The Dichotomy of Women's Empowerment with Microfinance - An Empirical Evidence from Gurugram and Policy Recommendations

The impact of microfinance has been a debated topic, particularly in addressing the dichotomy that credit to women might positively affect households but does not empower women in most cases. Based on 2022-23 data from 200 women in Gurugram, the present research explores the impact of microfinance on women's empowerment using credit usage data and testimonies. We have scrutinized credit's impact on (a) household susceptibility to emergencies and crises and (b) women's empowerment separately by comparing 100 participants with 100 non-participants. Using four indicators for "Household Susceptibility" and six for "Empowerment," our findings reveal that microfinance aids households in emergencies but falls short in empowering the directly involved women.

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INTRODUCTION

Microfinance, a renowned anti-poverty intervention, primarily targets women. According to the Sa-Dhan Annual Report 2022-23, this sector saw a significant 21% portfolio increase in last year, reaching Rs. 3,58,700 crores by June 2023, from Rs. 2,96,487 crores in June 2022. In the first quarter of the financial year 2023-24 also, the portfolio increased by Rs. 7,000 crores. This theory behind microfinance is rooted in the belief that lending to women creates a win-win situation, women share credit benefits with their families, especially children, and are less likely to default on repayments. The ideology believes that their growing role in households will eventually lead to their empowerment.

Despite procedural deviations, researchers have accepted that lending to women has improved household incomes. Numerous studies affirm that extending credit to women substantially aids households in dealing with emergencies, fostering livelihood diversification, and improving overall family welfare (Khandker 2003, Aruna & Jyothirmayi 2011, Shivaprasad & Anilkumar 2014, Yeboah et al. 2015). However, some studies argue that women's credit control often remains with husbands or other family members, leading to dependency on the final repayments (Leach & Sitaraman 2002, Johnson 2005, Waelde 2011, Rooyen & Stewart 2012).

So, there has yet to be a consensus regarding its capacity to empower the women concerned. The study is based on the argument that though microfinance has helped households and families a lot, it has not helped much in empowering the women concerned. We have called this the "impact enigma" or the "dichotomy."

This research separately examines microcredit's impact on "beneficiary households" and individual "women" in the Gurugram district. Findings reveal women's credit benefiting households but not empowering the women due to lack of asset co-ownership. Microfinance deepens resource division between women and their families. This analysis unfolds in three phases: first, assessing the impact of microfinance on households; second, studying its influence on women's empowerment; and third, exploring credit usage and repayment data for a nuanced understanding of achieved results.

DATA COLLECTION AND FIELDWORK

The research was conducted in 2022-23 in Gurugram district, Haryana, encompassing 229 villages, and 1186

SHGs. The district has a population of 1,514,085, an area of 1253 sq. km., and four blocks – Farrukhnagar, Pataudi, Sohna, and Gurgaon. We collected the data from 200 married households, of which 100 participated in the SHG program (termed "SHG households") and 100 as the control group.

The survey covered socio-economic aspects and post-credit transformations in Gurugram district households. We explored their work-time allocation, decision-making, and asset holdings. We aimed for balance by posing questions to their husbands and heads of the family, ensuring an equal representation of men and women.

SHG members and non-members belonged to the villages of the Gurugram district – like "Langra," "Alipur," "Bilaspur," "Bhora Kalan," "Kasan," and "Pathreri." On average, households consisted of 6.40 members ranging from 2 to 18. The average landholding was around 2 acres. Most of the time, credits were utilized for household consumption and productive requirements. However, it was also used in some cases to finance self-managed businesses. Repayment rates were testified to be 100%.

Individual and group Interviews were conducted. Generally, the women here were not supposed to follow the *purdah* rituals, but they had no say in the central decision-making process of households. Some women in these villages also supported their families financially by working as wage labourers or on family farms.

Hypotheses

Ho: There is no significant difference between SHG and control households concerning "susceptibility" variables.

Ha: There is a significant difference between SHG and control households concerning "susceptibility" variables.

Ho: There is no significant difference between SHG and control households concerning "empowerment" variables.

Ha: There is a significant difference between SHG and control households concerning "empowerment" variables.

Statistical Tools

To make the analysis more reliable, a t-test has been applied. T-statistic has been used to compare the mean values of susceptibility and empowerment variables for SHG and non-SHG households.

LOAN TO WOMEN, WOMEN EMPOWERMENT AND HOUSEHOLD SUSCEPTIBILITY

DESCRIPTION OF THE VARIABLES

In the current section, the impact of microfinance on households and women separately has been investigated. Mainly, the effect on a household's susceptibility to emergencies and crises is studied. And after that, the impact on women's empowerment is discussed. A comparison is made between 100 participants and 100 non-participants. Four "Household Susceptibility" and six "Empowerment" indicators have been used to estimate the impact of microfinance on households and women separately.

Our questionnaire addresses specific aspects, tailored to the study's context. Susceptibility and empowerment, each comprising multiple elements, were assessed through a scoring system. Points were awarded for fulfilling component requirements, and a final score was computed by summing all elements within each variable. Variables were dichotomized, with a cut-off point determining "not-susceptible" or "empowered" status (score 1), while others received 0. This approach streamlined variables into binary outcomes for analysis.

SUSCEPTIBILITY INDICATORS

These indicators include the household's ability to cope with emergencies in the short run and diversify from the agricultural incomes in the long run. These are explained below-

Scarcity-related vulnerability (Emergency needs) (SCARCITY)

A household received one mark each for meeting food and health needs last year, one mark if it met all its health requirements in the previous year, one point if nobody in the family had to migrate in search of work, one mark if no livestock or other assets had to be sold to meet the emergency needs, one extra mark if the household expected to cope up similarly in case of emergencies next year, one mark in case their income generation plans were not postponed due to fulfillment of emergency needs in the last three years. A household scoring four or more points was considered non-susceptible and well-managed during emergencies.

Livelihood diversity (DIVERSITY)

One mark each if the household obtained income from non-agricultural business, if they got money from non-farm labour job, or livestock. One extra point if they received at least three months' income from non-agro work, one point if they were not only dependent on their main bread-earner and could cope if he went out of work. A household scoring two or more points was considered "diversified" and coded as "1".

Enterprising conduct (ENTREPRENEURIAL)

One mark each for investing in a new small-scale business, upgrading an existing setup, leasing extra land, purchasing new cattle, and investing in novel farm paraphernalia. A household scoring three or more was classified as "entrepreneurial" and coded as 1.

Social capital contribution (SOCIETAL)

One mark each if the household got positively affected after receiving credit, providing childcare and cattle care for neighbors, receiving reciprocal support, and investing in community assets for societal prosperity. A household scoring two or more was categorized as "having access to social capital" and coded as 1.

INDICATORS OF EMPOWERMENT

In rural Bharat, women's empowerment is often conflated with household welfare, prompting a deeper exploration of its meaning in surveyed areas. Indicators developed through extensive interactions reveal that while women in these areas may not adhere to *purdah* rituals, their influence in decision-making is minimal. Women work on family farms, as wage labourers, run small set-ups, and even migrate seasonally to the developed areas near Golf-course Road. Women were working in their family farms in more significant numbers (83.1%) vis-à-vis men (16.9%), which is a crucial difference, as this occupational difference is sizeable because farm labour was associated with more hard work, less pay and lesser ability to negotiate (Garikapati,2008). Despite this, women faced substantial burdens, particularly with dual responsibilities of household chores and labor to repay microcredit. This situation challenges the notion of true empowerment, especially considering the societal expectations and the additional economic burden placed on women.

Considering this, we have taken six empowerment indicators, which are as follows-

Proprietorship of household assets and incomes (OWNERSHIP)

One mark each if the woman owned a family home, any other significant property, livestock, or agricultural land, and two marks if she contributed and held at least three months of the household's income. A woman with a score of 2 or more was classified as "empowered" and was coded as "1".

Work-time allocation (TIME ALLOCATION)

One mark was allotted if she managed or assisted in any establishment or set-up. One mark for working on the family farm, one for a non-farm wage job (working as a labourer), one mark if she has not changed how she spent her work time earlier, two marks if she had some time left for recreation, and for herself. A woman with a score of 4 or more was classified as "empowered" and was coded as 1.

Say in the household decision-making process (DECISION MAKING)

One mark if a woman played a crucial role in deciding about the education of their children, one mark if she was consulted about decisions regarding agricultural land (e.g., leasing of agricultural land, crops to be grown, etc.), one mark if she was consulted before taking any major decision (applying for credit, etc.), one mark if she commenced any financial decision, one mark if she chose the options regarding buying/selling of livestock. One mark if she participated in any sale negotiations. A woman with a score of 4 or more was classified as "empowered" and was coded as "1".

Control over central finances (MAJFINANCES)

One mark was given if she retained control over her wages, one mark if she had control from the selling of crops, one mark if she retained control from the sale of livestock, two marks if she retained control over her husband's wages, and 1 mark for children's wages. A woman with a score of 2 or more was classified as "empowered" and was coded as 1.

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Control over minor finances (MINFINANCES)

One mark each if she retained control from the sale of livestock produce or the sale of poultry. One mark if she had any personal fixed spending money, and one mark if she had financed for emergency use. A woman with a score of 2 or more was classified as "empowered" and was coded as 1.

Distribution of Household Chores (HHCHORES)

One mark was given if the female shared the task of cooking with others in the family, one for cleaning and sweeping, one for washing clothes, one for washing utensils, one for water collection, and one for babysitting and care. A woman scoring three or better was coded as one and classified as empowered.

DESCRIPTION OF DATA EMPIRICAL FINDINGS

Tables 1 and 2 provide the descriptive statistics of all the variables used in our study for the SHG group (N=100) and non-SG (N=100) members. Considering Table 1 concerning susceptibility indicators, the data clearly shows significant differences for SCARCITY, DIVERSITY, and ENTREPRENEURIAL. The t-statistic of comparing the mean of the non-SHG households vs. SHG households varied considerably for these variables. The SHG households were less susceptible to SCARCITY. They were able to deal with the emergencies in a better manner. They were better able to deal with health and food-related needs. The mean value of SHG households was 0.46, which is more than the non-SHG households' value of 0.26, thus clearly stating that they were better off in dealing with scarcity.

Concerning DIVERSITY and ENTREPRENEURIAL, there lies significant differences between SHG and non-SHG households.

However, concerning SOCIETAL variables, there is little significant difference between SHG and non – SHG households. (see table 1)

TABLE 1 DESCRIPTIVE STATISTICS OF THE VARIABLES USED FOR "SUSCEPTIBILITY" INDICATORS

	SHG HOUSEHOLDS (N=100)		CONTROL HOUSEHOLDS (N=100)		
	MEAN	STD. DEV	MEAN	STD. DEV	T-STATISTIC
DEPENDENDENT VARIABLES					
SUSCEPTIBILITY INDICATORS					
1. SCARCITY	**0.46**	**0.50**	**0.26**	**0.44**	**0.0032**
2. DIVERSITY	**0.46**	**0.50**	**0.23**	**0.43**	**0.0006**
3. ENTREPRENEURIAL	**0.43**	**0.49**	**0.29**	**0.45**	**0.0399**
4. SOCIETAL	0.43	0.50	0.32	0.47	0.11

Concerning empowerment indicators, table 2 shows a few significant differences between SHG households and control households concerning *OWNERSHIP, MAJORFIN, MINORFIN,* DECISION MAKING, and HHCHORES. However, for TIME ALLOCATION, there is a significant difference between the two. We will discuss these points in detail now.

There is a slight improvement in SHG women's OWNERSHIP (mean value 0.386) over non-SHG (0.297). The empowerment levels of the women in SHG households and non-SHG households are similar. Women needed to gain ownership of critical assets like property and land. They were still owned by either their husbands or any other family member. The t-statistic value is 0.184, which is greater than 0.05, concluding that not much difference lies between the empowerment level of women in the two households.

Concerning MAJORFIN (0.386 vs. 0.297) and MINFIN (0.416 vs. 0.396), the mean values were almost similar, which means that after microfinance, women's role in household major and minor economic decisions did not increase. Concerning DECISION-MAKING and HH chores too, the results were similar.

However, concerning TIME ALLOCATION, there was a significant difference in the empowerment levels of women in SHG households and non-SHG households. Further exploration uncovered that pre-SHG participation, women had favorable time allocation, engaging in household and farm tasks with leisure. However, after SHG, they had to go to labor work to earn money for their repayments, help on their farms, and manage household chores, resulting in negative time allocation. Testimonies from members highlighted this shift, indicating that the added responsibilities adversely impacted their empowerment despite financial gains.

Before joining the group, I was very content and pleased working at home and on our farm. But, after connecting with this group, I am forced to go out daily to get naya paisa. I wouldn't say I like going there. But what option do I have? I want to leave all this and start afresh. (PH07 – this name is an identifier given to the respondents so that their anonymity can be preserved).

I used all my loans for my mother-in-law's medical expenses. Though she has recovered and greatly respects me, our financial condition has worsened. I have to go to the labor market and get Naya paisa every day because I have the liability to repay the amount. We meet our household needs with my husband's earnings; thus, he has refused to help with my repayments. I don't know how long I must go on like this. (BH21)

Thus, from all these testimonies, we can conclude that women enjoyed better work-time allocation, household status, and decision-making before acquiring credits. Farm work was prestigious, while labour market jobs were viewed negatively. Post-credit, women faced societal judgment and family mistrust, being perceived as mere "loan getters." Some experienced coercion and abuse during debt repayment. Microfinance failed to contribute to their empowerment, leading to no significant difference in empowerment between SHG and control households. The paradox of benefiting households while not empowering women prompts further analysis in the next section.

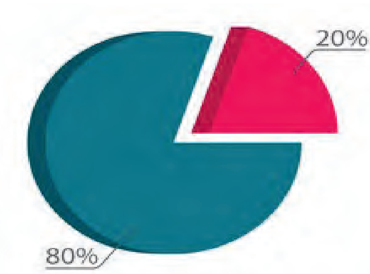
TABLE 2 DESCRIPTIVE STATISTICS OF THE VARIABLES USED FOR "EMPOWERMENT" INDICATORS

	SHG HOUSEHOLDS (N=100)		CONTROL HOUSEHOLDS (N=100)		
	MEAN	STD. DEV	MEAN	STD. DEV	T-STATISTIC
DEPENDENDENT VARIABLES					
SUSCEPTIBILITY INDICATORS					
1. OWNERSHIP	0.386	0.489	0.297	0.459	0.184
2. MAJORFIN	0.416	0.495	0.396	0.492	0.776
3. MINORFIN	0.423	0.497	0.416	0.495	0.887
4. DECISIONMAKING	0.423	0.497	0.396	0.492	0.77
5. TIME ALLOCATION	**0.336**	**0.475**	**0.485**	**0.502**	**0.032**
6. HHCHORES	0.316	0.467	0.336	0.479	0.7655

0.1 CREDIT-USAGE AND REPAYMENT EXPERIENCES – EXPLAINING THE PARADOX

This section delves into the paradoxical outcomes from the previous section by closely examining credit-related data collected from 100 SHG members. We divided respondents into two groups: those using credit for their enterprise (20%) and those directing it to their households (80%). Data revealed that 55% used it as working capital in businesses controlled by their husbands, 20% for purchasing assets controlled by their husbands, and 25% for financing household emergencies. This high demand within households contributed to an increased resource gap between men and women. Women directing funds to their own set-ups could exercise better control than those using credits for household needs.

CREDIT-ALLOCATION PATTERN



20% WOMEN USED CREDIT FOR THEIR OWN ENTERPRISES

80% WOMEN DIVERTED CREDIT TO HOUSEHOLD NEEDS

We have examined repayment data (Table 3) to understand the implications of credit usage. While overall repayment rates were 100%, the analysis revealed nuances. Women using funds for household needs had to rely on personal wages for repayment, engaging them in labour market work. Those investing in their own enterprises used their earnings for repayment. Testimonials provide further insight into these experiences.

Table-3

	LOAN USE		
	Credit used for her Enterprise (1)	**Credit diverted to household needs (2)**	**Total (1) +(2)**
Source of repayment			
1. Self-managed enterprise	80% (12)	0	12%
2. Own earned wages	0	85% (72)	72%
3. Household support	20% (3)	15% (13)	16%
TOTAL	**15**	**85**	**100**

Women who diverted credits to households needed more control over assets and incomes. PH07, BH21, BP11, LG08, LG05, and KA03 saw their loans used in households, thereby shifting them from home and farm work to low-wage labour for repayments. Some were explicitly told to take up wage work as family members couldn't repay. Their situation worsened with socially demeaning labour and low wages. Some desired to discontinue SHG affiliation to end labour work. In some cases, spouses turned secretive about finances, fearing transparency would discourage women from wage labor. Testimonies highlight these struggles.

When I got the loan, my husband was delighted. He asked for my loan money, and I gave it to him as he wanted to purchase farm equipment. But things changed after that. Earlier, my husband used to discuss finances with me about our children's future. But now, he is not discussing anything because he wants me to repay the loan. Our partnership has faded. I feel lonely now. (BP11)

"Wo din bahot ache the didi" (Those days were great). We had limited money, but we were doing fine with it. I only had to manage household chores, but now I am explicitly asked to work as a labourer because my husband cannot repay the entire debt. I have a 5-year-old. He is suffering a lot due to my absence at home. (KA03)

We are a joint family of 8 members. Naya paisa came, and my family took it for our household expenses. And now, they are telling me to repay it. How will I repay it? I don't have any skills; I have not earned any money till now. "Go to the labor market and get some money," this is the reply I got. (KA07)

All these interviews indicate that women were aggrieved about withdrawing their labor from working on their assets to working for wages. So, these testimonies at least partly convey why women prefer not to use their funds for household expenditures, family enterprise, or purchasing land.

My husband gave me the paisa from his wages and sale of crops earlier, but now I have lost control over it. He is not permitting me to use my earned paisa because we must repay the debt. (LA11)

Women investing in self-managed businesses reported positive changes. Earning independently boosted confidence, eliminating the need for wage labour. Positive time allocation occurred as they focused on personal ventures or household responsibilities. These women exercised substantial control over their funds, aiding household income diversification. However, challenges persisted due to small credit sizes and intense competition.

My life transformed after receiving funds. I started my tea stall in Naya Bazaar. Initially, I was selling only tea, but with more people coming and demanding bhaji (type of namkeen bhelpuri) and biscuits, I started making bhaji and selling biscuits, namkeen, and chips. I am a businesswoman now, earning good money out of it. (BH09).

In conclusion, three key findings emerge. Firstly, poorer households heavily relied on women obtaining credits, with 80% directed to household consumption or productivity. Without these credits, households might have faced crises. Secondly, due to women's lack of asset control, reliance on earned labour wages for repayments negatively impacted their empowerment and status. Relying solely on labour work diminished their influence on household decisions. Thirdly, continued diversion of credits to household needs, without changes in asset ownership, would exacerbate resource disparities, reinforcing women's disempowerment as labourers in contrast to men as asset owners.

CONCLUSION

The research explores the paradoxical findings in microfinance studies, specifically regarding the disparity between the positive impact on households and the limited benefits for women. Using detailed datasets from Gurugram district villages, we analyzed the effects of credit programs on "household susceptibility" and "women empowerment." Our results mirror the existing microfinance literature, revealing that while credit aids households in managing susceptibility and vulnerability, women's advancements are not prominent.

To understand the underlying causes of this paradox, we examined credit usage, repayment data, and women borrowers' testimonials. Our research indicates that a significant portion (80% in our case) of the credit was diverted to household needs for consumption or productive purposes. While this generally helps households deal with emergencies, it has unfavourable consequences for women. Since many women need to gain ownership of family productive assets, the credit they receive for household purposes doesn't translate into income for repayments. Consequently, pressured to repay debts, women engage in unfavourable labour, leading to suboptimal work-time allocation and diminished control over household resources. Hence, if women's control over resources is not questioned, then microcredit will never be able to reach its true purpose of empowerment.

This research yields several policy implications. Firstly, lending credit to women has helped households cope with emergencies and diversify incomes, making it a potent tool for income augmentation and safeguarding against predicaments.

Secondly, more than microcredit is needed for new beneficiaries. It should be complemented by a government-supported social security program to ensure that credit is used not only for meeting household emergencies but also for entrepreneurial purposes and empowerment. Social security programs act as a safety net during extreme poverty, allowing women beneficiaries to allocate funds more efficiently.

Thirdly, research suggests that women benefit significantly when credit is utilized for self-managed entrepreneurial purposes. However, if household demands for funds for productive usage are high, giving credit to women may not personally benefit them. Challenging patriarchal control over family productive assets is essential, and making loans contingent on asset transfers in favor of women can be a viable solution.

Fourthly, integrating entrepreneurial training into microcredit programs is crucial. Financial literacy initiatives can empower women with the knowledge and skills necessary for effective financial management, enabling them to use credit for business ventures.

Lastly, establishing robust monitoring and evaluation mechanisms is vital. This ensures transparency and accountability in achieving the intended outcomes of empowerment. Regular and comprehensive impact assessments are necessary to evaluate the effectiveness of microfinance policies in promoting women's empowerment.

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