)	159 (26.50)	100 (16.67)
Household equipment purchases	75 (12.50)	71 (11.83)	401 (66.83)	465 (77.50)	124 (20.67)	64 (10.67)
Borrowing money	89 (14.83)	91 (15.17)	379 (63.00)	458 (76.33)	132 (22.00)	10 (8.50)

(Contd...)

Table 6 (Contd...)

Particulars	Self		Jointly with Spouse		No Participation	
	Before	After	Before	After	Before	After
II. Implementation of Economic Decisions						
House repairs and construction	52 (8.67)	57 (9.50)	324 (54.00)	403 (67.17)	224 (37.33)	140 (23.33)
Agro and livestock purchase and sale	93 (15.50)	94 (15.67)	342 (57.00)	405 (67.50)	165 (27.50)	101 (16.83)
Household equipment purchases	76 (12.67)	77 (12.83)	403 (67.17)	457 (76.17)	121 (20.17)	66 (11.00)
Borrowing money	91 (15.17)	91 (15.17)	364 (60.67)	436 (72.67)	145 (24.17)	73 (12.17)

Note: Figures in parentheses indicate percentage to total women beneficiaries, i.e. 600.

Table 7 : Involvement in Making and Implementation of Economic Decisions - Category-wise

Particulars	Before			After		
	Self	Jointly with Spouse	No Participation	Self	Jointly with Spouse	No Participation
I. Economic Decision Making						
House repairs and construction	64 (10.67)	299 (49.83)	237 (39.50)	65 (10.83)	445 (74.17)	90 (15.00)
Agro and livestock purchase and sale	111 (18.50)	330 (55.00)	159 (26.50)	114 (19.00)	386 (64.33)	100 (16.67)
Household equipment purchases	75 (12.50)	401 (66.83)	124 (20.67)	71 (11.83)	465 (77.50)	64 (10.67)
Borrowing money	89 (14.83)	379 (63.17)	132 (22.00)	91 (15.17)	458 (76.33)	51 (8.50)

(Contd...)

Table 7 (Contd...)

Particulars	Before			After		
	Self	Jointly with Spouse	No Participation	Self	Jointly with Spouse	No Participation
I. Economic Decision Making						
House repairs and construction	64 (10.67)	299 (49.83)	237 (39.50)	65 (10.83)	445 (74.17)	90 (15.00)
Agro and livestock purchase and sale	111 (18.50)	330 (55.00)	159 (26.50)	114 (19.00)	386 (64.33)	100 (16.67)
Household equipment purchases	75 (12.50)	401 (66.83)	124 (20.67)	71 (11.83)	465 (77.50)	64 (10.67)
Borrowing money	89 (14.83)	379 (63.17)	132 (22.00)	91 (15.17)	458 (76.33)	51 (8.50)

Note: Figures in parentheses indicate percentage to total women beneficiaries, i.e. 600.

The role and involvement of women members in making economic decisions regarding house repairs and construction before and after joining women groups reveal that while 39 per cent of the respondents had no participation in decisions before joining women groups, the rate of non-participation has been considerably decreased to 15 per cent. The increase in the participation of women during the period after joining the women groups can be understood from the increase in the proportion of joint decision in this regard (50 to 74 per cent). Non-participation of women members on decisions regarding purchase and sale of agricultural produce and livestock also considerably decreased from 27 per cent during the period before joining the groups to 17 per cent during the period after joining the groups. Increase in the participation can be observed from the

corresponding increase in the proportions of joint decisions and self-decisions. The proportion of joint decisions in this regard increased from 55 per cent (before) to 64 per cent (after). Similarly, the proportion of self-decision increased from 18 to 19 per cent. The proportion of women members who had no participation in the decisions concerning purchase of household equipment before joining the women groups (21 per cent) has considerably come down after joining the women groups (11 per cent). The increased participation in this regard was in the form of joint decision with their spouse. The rate of non-participation (11 per cent) still existing is to be reduced to economically empower them. The proportion of women members participating in borrowing decisions increased considerably after joining the women groups. Twenty two per cent of the members had no

role in borrowing decisions before joining the groups. However, the picture changed considerably after joining the groups reducing the non-participation rate to 9 per cent. The increased participation can be observed in joint decisions and self-decisions.

The participation of members in the implementation of decisions concerning house repairs and construction before and after joining the women groups increased considerably reducing the non-participation rate from 37 per cent (before joining the groups) to 23 per cent. The reduction in the non-participation rate advanced in the form of higher joint participation and self-role in implementation. Altogether, 28 per cent members had no participation in the implementation of decisions regarding purchase and sale of agricultural produce and livestock before joining the women groups. After joining the groups, it has been considerably reduced bringing greater participation either joint or self. At present, the non-participation is 17 per cent, joint participation is 67 per cent, and complete freedom on implementation of such decisions is enjoyed by 16 per cent of the members. Considerable increase in the proportion of women participating in the implementation of decisions regarding household equipment purchase after joining the women groups can also be clearly observed. The non-participation of women in the implementation process which was 20 per cent during the period before joining the groups considerably decreased bringing corresponding increase in the proportion of joint participation in this regard. The joint participation which was 67 per cent during the period before joining the groups

significantly increased to 76 per cent. Implementation of borrowing decisions at homes was 24 per cent of the women members offering no role to play. However, after joining the groups, participation in this respect considerably increased reducing the non-participation rate to 12 per cent. Now, 73 per cent of the members are participating along with their spouse in this regard and 15 per cent are implementing the decisions by themselves. The non-participation by 12 per cent of the members even after their involvement with women groups and the acquired ability to avail microcredit needs to be eliminated or brought down in the near future to improve economic empowerment of women members of the groups.

Testing of Hypothesis : The primary intention behind the creation of women groups and provision of microcredit through them to the beneficiaries is economic empowerment of women. Naturally, the study has been pursuing this aspect all through, directly or indirectly. As part of the analysis, the change that has taken place in the role and involvement of women in making and implementation of economic decisions at home after joining women groups and availing of microcredit has been statistically tested using the proportionality test. The hypothesis states, "considerable increase has taken place in the proportion of women members involved in making and implementation of economic decisions at their homes after gaining access to microcredit through women groups." The proportion of non-participation in various activities listed in the Table has substantially come down. The test results given in Table 8 confirm that considerable increase has taken place in the

proportion of women members participating in making and implementation of economic decisions at their homes after joining women groups and receiving microcredit accepted. P-value is less than 0.05 in all activities except one. The activity where p-value is 0.5, i.e. higher than 0.05 is implementation of the

decision regarding agro and livestock purchase and sale. This result reveals that the hypothesis has been proved right. There is significant difference at 95 per cent confidence level in all items except one as stated above before and after joining women groups.

Table 8 : Proportion of Test Results of Involvement in Making and Implementation of Decisions

Particulars	Proportion of Non-participation		Test Statistic (Z Value)	p-value
	Before	After		
I. Economic Decision Making				
a. House repairs and construction	39.50	15.17	8.535483	>0.000
b. Agro and livestock purchase and sale	26.50	16.67	3.706413	>0.000
c. Household equipments purchase	20.67	10.67	4.447007	>0.000
d. Borrowing money	22.00	8.50	6.175025	>0.000
II. Implementation of Economic Decisions				
a. House repairs and construction	37.33	23.33	4.475943	>0.000
b. Agro and livestock purchase and sale	15.50	15.50	0	0.500*
c. Household equipments purchase	20.17	11.00	4.078637	>0.000
d. Borrowing money	24.17	12.17	4.975585	>0.000

Note: 1. Computed based on the data given in Tables 6 & 7.
 2. *No significant difference in proportions before and after.
 3. Significant difference at 95 per cent confidence level.

Management of Family Income : There is found to be a considerable change in the involvement of women in management of their family income. Earlier, the spouses of the members were mostly involved in the management. However, after joining the

groups, things have changed bringing greater role to women in managing family income. There were 246 families (41 per cent) wherein husbands were solely managing the income of the family offering no role to play for their wives. After they joined the groups, the role of

the women has been recognised at homes by their spouses and this facilitated greater participation by women in managing family income. Now, the monopoly of husbands has been reduced (to 42 families from 246 families), establishing a joint role in this regard. The proportion of families where the sole control

of family income was with husbands earlier declined considerably after their spouses got access to microcredit through women groups (p-value 0.00025). The change has been statistically proved through p-value, which is less than 0.05.

Table 9 : Management of Household Income

S.No.	Management of Income	Before		After		Change	
		No.	%	No.	%	No.	%
1	Self	56	9.33	90	15	34	5.67
2	Share control with husband	298	49.67	468	78	170	28.33
3	Sole control by husband*	246	41	42	7	(204)	(34)
4	Total	600	100	600	100	-	-

Note: * Z = 13.7963867; p-value, 0.00025 (Significant)

Conclusion

Examination of data and discussions made throughout the paper exceptionally confirm that there is significant improvement in the economic situation of women in Kerala after joining women groups and the consequent accessibility to microcredit. The economic empowerment achieved by the

women groups' members signals constructive signs towards the further scope of strengthening the scenario. However, increasing use of major part of microcredit for non-income generation purposes, found in the present comprehensive study, raises doubts regarding the sustainable positive economic changes that microcredit could bring in the coming future.

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