



Gender, Power, and Conflict with Credit Choice: Rural Credit Programme in India

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Abstract

The advocates of rural credit argue that access to finance can substantially help in the reduction of poverty and promoting gender empowerment. Access to credit may contribute a long-lasting increase in income by means of a rise in investments that can generate income and diversify source of income. It can also contribute in empowering women in the decision making process of economic nature, family planning, marriage, participation in social and political activities. Many studies go not in favor of this type of argument. Present study shows that rural credits programme do not have any significant impact on gender dimensions. In some case, the status of beneficiaries group has deteriorated against control group. Actually, the programme is not wrong in itself but the implementation process of the programme has much type of weaken.

Keywords: Capability, Entitlements, Gender Empowerment, Rural credit, Social Exclusion.

JEL CODE: G2, I3, O1.

I. Introduction

Poverty is not a new phenomena, it emerges from the lack of basic needs and social exclusion. The concept of social exclusion is seen as covering a remarkably wide range of social and economic problems. The idea of social exclusion has conceptual connections with well established notations in the literature on poverty and deprivation a very common view on poverty is shortage of income. This view can not reflect the actual situation but can be the main cause of poverty because impoverishment of our lives results frequently from the inadequate of income, and in this sense low income must be an important cause of poor living (Sen, 2010).

Sen (2010) define social exclusion as a part of capability poverty and being socially excluded from social reflections can lead to other deprivations as well, thereby further limiting our living opportunities. For example, being excluded from opportunity to receive credit may lead to economic impoverishment and further it can lead to other deprivations. Thus, social exclusion can be a cause of diverse capability failures.

Sen argued that a primary duty of the state is to provide people with greater freedom and choice. He further argued that poverty should be seen as the deprivation of the basic capabilities, rather than merely as a consequence of low income. He identifies two type of freedom; one is constitutive freedom which related to increase in some of the basic necessities of life, such as freedom from starvation and premature death, freedom of speech, and also the opportunities for political participation. Other is the instrumental freedom which is principle means of development and rural credit falls under this category. It is a means which can improve life of those living in poverty by providing them with better financial choice. The benefit of rural credit is not only for the economic development, but also ties other aspects of life such as, encouraging greater social exclusion. This paper concentrates only on the instrumental aspect of freedom.

II. The Argument for Choice of Resources

Instrumental approach advocates that by providing finance, people can be self employed, that can lift them out of poverty. Access and availability of such facilities is often critical in improving the economic entitlements of the population. Furthermore, these entitlements enhance other similar entitlements such as political and social freedom (Sen, 1999). But, the main advantage of increased economic entitlement is that it increases the range of choice (Lewis, 1965) and expands our knowledge of how and why does rural credit work.

By giving the example of limited resources, the economists explain that the economics is the study of choices and incentives. The individual liberty of choice to rural credit play an important role to enhance social liberty in a given circumstances. This usually converts into social rights which define the transactional relationship between the individual and the society. Any behavior that is harmful to the individual would endanger the society's ability to access the finance in future. The main logic behind this argument is that if one individual do not repay the loan that can lead to a risk for the whole society's financial accessibility. Thus, there is strong incentive for the society to help the individuals. In other words, there is strong incentive for both, the individual and the society, to improve their respective entitlement and expand their economic freedoms.

Literature provides evidence that rural credit has the ability to provide both the individual and the society with the capabilities for various freedoms through increased opportunities and entitlements. The nature of rural credit is such that it would not only just help economic, social, and cultural rights but civil and political rights also. This could lead to a well redistribution of power and resources, which may not be received by the states.

III. A Debate on Empowerment and its Relation to Rural credit

The concept of the women empowerment emerged from the neo-liberalism notion and in reaction of the old development paradigm. This approach advocates that the role of state in economy should be limited and for this, state should provide viable route so that each person can participate in development process.

The evidence suggests that customary gender values, rules and rights from moral order of the society that can restrict women's access to social, political and legal institutions and which ultimately creates and perpetuates a vicious exclusionary cycle that maintain gender inequalities (World Development Reports, 2000-01). In order to achieve greater access the policies and implementation should be in such a way that deals with the condition and position of women. Here, condition refers to the level of material needs such as wage, education, personal consumption and health care etc. and position refers to their position in socio-economic life relative to men. Concept of women empowerment emerged as a constitutive element of a new development paradigm to meet

the both needs (Kabeer, 1999). For the indicator of women empowerment originates in such a way that identifying and measuring those forces, vehicles, and instruments that have the potential to function.

Existing literature suggests that empowerment through rural credit must often resulted in conflicting findings. These findings are divided in two camps. One group supports the notion that rural credit programme have positive impact as they strengthen economic condition of the households (Kabeer, 2001; Hashmi and Schuler, 1996; Chen, 1992; Yunus, 2005). The counter argument challenges that credit programmes inflict intense pressure on women by pressing them to meet difficult loan repayments schedules, acceptance of the aggregate workload of domestic plus enterprise activities, acknowledging certain entrenched traditions of gender relations, all of which together demote the status of women and vulnerability (Rahman, 1999; Goetz and Sen, 1996; Kareem, 2011).

Control over loans has been seen as a strong indicator based on the argument that controlling assets changes the power relations of gender in the household and economy. Comparing two groups of participants, borrower and non-borrower, analyses suggested that women retain control over their loans (Rahman, 1986; Hashemi, Schuler and Riley, 1996). Conclusions on these studies put emphasize on association between increasing control over asset and decreased socio-economic vulnerability. Women in rural credit programs control resources to a greater extent which ensures their security in the household. On the contrary, Goetz and Gupta's (1996) study concluded that a significant proportion of women's loans are directly invested by their male relatives, though women are responsible for repayment. They argued that women who are widowed, separated or divorced have more control over loans. It is expected that staying longer with credit institutions would increase women's control over loans as they gain access to more training opportunities. But their study found that this happens up to a certain point and then it diminishes due to social restrictions on women's market access. Once the woman loses control over a loan, it increases the chance of her being a credit defaulter. Moreover involvement in entrepreneurial activities takes time that create tension between spouses over household activities (Goetz and Gupta: 1996).

To determine the extent of authority women enjoy in the household settings, Amin, Becker and Bayes (1998) developed three separate indices namely 'interspouse consultation index', 'individual autonomy index, and 'authority index'. The 'Interpersonal index' describes the extent to which husbands consult their wives in household affair. The study found that credit members are ahead of the nonmembers by a slight difference. A similar study by Pitt and Khandakar (1995) examined the impact of decision making outcomes and concluded that the gender of the loanee influences the pattern of household decision making and women's preferences carried greater weight if they were the ones who receive credit.

Pitt , Khandker, and Cartwright (2006), found that the presence of a female micro credit group in a village has a positive and highly significant effect on the factor encompassing all the questions in the questionnaire (thus a representation of the "general level of empowerment"), and it significantly has a positive effect on eight out of the 10 factors; the exceptions are factors 7 (attitudes on women's empowerment, dowry, and status within household) and 8 (husband's actions and opinions pertaining to women's status). 9 Male credit choices significantly reduces the overall empowerment factor and has a statistically significant and negative effect on four of the other empowerment factors, and does not have a statistically positive effect on any of them. The estimated empowerment factors have been scaled to have unit variance to aid in the interpretation of the regression coefficients. This implies that, for the median woman in the sample, the presence of a female micro credit program increases her position in the distribution of empowerment from 50th percentile to 68th percentile, and the presence of a male micro credit program reduces her position to the 43rd percentile.

Mobility or freedom of movement is a key indicator of women's status. Freedom of movement influences women's exposure to the outer world that gradually increases women's ability to challenge and transform socio-cultural impediments and institutions acting against women (Hussain and Smith, 1999). Amin, Becker and Bayes (1998) used their autonomy index to assess the impact of physical mobility. A similar index was used by Hashemi, Schuler and Riley (1996) where both findings marked a positive association between two factors. This finding was challenged by the Banu et al (Undated: 40) who postulated that rural credit interventions hardly have impact on women's mobility. It could only expand women's mobility to a certain boundaries but cannot make any substantial change due to the social and cultural forces that oppose the idea.

The physical integrity of women has been seen as a strong determinant of empowerment. The assumption is that by participating in rural credit programs women will improve economic status, achieve bargaining power and hence, ultimately violence against women would decrease (Kabeer, 2001). Therefore, efforts have been made to measure association between credit and violence against women. The studies published conflicting outcomes. Kabeer (2001) suggested that access to credit program is associated with an overall reduction of the incidence of violence against women. Hashemi, Schuler, and Riley's (1996) regression analysis supported the view. However, in a recent study Schuler, Hasahemi and Badal (1998) revised their statement and postulated a sceptical view that 'conflicts often developed over control of assets and earnings, and the women became more inclined to defend themselves against what they see as unfair domination and exploitation'. Rahman (1999) supported the same notion with an empirical analysis where he reported overwhelming increase of violence. In his study, majority of women were reported of experiencing an increase in verbal aggression and a significant portion in both is both verbal and physical assault.

The above literature suggests that access to rural credit has enhanced women's participation in a range of social activities; however, the actual impact on women's empowerment still remains inconclusive. The studies did not elaborate what entails in empowerment. The dimensions that are used to measure empowerment were poorly defined. A careful review of the indicators that are used to assess the impact indicates that a range of very basic indicators are missing or excluded. More precisely, studies do not assess actual impact of women's very basic human needs such as food consumption, nutrition, health care or entitlement of property. Rather captured family welfare assumes that it will have trickle down effects on women. However, it might not be the fact, for instance in Bangladesh there is a tradition of differential food consumption among family members. This takes the form-particularly in low and mid-income families- that adult women and girls usually allocate their food intake after distributing meals to other members of the family. Thus, if there is not enough food to go around, the major portion of the burden falls on these women. Even during pregnancy, women's average food intake is below the expected level, thus exposing them to increased vulnerability and risks to their health. Use of health care facilities follows the same pattern. Women are encouraged to hide their diseases until they become unbearable. The same rule applies in the case of owning a home or homestead land. In rural Bangladesh, holding the land title for a woman is rare unless she receive it from her father as a dowry to strengthen her marriage.

IV. Empirical Findings

IV. I. Research Methodology

The present study had involved primary data collected from households. Data collection was done by pre-tested household schedules. The household schedule was structured pertaining to the objective of the study. A comparison between the target households with the control households had formed the basis of analysis where the target households were the households in which the one of the family member was a percipient in rural credit programme, and the control group included households were none of the members were under any rural credit programmes. The comparative analysis between the target group and control group was a suitable method to study the impact of participation in rural credit interventions, where there is no base line data. This method is considered as one of the best method among the quasi-experimental design (Barker, 1999), and it remove exogenous problems (Ngyen, 2007).

The study was carried out in Bahadurpur Block of Allahabad District. This study engaged stratified and accidental random sampling technique. There are 456 Self Help Group (SHG) in Bahadurpur Block. In first stage, we make groups from whole SHG, and take 10 percent SHG from each group. Thus, for Simplification, 40 SHG were selected and then one unit from each SHG. So, total respondent was 40 for target variable. Control variable was selected to use accidental sampling from BPL family and total respondent of control variable was 40. Thus, total respondent was 80.

V. Data Analysis and Discussion

General profile of the respondent is given in table 1. In target group 95 percent member was male and only 5 percent was female while in control group 70 percent member was male and 30 percent was female. Target group member come from the OBC and SC while member of control group also coming from General. 70 percent member was educated in target group comparison to only 60 percent member was educated in control group. Target group member was more educated than to Control Group Member.

Table 1: General Profile of SHG and Control Group Member

		Beneficiary Group		Control Group	
		Frequency	Percent	Frequency	Percent
Gender	Male	38	95	28	70
	Female	2	5	12	30
	Total	40	100	40	100
Caste	General	0	00	4	10
	OBC	4	10	10	25
	SC	36	90	26	65
	Total	40	100	40	100
Education	Illiterate	12	30	16	40
	Primary	10	25	6	15
	Middle	2	5	2	5
	High school	4	10	6	15
	Intermediate	6	15	6	15
	Graduate	4	10	4	10
	Post Graduate	2	5	0	00
	Total	40	100	40	100

Source: Field Survey, 2010.

VI. Improvement of Decision Making of Women on Different Aspects

Economic freedom of women is the most important aspect in whole arena of the freedom. If this happens, it can lead to political and social empowerment, and freedom. Modern thinkers agree to it, that economic freedom or empowerment is the vehicle of other area of freedom or empowerment. In the last decade of twentieth century, microcredit is seen to be one of the most important tools for the economic development of women. Always, it is being thought that small pool of credit gives more freedom to women. By making decision on expenditure, they can create more healthier and economic environment and thus improve the status of households.

On the issue of economic decision making, empirical data shows that there has been no improvement in the economic decision making of women as compare to control group. Many decision aspects such as decision about saving, about loan, about management of income, and on management of expenditure, control group's women are freer than SHG member women. This paradox is emerges because in many case the loan was taken in the name of women but the use of loan is totally controlled by the men and this happens in the same line of the patriarchal rule of the Hindu society. Decision on family health, expansion on cloths and decision on family planning, which is mostly managed by the women, is the core where the effect of microcredit could be seen by the data.

Data from our South Indian survey suggest that the way in which direct bank-borrower minimal credit enters the household is not very relevant for decision-making patterns. Women gain a higher stake in matters directly related to the loan use, but they are not able to translate this into a more substantial involvement in other domains of household decision-making (Holvoet, 2005). A study, in Bangladesh that focused on investigating controls over loans received by female participant of rural credit programme found that only 17.8 per cent of the participants reported full control over their loans, 19.4 percent had significant control, 24.1 per cent had partial control, 17 per cent had very limited control and 21.7 per cent had no control (Goetz and Gupta, 1996). According to my data, programme beneficiaries have some control on loan management as compared to non-beneficiaries.

Even where women control the decisions over loan use, this may not result in significantly in increased incomes. In South Asia particularly, a combination of male pressure and lack of income-earning opportunities frequently leads women to make an economically rational decision to invest credit or savings in men's activities. Predominantly the case in Africa, states that, women use the loan for their own business, they continue to be overwhelmingly involved in a narrow range of traditionally female activities. Very poor women working within the same range of activities may be further disadvantaged, because they do not have the resources or contacts to get access to credit. Even where there is an increase in income from women's or household economic activities, there may be no effective control by women over income going into the household and no material benefits for women. Men may control the income even from women's economic activities and/or may expect women to use all their income for pre-determined household expenditure. This

allows men to use their own previous contributions to the household for their own personal expenditure and, in some cases, for setting up new households.

Table.2: Improvement of Decision Making of Women on Different Aspects

	SHG	Beneficiary Group		Control Group	
	Frequency	Percent	Frequency	Percent	
Who Decided Taking A Loan	Wife	4	10	2	5
	Husband	22	55	14	35
	Joint	14	35	24	60
	Total	40	100	40	100
Management of Loan	Wife	4	10	6	15
	Husband	18	45	14	35
	Joint	18	45	20	50
	Total	40	100	40	100
Who Decided about Making a Saving	Wife	10	25	6	15
	Husband	14	35	14	35
	Joint	16	40	20	50
	Total	40	100	40	100
Management of Income	Wife	4	10	2	5
	Husband	16	40	18	45
	Joint	20	50	20	50
	Total	40	100	40	100
Decision of Income Expenditure	Wife	4	10	4	10
	Husband	14	35	12	30
	Joint	22	55	24	60
	Total	40	100	40	100
Decision about Starting a New Business	Wife	4	10	2	5
	Husband	12	30	10	25
	Joint	24	60	28	70
	Total	40	100	40	100
Decision about Education of Children	Wife	6	15	6	15
	Husband	6	15	4	20
	Joint	28	70	26	70
	Total	40	100	40	100
Decision about Marriage of Children	Wife	2	5	2	5
	Husband	4	10	8	20
	Joint	34	85	30	75
	Total	40	100	40	100
Decision about Expenses on Nutrition	Wife	22	55	14	35
	Husband	2	5	2	10
	Joint	16	40	22	55
	Total	40	100	40	100
Decision about Expenses on Health	Wife	10	25	10	25
	Husband	10	25	4	10
	Joint	20	50	26	65
	Total	40	100	40	100
Decision about Expenses on Cloths	Wife	6	15	8	20
	Husband	6	15	12	30
	Joint	28	70	20	50
	Total	40	100	40	100
Decision about Expenses on Family Planning	Wife	0	0	2	5
	Husband	2	5	6	15
	Joint	38	95	32	65
	Total	40	100	40	100

Source: Field Survey, 2010.

Men may be very supportive of women’s rural credit and other income generation activities for this very reason (Mayoux, 1999b).

Women may be forced to cut their own, already inadequate, expenditure on food and health for savings or to repay loans. Women's expenditure decisions can also be constrained by gender norms of rights within the household. Women may replicate gender inequalities, spending little on them and discriminate against girls. Change in the expectation about women’s economic contribution to the household may seriously overburden women with adverse implications for their health and children. The combination of low incomes, lack of control, and greater burden of work and repayment pressure can do very little to increase women’s bargaining power within the household. On the contrary, micro-finance programmes may increase tensions within the household as men withdraw their own incomes and/or women struggle to retain control on their own earnings. In some reported cases, this leads to divorce, abandonment, and domestic violence (Rahman, 1999; Mayoux, 1999b).

VII. Changes in Ability to Face Problems

Table .3: Ability to Face Problems

		Beneficiary Group		Control Group	
		Frequency	Percent	Frequency	Percent
Health Related Problem	Improved	32	80	30	75
	No Change	6	15	10	25
	No Response	2	5	0	0
	Total	40	100	40	100
Financial Crisis	Improved	36	80	34	85
	No Change	2	5	6	15
	No Response	2	5	0	0
	Total	40	100	40	100
Family Disputes	Improved	32	80	30	75
	No Change	6	15	10	25
	No Response	1	5	0	0
	Total	40	100	40	100

Source: Field Survey, 2010.

Empirical data shows significant impact of microcredit faced by women. Nearly 80 percent women tell that their ability has improved and significantly improve to facing a problem. In comparison to control member, 20 percent SHG member tell us that they had more gain from the microcredit programme. Possibly, family dispute is the most important area where microcredit has affected the most and it has been reduced drastically. The reason is money make them more respected in the family than before.

VIII. Changes in Self-confidence Level of Women

Self-confidence is the core of the empowerment for women. Self empowered women can take decision on various issues more freely and this will insure their participation in economic-social-political development. In their study, Kim Julia et al (2007) reported that participation in the intervention was associated with greater self-confidence and financial confidence, as well as more-progressive attitudes toward gender norms. Compared with those in the control group, partnered women in the intervention group reported higher levels of autonomy in decision making, greater valuation of their household contribution by their partners, improved household communication, and better relationships with their partners. Figure 3 measures the self confidence level of women on four parameters such as travelling alone to nearest town/district headquarters, going alone for medical treatment for self/children, handling money and addressing the forum/group of people/women. Data predict minor improvement (near about 5 percent) in self-confidence level of the women. The exact reason of this slow growth in confidence level is the patriarchal family system and traditional social environment. Still in rural areas, most poor women is not able to go alone at district headquarter or medical treatment of their children or self. This type of patriarchal and traditional social rule bind women in such a manner so that they could not get rid off the clutches of men’s supremacy atmosphere.

Table 4: Self Confidence Level

		Beneficiary Group		Control Group	
		Frequency	Percent	Frequency	Percent
Traveling Alone to District Town/ District Headquarters	Improved	26	65	22	55
	No Change	12	30	18	45
	No Response	2	5	0	0
	Total	40	100	40	100
Going Alone for Medical Treatment for Self/ Children	Improved	22	55	18	45
	No Change	16	40	22	55
	No Response	2	5	0	0
	Total	40	100	40	100
Handling Money	Improved	34	85	24	60
	No Change	4	10	16	40
	No Response	2	5	0	0
	Total	40	100	40	100
Addressing the Forum/ Group of People/ Women	Improved	30	75	14	35
	No Change	8	20	22	55
	No Response	1	5	4	10
	Total	40	100	40	100

Source: Field Survey, 2010.

IX. Changes in Control over Use of Money by Female Members

The women members were asked to indicate whether, their control over the use of money they earned has improved over time compared to the control group and information was collected with regard to the following aspects: buying durable consumer goods, buying physical assets, expenditure on children's education and expenditure on family/social function. When the control over money earned by the women was examined, we found some interesting results. The highest rate of improvement/significant improvement over such control was reported by household on expenditure on family/social function. Other aspects were reported to have a negative impact. This is largely due to the fact that the women who earned money are not in a situation to use that money according to their own will. The reason is not that women are harassed by the male society but sociological order is in such a way they find her.

Table .5: Changes in Control over Use of Money by Female Members

		Beneficiary Group		Control Group	
		Frequency	Percent	Frequency	Percent
Buying Consumer Durables	Improved	14	35	8	20
	No Change	26	65	32	80
	No Response	0	0	0	0
	Total	40	100	40	100
Buying Physical Assets	Improved	14	35	10	25
	No Change	26	65	30	75
	No Response	0	0	0	0
	Total	40	100	40	100
Expenditure on Family/Social Functions	Improved	28	70	32	80
	No Change	12	30	8	20
	No Response	0	0	0	0
	Total	40	100	40	100
Expenditure on Children's Education	Improved	26	65	24	60
	No Change	12	30	14	35
	No Response	2	5	2	5
	Total	40	100	40	100

Source: Field Survey, 2010.

X. Political Empowerment

The paper argues that microcredit can have the effect of increasing the political empowerment of individuals in a society. Political empowerment can be measured in terms of two indicators: political awareness and political participation. Political awareness measures the level of information on the publicly provided goods and services available to citizens, on the performance of the elected officials in providing for these goods and services, and on the rights and tools available to citizens to hold their officials accountable and to request goods and services from them. Essentially, political awareness depends on access to information.

The second indicator of political empowerment is participation. Poor people and other traditionally excluded groups are empowered not only when they are aware of issues, problems and remedies, but also when they are included in agenda setting and decision making regarding the state of their communities and their well being. Voting usually comes to mind first, but voting turnouts may understate the extent to which the poor can truly participate in public decision making. Other indicators such as participation in community organizations, campaigning, contacting, petitioning, protesting, litigating, unionizing etc. also assess how actively citizens engage with the processes of public decision making (Bayulgen, 2008).

The paper hypothesizes that microcredit can primarily strengthen political empowerment through two mechanisms. First, if microcredit improves the economic and social conditions of the poor, the poor's political empowerment will consequently rise due to an increase in their self-efficacy. Second, in addition to increased self efficacy, microcredit can also increase the social capital in a society, which then improves individual's access to political information and capacity to participate in politics.

Table.6: Political Participation of Women

		Beneficiary Group		Control Group	
		Frequency	Percent	Frequency	Percent
Approached Government Officials to Solve Problems	Yes	32	80	36	90
	No	8	20	4	10
	Total	40	100	40	100
Attended Committee, Village Meeting	Yes	32	80	10	25
	No	8	20	30	75
	Total	40	100	40	100
Member of Village/ Government Committee	Yes	6	15	2	5
	No	34	85	38	95
	Total	40	100	40	100

Source: Field Survey, 2010.

Regarding the participation of women in public issues, at the village level female members were asked to provide their perceptions on some of the following issues: whether they have ever approach a government official to obtain any service to solve a problem; whether they have attended any committee or village meeting such as Panchayat, Gram Sabha or other committee meeting; whether they have been members of any village or government committee. Table 6 provides a negative picture of the whole environment. If we neglect the first parameter, in the other both parameter, control group have batter performance. The response of attending the committee or village meeting, 80 per cent beneficiaries and 25 per cent non-beneficiaries reported positively. But on the question of member of village/government committee, majority of the respondent answered negatively. Apart from the last two variables, in case of first variable, non beneficiaries had better performance. It may be assumed that due to the loan, family conflict has grown and it leads to less social activity of beneficiaries. Other possibility may be that the selection of beneficiaries happen in such a way that gives these negative performance, but one things that should be noted in mind that specific type of regional environment which belongs to north-eastern Uttar Pradesh, micro-credit services have not any significant impact on socio-economic and political condition of the women beneficiaries. Traditional system rule of the society is still hindering the way of free thinking and the environment in which they freely breathe.

Some studies find positive effect of rural credit on political empowerment of women. Cheston, S. and Kuhn, L. (2002) found in their study that political empowerment is not a common result of microcredit but a few microcredit organizations look for it in their programs. Nevertheless, at some instances it is reported that participating in groups increases women's knowledge about "political parties, processes and channels of influence". Some programs (as WWF in India) are politically very active, using an advocacy branch as well as a lending program to mobilize very large numbers of women for political changes that would support women's rights. Even if these programs do not explicitly search for political empowerment of their members, they facilitate it by giving them access knowledge and increasing their social mobility that leads women to be more self-confident. In same line Hashemi, Schuler and Riley's study (1996, p.25): in studying the empowerment effects of participation in Grameen Bank or BRAC rural credit programs, they found that training programs of BRAC had "a stronger effect on participation in political campaigns and public protests" than did Grameen Bank. For the authors, the better outcome for BRAC is because of the larger possibility for their members to participate in such training programs which gives women not only the opportunity to travel outside their villages but also because of its "greater emphasis on creating awareness of social and political issues"

Thus, micro-finance programmes may contribute little to social and political empowerment, for example if group meetings fail to address gender issues or if group repayment pressures increase tensions between women and/or exclude more disadvantaged women from important networks. Time spent in savings and credit meetings automatically decrease women's time for other social and political activities. Programmes may also increase conflicts between men and women within communities and may not have adequate mechanisms to support women (Mayoux¹).

XI. Conclusions

This paper has problematized the issue of women's loss of direct control over their loans, although it recognizes the difficulty of establishing the clear pattern of loan control, decision making once credit enters the rural household. In highlighting the poverty assumptions that rural credit leads to improvement in decision making, self control, and political empowerment. The paper raises a number of issues for further research regarding the empowerment contribution of credit to women, and more importantly the social value which affect the empowerment level and its relation to empowerment. These include the possibility that high degree of male control of loans can postpone the appearance of the positive social externalities expected from increasing women's control over household income, or worse, that it can undermine household survival strategies where men invest loans badly, forcing women to mobilize funds from resources which would otherwise be used for consumption or other unproductive purposes.

Second issue on which a deep research needs is linkage of credit with family relation. Studies show it is a powerful tool to destabilize the family relation, mostly where the male society are dominant and activate the patriarchal society.

Third issue that should be noted, in the absence of her husband (in case her goes out of home in search of job and stays there place less than one year or more than one year but comes home back in once a year) at home, women respondent reported greater power to making decision on credit, expenditure and other issues, it may be disappear when her husband comes home back. This tendency appears in mostly in lower income group family where male partner goes out of home in search of a job in a lean season or migrated one or more years. This leads to fluctuate in women empowerment indicator. Existing studies ignore this issue and do not consider that this survey-design problem leads to overestimate the empowerment result. Thus, this should be considered deeply and carefully.

The study shows that participation in group based rural credit programme should not be considered an indicator of women empowerment. Individual women may have been competing and in some sense had conflicting motivations for increasing their levels of participation in market activities and taking community form for solving their group conflict. Majority of women reported that they could not have any chance to solve their

¹ *Linda Mayoux, Rural credit and Empowerment of Women.*

Source: *J:\ilo_data\public\english\employment\finance\download\wp23.wpd*

problem (personal or family level or business or social) in group meeting and in many cases the group meeting is not hold in time or stopped.

The paper concludes that women's empowerment needs to be an integral part of policies. Empowerment cannot be assumed to be an automatic outcome of micro-finance programmes, whether designed for financial sustainability or poverty targeting. More researches and innovations on conditions of micro-finance delivery are needed. The paper finds that cost-effective ways of integrating micro-finance with other empowerment interventions, including group development and complementary services are still lacking. Unless empowerment becomes an integral part of the planning process, the rapid expansion of micro-finance is unlikely to make more than a limited contribution to empowerment.

XII. Markets are not Enough Solution to Poverty and Empowerment

India isn't the only country whose government is failing to meet its responsibilities. Much of the developing world is likewise missing a vibrant public sector. In response to the shortcomings, a growing number of people believe that markets would do a better job of providing these services. That is one of the reasons why microcredit has such widespread appeal: It's a market-based approach to eliminating poverty. Even those who advocate a market-based approach to providing basic services don't argue that the state can totally negate its responsibilities (Aneel Karnani, 2007).

Overall, governments, businesses, and civil society would be well advised to reallocate their resources and energies away from rural credit and support larger enterprises in labour-intensive industries. This is what is alleviating poverty in China, Korea, Taiwan, and other developing countries. At the same time, they should also provide basic services that improve the employability and productivity of the poor. Otherwise, they will miss the mark of lifting people out of poverty. This argument is supported by China growth model. For example, China provides an excellent example of how a rural development strategy focusing on rural enterprise development can boost the rural economy, increase farmers' incomes and contribute to poverty reduction, while also significantly changing the structure of the national economy. Since 1984, China has implemented a series of policies to encourage and support rural enterprise development (IFAD, 2002b²).

The Chinese government programme on rural industrialization was, until recently, a successful case of a rural development strategy focused on the non-farm sector. Responding to the problems stemming from absent factor and product markets in rural areas, China fostered the establishment in rural towns and villages of many small- and medium-sized industries, the so-called township and village enterprises that would otherwise have developed in larger towns and industrial regions. All the following factors contributed to successful rural industrialization (IFAD 2002a; and Huang and Rozelle 1999).

In another study, Bateman and Chang³ stated that dominant microfinance model has not unambiguously resulted in a sustainable poverty reduction and economic development episode anywhere. They further stated that exhaustive analysis of the fastest growing countries of the last thirty years or so (China, Taiwan, South Korea, Thailand, India, Malaysia and most recently Vietnam), show that the microfinance model has played no role whatsoever. To the contrary, these countries have very successfully reduced poverty and have grown rich tremendously by using a range of state coordinated policy interventions, financial institutions and investment strategies that are not only the complete opposite of today's 'new wave' microfinance model, but also-and this is the rub for those in the microfinance industry that might argue for 'policy co-existence'-very likely to be undermined by the proliferation of microfinance and its prior claim over savings and other important financial resources (see also Wade,1990; Amsden,2001; Chang, 1993, 2002, 2007).

² IFAD (2002b), Rural Enterprises and Poverty Reduction, Asia and the Pacific Division.

Source: <http://www.ifad.org/events/gc/27/roundtable/pi/discussion.pdf>

³Milford Bateman and Ha-Joon Chang, "The Microfinance Illusion."

source:<http://www.microfinancetransparency.com/evidence/PDF/App.3%20Chang%20Bateman%20article.pdf>

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