

ROLE OF MICROCREDIT IN ENHANCING CAPABILITIES OF WOMEN

The Case of Self Employed Women's Association (SEWA) and Self-Help Groups (SHGs) under Government Programmes

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Abstract : Sen's (1979) idea of poverty as 'capability deprivation' instead of just as income deprivation (or lowness of income as Sen calls it) has largely been the centerpiece of set of literature on poverty-reduction. It has gained much currency and continues to be apposite in the poverty debates. Capability approach sees absence of freedoms (in the form of capabilities) as being the root cause of poverty and professes that the expansion of 'capability set' is what should be the prime focus of initiatives. Thus, unlike the hollow conception of dissemination of material goods being the panacea to the problem of poverty, Sen (1979; 1985) believes that what is required is enhancement of capabilities of people and expanding real freedoms of people. The government programs like, Swarnajayanti Gram Swarozgar Yojana (SGSY) which is now National Rural Livelihood Mission (NRLM), and also associations like Self Employed Women's Association (SEWA), aim at not only generating livelihood for women, belonging to the most disadvantaged cohort and incorporate them in the labor market or develop banking and saving habits in them, they aim at enhancing their capabilities and giving them a stake in the developmental process.

Keywords- Self-Help Groups; Development; Capability approach; Microcredit; SEWA; Feminization of Poverty

I. INTRODUCTION

"The life of money-making", as Aristotle put it, "is one undertaken under compulsion, and wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else." (cited in Sen, 1999)

Poverty as income deprivation shrouded poverty studies for a very long time until Sen (1979) came up with the framework of capability approach which sees poverty as capability deprivation, as not being able to pursue certain functionings (doings and beings) that one has reason to value. This brought about a complete shift in the academic writings and shifted the focus of poverty-reduction literature from this pre-existent narrow perspective to a neo-perspective of capability enhancement as a more potent means towards poverty alleviation. This also called for a shift in the whole development perspective and emphasized on seeing development as what Sen (1999) called 'the process of expanding real freedoms that people enjoy'. These freedoms as already pointed earlier entail capability and functionings, the latter being the eventual outcome in the form of what people value. He and others like Nussbaum (2000) emphasize that it is the capability aspect that one should focus on and not the ends i.e. the functionings, as enhancing capabilities would not only ensure one reaches the desired outcome but also enhances one's capability set from which to choose. Moreover, the ideal of Sustainable livelihood approach (given by Conway and Chambers, 1992) also sees capability, along with equity and sustainability as playing a very significant part in sustenance of the livelihoods.

In the pursuit of enhancing capabilities of humans, there is an inherent contingency on human agency that one could put to use towards this end. Microcredits in the form of Self Help Groups (SHGs), which serve as a tool towards enhancing agency and eventual capabilities of poor women, has been implemented throughout the country. As opined by Nussbaum (2000), in order to materialize the internal capabilities (of women), there has to be favourable external support system in the form of Self Help Promoting Institutions (SHPIs) constituted by Government assigned institutions like banks, NGOs etc. This external support in the form of government assistance, ease of loan disbursement, availability of Self Help Promoting Institutions (SHPIs) etc. in the end decide the course of the pursuit.

On this trail the paper would look into the rise of Self Employed Women's Association (SEWA) and working of Self Help Groups under Swarnajayanti Gram Swarozgar Yojana (SGSY) later revamped as National Rural Livelihood Mission (NRLM).

There is a plethora of literature on Self-Help Groupss and micro financing and as many on capabilities. Micro financing, by many, has been termed as an immediate solution to the problem of rural poverty (Galab and Rao 2003; Ramesh 2007; Selvam 2005) while for some it is nothing more than a 'short term relief to ease immediate need' (Kannabiran 2005). According to him, the survival of the poor cannot be guaranteed by only economic measures of credit support as there are many social phenomena simultaneously at play, for instance, community, caste and household dynamics that shape the scenario to a large extent. The banking habits of the rural poor (especially women) has enhanced post SHG as is shown in the paper where there has been an increase in the deposit accounts of females in the country (Varman 2005). This shows that there has been a greater control of women on their material environment and that there is a better scope of well-being both economic and agency wise. The paper establishes that there is a correlation between growth of SHGs in the country and growth of deposit accounts per 1000 females in the country. Thus the paper establishes that there is an increasing tendency towards savings among the rural population post SHG. Opposed to this, Kannibaran (2005) talks about 'feminization of microcredit' which according to him is only replacing the 'feminization of poverty' rather than solving it. Some might see this replacement as empowerment of women but according to the author this is because it is 'easy to persuade women to operate on the gendered notions' and he goes as far as to say that the 'whole gendering development has been flawed by the tendency to pick up a part and then treat it as a whole' (Kannabiran, 2005). Other authors talk of the need for the SHGs being largely pro-women as it leads to the enhancement of capabilities of women and thus of their agency and their abilities to have a stake in the male dominated decision making arena of the society and their respective households.

There is also an abundance of literature that tries to invigilate the impact of microcredit on the capabilities of women in the form of enhancing their agency to pursue valued ends (Sanyal 2014, Nussbaum 2000). Capabilities as being more valued than functioning i.e. the eventual outcomes, is the major undercurrent in all the literature that talks about capabilities. Sen's (1979; 1985; 1999) or Nussbaum's (2000) formulation of capability approach both with minor disagreements basically emphasize on this aspect. Also literature on the success of SEWA (World Bank Report, 2004) and how the Association has led to a better sense of capability and agency among women by empowering them through skill development and livelihood generation.

Since the rural areas are characterised by agricultural activities and most of the population is linked to land in one way or the other, with an increase in SHGs and eventually other economic activities, there is ought to be increased alienation of people from land. Also more than the alienation of women from the lands it indulges their labour into informal activities, thus, making them invisible in the market.

One of the major point of convergence in the views of scholars has been the role of state in promoting SHGs in Andhra (Shylendra, 2006; Ramesh, 2007) where they emphasized that with the involvement of the state government one can directly access scale and activity expansion citing example from Andhra Pradesh. Ramesh (2007) does not deny the contribution made by NGOs or Self-Help Promoting Institutions (SHPIs) in mobilising people but states that there could be a big difference of time and scale, for instance, it took SEWA² 35 years to mobilise eight lakh women, while it took the Andhra Pradesh government only 15 years to mobilise 80 lakh women. There has

²SEWA stands for Self-Employed Women Association, is a pioneer in micro financing in India. It rightly identified credit as an important element in its strategy to work with self-employed women belonging to low income group

been a sensational SHG growth in Andhra Pradesh which he attributes to various aspects, one of it being the federation structure adopted by the state which I will elaborate later in the paper.

The most significant part of the growth in Andhra Pradesh, according to Ramesh (2007) is that it has now gone beyond credit and assumed responsibilities which are, in every sense of the word, non-traditional. For example, the SHGs have taken up marketing of commodities, distribution of old age pensions, dairy interventions etc. Thus the capability enhancement of women through livelihood opportunity generation has positively affected their capabilities and the agency that they have assumed in order to bring about constructive changes in the society.

Most of the scholars profess that SHGs are not panaceas for every situation and in India there have been innovations that have soon degenerated into, as Ramesh (2007) calls them ‘solutions in search of problems’.

II. SEN’S CAPABILITY APPROACH

A brainchild of Amartya Sen, this concept emphasizes the significance and contingency of well-being on ‘freedom’ that one enjoys. Freedom here would mean ‘individual freedom’ as Sen (1979) takes individuals to be the building blocks of the society and an end in themselves. He professes that these freedoms are necessary for a balanced evaluation of development, for relying merely on the monetary measures, would be to only look at the “means to expanding the freedoms of the society”, which is also important. “But..”, he further says, “..freedoms depend also on other determinants, such as social and economic arrangements (for example, facilities for education and health care) as well as political and civil rights (for example, the liberty to participate in public discussion and scrutiny)” (Sen, 1999: 3). In the pursuit there is a requirement of removal of major sources of unfreedom: of poverty as well as tyranny, of poor economic opportunities as well as systematic social deprivation, of neglect of public facilities as well as intolerance or over-activity of repressive state (Terjesen, 2004)³

The freedoms, he says, are important precisely for two reasons:

- The evaluative reason: whether the freedoms of an individual are enhanced
- The effectiveness reason: the pursuit of freedom has a bearing on the free agency of people.

The first reason is what renders such importance to expansion of freedoms (as not only ends but also means to this end) of people in the developmental process. While the latter is important in that “... free agency is not just a constitutive part of development, it also contributes to the strengthening of free agencies of other kinds” (Sen, 1999: 4). Moreover having freedom to pursue ends that one has reasons to value is significant for two reasons in particular: for the person’s overall freedom, and also in fostering one’s opportunity to have valuable outcomes.

These freedoms, he categorizes in two parts: functioning and capabilities. Functionings is roughly the various things a person may value doing or being. Living, thus could be seen as a combination of interrelated functionings. These functionings could range from as elementary as being able to be adequately nourished or healthy to as complex as activities or personal states, such as being able to take part in the life of a community and having self-respect.⁴ Functionings, as what one is able to finally be or do in terms of achieved outcomes, shows at best what one came out with but in no way shows the full expanse of what capability set or set of choices they had at their disposal.

³ Terjesen, S. A. (2004). Amartya Sen's Development as Freedom. *Graduate Journal of Social Science*, 1(2), 344-347.

⁴ “Functionings”, as Sen (1999) points has distinct Aristotelian roots and also emphasizes on the external arrangement- political, social, economic etc- for people to be able to choose their functioning

Sen (1993) defines capability as a 'person's ability to do valuable acts or reach valuable states of being; [it] represents the alternative combinations of things a person is able to do or be' (cited in Melanie Walker et al.)⁵. These capabilities imply to the ability (contingent on the opportunities and freedoms) of an individual to generate valuable ends and could include a person's ability to be adequately nourished or adequately accommodated etc. However this is not to say that these capabilities have no intrinsic value (valuable in itself) and are mere instruments (valuable as a means to attain valuable ends), for had this been the case then the capabilities would be mere alternative combination of functioning. But they transcend themselves into more than just instruments to a valuable entity in themselves.

To elaborate this point, Sen (1979) takes the example of starving and fasting, wherein he says that although both serve the same functioning of not eating but there is an intrinsic difference that of what the subjects are capable of doing. In the former they are restricted by their incapability to eat and it is not about choice, while in the latter they have the choice of eating and are capable of it but they choose not to. Thus the notion of capability essentially has to do with the freedom, freedom of choice, choosing the kind of lifestyle one has reason to value.

Thus, while functioning represents the actual achievement of a person, capability set represents their opportunity freedom, the freedom to opt between alternative combinations of functioning. The capability approach thus emphasizes on the capability set of a person i.e. what one is capable of being or doing and not the functioning or outcomes. Thus, freedom is not treated as just an end but rather as the means to the end, the end that one has reason to value.

Chambers & Conway (1992) coined the concept of Sustainable livelihood which uses the concept of capability, equity and sustainability to forward an ideal livelihood approach and takes capabilities to be an important yardstick to measure the development. The capabilities include the capability of the livelihood to come out of the stresses and shocks, being able to make use of the livelihood opportunities that one wishes to undertake etc. Thus, capability approach holds much currency in many different arenas including that of formulating a concept of Sustainable livelihoods.

III. NUSSBAUM'S CAPABILITY APPROACH

Nussbaum in the year 2000 also came up with her own concept of Central Human Capabilities. Her's had more to do with the social justice perspective and how capabilities fit into the arena of social justice. Much like Sen, she also emphasizes on 'what is a person actually able to do or be'. This according to her underlined the central tenet of Capability. Although the concept is close to Amartya Sen's Capability approach but there still are fair points of distinctions and departure. Her approach carries a Feminist philosophical undertone and thus focuses heavily on the genderedness of capability deprivation.

Nussbaum (2000)⁶ herself went on to point that her ideation of the approach has been developed independent of Sen's while working through Aristotelian thought and Marx's application of the same. While Sen's capability approach is more of an undertaking towards lineating an effective space for assessment of quality of life measures, Nussbaum uses the idea "in a more exigent way, as a foundation for basic political principles that should underwrite constitutional guarantees." (Nussbaum, 2000). This implies to a certain distinction between the two in so far as the underlying objectives are concerned even when they share much the same prescriptions.

Nussbaum's Capability approach constitutes of a list of Central Human Capabilities. Although her formulation is more or less similar to Sen's Capability Approach, there still are fairly numerous points of departure. For instance, Amartya Sen left it at not delimiting capabilities while Nussbaum gave a set of Central Human Capabilities. The list, she emphasizes, provides the "underpinnings of basic political principles that can be embodied in constitutional guarantees" (Nussbaum, 2000). Although these central capabilities have, much like Sen's capabilities, an intrinsic value of their own apart from the instrumental value that they possess. And she is aware of the limitations of the approach when she points that this list of the central capabilities is not a complete theory of justice but still provides us with a basis for determining a basic minimum social standard in a variety of areas.

⁵Walker, Melanie & Unterhalter, Elaine (2007), *Amartya Sen's Capability Approach and Social Justice in Education*, USA, Palgrave Macmillan

⁶ Nussbaum, Martha C., (2000), "Women and Human Development: The Capabilities Approach", Cambridge University Press

Her list of ten central human capabilities include- Life; bodily health; bodily integrity; senses, imagination and thought; emotions; practical reason; affiliation; other species; play and; political and material control over one's environment

While the given list of Central Human capabilities does cover most of the things that one values but in no way is completely unalterable. These are also not completely isolated capabilities. But then they are also separate from one another in the sense that one cannot make up for the deficiency in one of these capabilities by giving her more of the other. One is contingent and leads to some other capability. These however are not timeless, as pointed by Nussbaum herself who says that these have been framed keeping the contemporary times in mind and are open to modifications suiting the context. She further believes that these capabilities are basically 'combined capabilities' i.e. the internal capabilities that get the much needed external support⁷. To realize these capabilities is not only the realization of the functioning that one is able to achieve but also the realization and customization of external condition to suit one's pursuit. Although the distinction between internal capabilities and combined capabilities is very blurred because developing internal capabilities would anyway require assistance from external conditions. Readiness of internal capabilities could be affected by the persistence of deprivation, for instance the internal capability of a woman to make a living out of her labour could be affected by the persistent denial of opportunities to achieve the same functioning by the patriarchal norms and values imposed by the society. Thus, we all know that women are more vulnerable to poverty than their male counterparts, solely for the fact that they are unable (or rather are denied) to convert their internal capabilities into combined capabilities.

Of these capabilities the author invests more weightage to the capability of practical reason and affiliation. The former in a way, refers to the free agency that a person is able to exercise and of being able to control the course of one's own life (being an 'agent' and not a 'patient'). The latter central capability, that of affiliation, entails the importance of self-respect and leading a life of non-humiliation.⁸

IV. FEMINIZATION OF POVERTY

The idea of 'feminization of poverty' was posited by Diana Pearce in 1978 in relation to the disproportionate representation of female headed households dealing with poverty⁹. A larger debate around the idea took shape in the later decades and refers to 'a change in poverty levels that is biased against women or female-headed households' (Madeiros and Costa, 2008). Poverty, referring to the lack of resources, capabilities or freedoms gets more and more prominent for women who are more prone to suffer such disadvantages due to structural societal constraints. Thus, we see that the lack of capabilities (as one of the chief dimensions of poverty) manifests itself in the feminization of the phenomenon of poverty. There is a contingency of poverty on lack of resources and assets as well, which in turn hampers one's capability to pursue outcomes that is of value to her. Also it doesn't help that her labour (household work and reproductive work) is ascribed unproductive. To empower women to have control over their "material environment", would further help her in other intangible ways like being able to gain a greater control over her own life choices¹⁰.

⁷ Martha Nussbaum in her book "Women and Human Development: The Capabilities Approach" differentiates between 'basic capabilities', 'internal capabilities' and 'combined capabilities'; the basic capabilities are the natural, innate capabilities of a person like capability to hear and see; the internal capabilities are the capabilities that are requisite for performing a certain functions and unlike the basic capability are advanced states of pursuing the functions; combined capabilities on the other hand are the internal capability that get the requisite external support and are manifested in various ways.

⁸ Close to Adam Smith's 'necessaries', 'in terms of their effect on the freedom to live non-impovertised lives (such as 'the ability to appear in public without shame')' (cited in Sen, 1999)

⁹ Pearce, D. (1978). The feminization of poverty: Women, work and welfare. *Urban and social change review*, 11(1-2), 28-36.

¹⁰ It is noteworthy that Nussbaum's various central human capabilities are not mutually exclusive but interrelated, at times even reinforcing each other. For instance, women with material agency are able to further their capability to life, bodily health and integrity and even hold the key to one's participation in the society as a productive and equal member. Similarly the capability of bodily health and integrity helps one pursue other such central capabilities like material control, political participation etc

Thus there is a two-fold and somewhat interrelated cause of this phenomenon:

- The ingrained patriarchal structure of the society that manifests itself in the form of gender based inequalities and thus denying material entitlements to the women (assetlessness and lack of resources)
- Not just the denial of entitlements but also the denial of utilising one's own internal capabilities to achieve this end (thus, the denial of one's agency)

We would focus on the second aspect that of denial of one's agency to utilise her internal capabilities to pursue valuable ends in the form of stepping out of the poverty trap which is not only that of material deprivation but also of capability deprivation.

Before moving further it is of vital importance for us to have a better grasp of the concept of "agency"

V. WOMEN AND HUMAN AGENCY

As discussed earlier, one of the significant aspects (apart from capability and functioning) in Capability Approach of Amartya Sen (1999) was that of human agency which he defines in his definition of an agent as being "someone who acts and brings about change, and whose achievements can be judged in terms of some external criteria as well" (Sen, 1999). It is concerned with the 'agency role of the individual as a member of the public and as a participant in economic, social and political actions' be anything from being a participant in the market to being indulged, directly or indirectly, in political and other activities. There has been an increased emphasis on the face-off between the two key aspects of capability approach, well-being and agency. While much emphasis has been placed on the former in the popular women's movements, where much of what they demanded was better treatment for women, thus in effect demanding well-being for women, the emphasis has gradually evolved and expanded from this welfarist notion of well-being to an increasing incorporation of demand for agency for women. This entails seeing and recognizing women as agents in themselves, and of their own transformation and that of the society. For instance, the Self-Help Groups rely on the agency of women themselves to bring about a change in their lives and worth by undertaking livelihood opportunities that enhances their freedom. The well-being aspect sees them as a "patient" rather than as an "agent" and as a passive recipient of the welfare extended to them by the state. This is not to say that these are mutually exclusive of each other and one does not encompass or is not contingent on the other. In fact, Sen maintains that active agency of women cannot ignore the need for removing many inequalities that deplete the well-being of women and similarly the well-being of women cannot but have a bearing on extending agency to them to have a stake in their own well-being.

This distinction between agency and well-being is the distinction between capability and functioning; wherein capabilities are the alternative sets of "doings or beings" (functioning) that one is capable of achieving while functioning is the actual outcome. Agency much like capabilities are the ability of an agent to bring about a change while well-being like functioning is the general outcome that is received by the person ("patient"). The bearing of women's ill-being on the status of their employment opportunities, their ownership rights, literacy status goes on to show that the ill-being of women has a high correlation with the absence of these agencies. Provisions of participation in the political arena is also one such way of enhancing the well-being of women by giving them place in what is largely considered to be "man's game", but that might not get translated into increased agency of women. We are all well aware of the concept of *sarpanch-pati* or proxy-head¹¹. Thus in order to have an agency, the women themselves has to be willing participants in their own transformation and not mere passive recipients of welfare initiatives designed for them.

¹¹ The women selected as heads of the Village Council or *Panchayat* who just act as proxy to their husbands and all the decisions are taken by the men and women are mere titular heads

However here, in the paper we will focus on the very first such agency i.e their earning power and economic role by trying to look at the role of micro-financing institutions (particularly SHGs) in lending a voice and agency to the women of rural areas of the country.

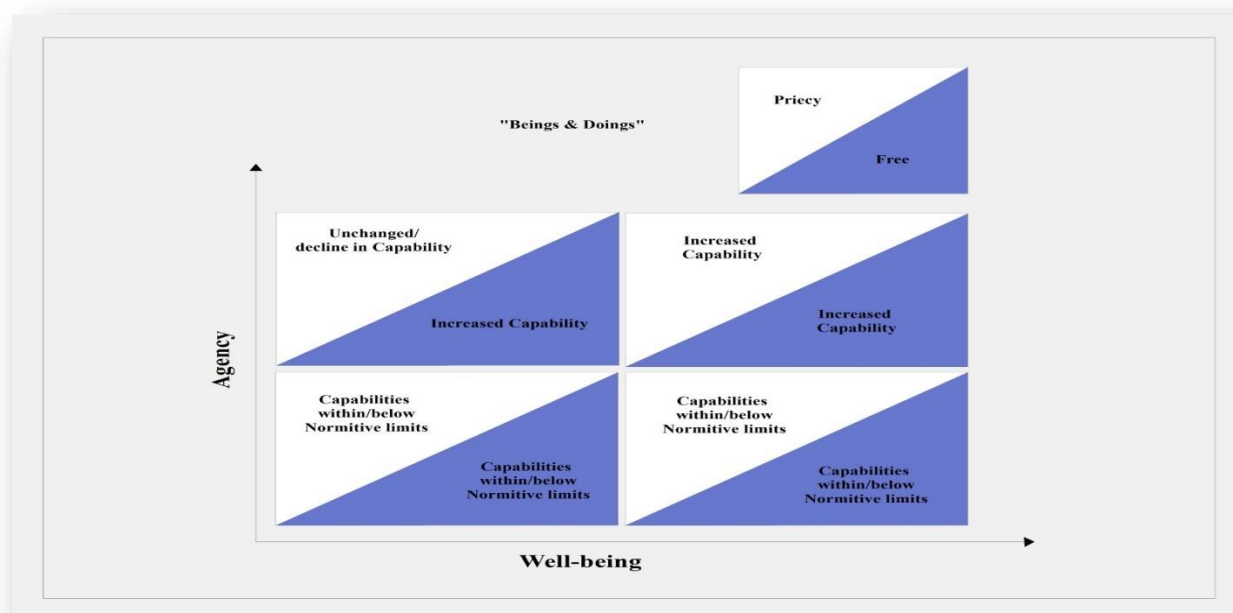


Figure 1 capabilities in 'quality of life' scenarios

Source: Based on Sanyal (2014)

As Sanyal (2014) points that within the basic understanding of social structure as “schemas and resources”, agency is the inherent human capacity that is there in all individuals “for desiring, for forming and for acting creatively” (Sewell cited in Sanyal, 2014)

While for Sewell women’s agency rests on her ability to fulfil her ‘desires’, for Sen (1999) it is about ‘choices’ or being able to choose. According to him only those choices that have the ability to “objectively” change or transform the lives of women are indicative of agency.

Objective in this context, is the “expansion of personhood, and for participation in social, economic and civic or political sphere of action....” (Sanyal, 2014). The author defines agency to be a state of consciousness that asserts itself through acts that seek to critique, resist and overcome social norms. She distinguishes between two different capabilities:

- The first capability as ‘beings and doings’ that requires economic means to materialize. It is termed as ‘pricey’
- The other capability as ‘beings and doings’ that can be pursued free of any economic cost.
- The latter, at times, is equally or even more important and one might be willing to forego economic

well-being in order to pursue the free array of beings and doings, for instance, one might choose freedom to do something or go somewhere more than one might want material wealth. On this line the author has coined a matrix of capabilities in various Quality of life scenarios.

In the above matrix, different combinations of well-being and agency could be seen. In the case of micro-credits there is a greater possibility of an increase in women’s agency even if there is minimal corresponding increase in the economic well-being.¹²

¹² The other combinations being

- Agency and well-being both low (the lower left hand box)
- Agency low and well-being high (the lower right hand box)
- Agency high and well-being low (the upper left hand box)
- Agency and well-being both high (the upper right hand box)

VI. MICROCREDIT AS A TOOL TOWARDS CAPABILITY ENHANCEMENT OF WOMEN

SELF-EMPLOYED WOMEN'S ASSOCIATION (SEWA)

The Self-Employed Women's Association (SEWA here onwards) was formed in the year 1972 in Ahmedabad, Gujarat. Ela Bhatt, trained as a lawyer saw the precarious conditions in which the women workers of the textile market were living, getting meager income out of the hard work that they did while their male counterparts were supported by the Textile Labour Association, the union of whose Women's wing Ela Bhatt was the president. She conceived this idea of organizing them and others with such low income into a union which she named the Self-Employed Women's Association. What started off as a mere effort to bring these women out of the traps of poverty turned out to be a huge step forward towards the capability generation of these women. This hugely successful step proved that given the much needed external support the internal capabilities of women could transform their lives and of those around them.

SEWA, as is emphasized by Ela Bhatt, is a 'movement' rather than a 'program'. Over the years it has grown into being one of the most successful 'movements' in the country¹³ and around the world (there are SEWA associates in South Africa, Turkey and Yemen). It has also established its own microcredit bank (SEWA bank) which carries out the function of credit support through disbursement of loans to the members. It has also inculcated in the members, the habit of regular saving.

SEWA also allows women to make their own choices, thus giving them a free agency over their own lives. The bank would provide them with loans for setting up a microenterprise or for what most economists consider 'unproductive', such as weddings. SEWA concentrates its member services in the following four arenas: healthcare, childcare, insurance and housing and believes that the livelihood security of women is not complete without securing their accessibility to these four basic services. All these basic services entail the basic freedoms that one ought to enjoy in order to achieve a life free of deprivation of any sort and capability enhancement is also contingent on these. Self-respect that Sen takes to be an absolute imperative is the heart and soul of SEWA. While most of these aspects are very hard to measure, their importance lies in the fact that they help instill a sense of worth in women, which has earlier been very conspicuously absent (World Bank Case study (2004))¹⁴

While such initiatives might not increase the economic well-being of women (not to say that it does not better the economic conditions at all), it does increase their agency to assert their worth and help them evade the oppressive societal structure. This is a direct consequence of their newly acquired freedom to be associated with activities provided by the microcredit and be indulged in a wider set of "beings and doings". The case of Vasanti¹⁵ cited in Nussbaum (2000), is an example of how such small initiative as extending credit to the poor can transform their life and from being mere passive recipients they become active agents in their own betterment.

VII. SELF-HELP GROUPS (SHGS) UNDER SGSY AND NRLM

'There now exists both a substantial track record of accomplishments and a significant body of scholarly studies that together paint a picture of microcredit as a compelling anti-poverty and development strategy. Taken together these accomplishments communicate the possibility of moving towards a world freed from the blight of poverty, within a length of time measured in years rather than decades or centuries.' (Global Microcredit Summit, 1997)

¹³ It has grown to establish its own union, banks etc. Some of the organizations in the SEWA family are the following SEWA Cooperative Bank (1974) • First Milk Cooperative (1979) • Anasuya (newsletter) (1982) • SEWA National Association (1982) • First Artisansí Cooperative (1982) • Video SEWA (1984) • First Child Care Cooperative (1986) • First Tree Growersí Cooperative (1986) • BDMSA (first rural program, in a drought-prone area) (1987) and many more

¹⁴Blaxall, John (2004) "India's Self-Employed Women's Association (SEWA) Empowerment through Mobilization of Poor Women on a Large Scale", World Bank

¹⁵Vasanti, a poor woman from Gujarat, stuck in an abusive marriage, was able to transform her situation by being associated with SEWA. She took a loan and established her own enterprise and at the time of her interview, she had already repaid all her loans and had two small savings account of her own.

This statement was given in a summit which was held in Washington in 1997 talked about microcredit being an effective means to eradicate poverty. In light of the rural poverty scenario, a large number of government and non-government organisations are engaged in poverty reduction activities with ample aid from microfinance, that reaches out to the poor (especially women from the most disadvantaged cohort), extending credit support to them. The success stories like that of SEWA Bank in India, concretise the importance of credit based approach to addressing the problem of poverty. The failure of formal financing institutions to extend credit support to the rural poor has invited the mediation of various Self-Help Promotion Institutions (SHPIs here onwards), chiefly NGOs, and government to ease the process of credit support to the rural poor. Self Help Groups (SHG)¹⁶ is one such microfinance mechanism through which pauperisation of women in rural India is being addressed. This pauperisation is not a matter of concern merely because it renders them devoid of assets to sustain themselves but about what Nussbaum and Sen both in their own rights talk about, that is the capability deprivation that it entails. So, it's not merely about the unfreedoms that lead to the material deprivation (or the other way round) but also about the depletion of 'internal capabilities' that is caused by these unfreedoms. As rightly pointed by Nussbaum (2000), "all too often women are not treated as ends in their own right, persons with a dignity that deserves respect from laws and institutions. Instead they are treated as mere instruments of the ends of the others- reproducers, caregivers, sexual outlets, agents of a family's general prosperity." This puts women in a rather disabling position, wherein their contributions are structurally undermined both in the labor market as well as other roles.

Before moving further, let us first understand what micro financing and Self Help Group actually mean. Microfinance refers to "...a set of financial services namely credit, savings and insurance extended to the poor individual or household." (Selvam, 2005) Also "...Micro finance can be perceived as microsavings, microcredit, housing credit for poor and microinsurance" (Dasgupta et al, 2003). Thus we understand that Micro finance refers chiefly to credit support, savings and insurance extended to the rural poor that would assist them in organizing themselves and undergo a productive transformation. This transformation starts chiefly with the people organizing themselves in groups and indulging in productive activities with aid from formal financial institutions and SHPIs. The entity that thus comes out of the process is what we know as SHG.

A Brief Historical Trajectory of SHGs

The first instance of credit support came in the form of Indian Cooperative Act in 1904 which extended credit facilities to the farmers. Until 1960's focus was on agriculture credit through cooperatives. In 1969, there was a shift towards commercial banks of which 14 were nationalized. In 1970s further, a network of Regional Rural Banks (RRBs) was established to meet the requirements of developmental goals in rural sector. This formed the largest banking network in the world with one branch for every 15000 rural households and a cooperative in approximately every village. Although since independence, the Indian state had often intervened to insist on the financial institutions to extend credit facilities to the poor. Integrated Rural Development Programme (IRDP) introduced in 1980-1981, being one such attempt which aimed at providing subsidised loans to the rural poor to develop assets in order to better their situation. This led to handicap and dependency in people who consumed loans at the subsidised rate without caring about the repayment. These anti-poverty programmes thus, were not sustainable and led to dependency among the people.

In the early 1990s, under the structural adjustment programme, the Swarna Jayanti Gram Swarozgar Yojna (SGSY) was introduced by the government. The objectives of the SGSY was to provide the poor with the income generating assets through a mix of credit from the banks and government subsidy in order to bring the poor above poverty line. The rural poor were encouraged to organize themselves into SHGs through various activities. The government looked forward to the following through the SGSY programme:

¹⁶Defining SHG, "SHG is an informal, homogeneous, small group generally formed by an outside agency called Self Help Promotion Institutions (SHPI) which could be Non-Governmental Organisation (NGO), FFI or Government Institution (GI)" (Dasgupta et al 2003)

- Organization of rural poor at grassroots level through the process of social mobilisation
- Unfolding the tremendous potentials of the people by organizing them
- Large participation, decision making ability and the formation of SHGs is of great assistance in this aspect
- Harnessing the abilities of the poor and channelizing it towards efforts to come out of the trap of poverty

SHGs as the most apt micro financing institutions were strengthened with NABARD¹⁷ professing further nationwide evolution and proliferation of microfinance activities through 'self-help groups- Bank Linkage' model. In this model the banks were mobilized to extend credit support to the SHGs and the SHGs that perform well under the model are further given loans at a subsidized rate of interest. Since they perform well, there is an increased possibility of full repayment of loans and also cumulative savings. This will result in a profitable situation both for the Financial Institutions and for the SHGs.

A Step Ahead: National Rural Livelihood Mission (NRLM)

NRLM is a poverty alleviation programme launched in 2011 by the Ministry of Rural Development. It aims at poverty reduction among women through livelihood based approach. It basically is an extension of SGSY but with a complete focus on women as they constitute the most disadvantaged section of the rural community. It mobilizes women belonging to the weakest cohort of the rural society into forming Self Help Groups (SHGs) and take up a livelihood of their suiting. The removal of poverty being the functioning, NRLM aims at more than just that, it tries to generate capabilities (more aptly the combined capabilities) as is clear from the following guiding principles of the Programme.

In line with the guiding principles of NRLM¹⁸, the implementation is built on the promise that women have an innate capabilities (or what Nussbaum calls internal capability) which requires a favourable external environment to be transformed into combined capabilities, which would then help them in achieving valuable ends. This external support structure is guaranteed in by the second guiding principle. It also talks about 'sustainable livelihood' which is different from livelihood per se. Defining livelihood, "it comprises the capabilities, assets (including both material and social resources), and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base" (Chambers and Conway, 1992)¹⁹. Thus there is an emphasis on creating cushions which would make the livelihood resilient of the shocks that it is likely to suffer. These shocks could be in the form of structural breakdown or policy paralysis and the resilience of the individuals or groups to such shocks and stresses.

VIII. ACCESS TO MICROCREDIT: EVIDENCE TO POSITIVE AFFIRMATION

Vandana Yadav, a young woman in her thirties, from a village named *Dandi* near *Allahabad* (now *Prayagraj*) in UP is one of the many who not only helped herself out of doldrums but also became a major source of change in the conditions of others. She was in an abusive marriage, her husband was evicted from his job and used to come home drunk. She could not stand her ground since she had nowhere to go or no financial independence. Her family gradually slipped into poverty. She then joined a Self-Help Group in the year 2011-2012 being run under the SGSY Programme and since then has set up her own workshop where she makes candles, pickles, potato chips and supplies these to the local vendors. By way of this, she not only gained agency to positively transform her own life through microcredit but also was able to bring her husband out of the clutches of addiction. She opened up a small grocery shop for her husband where he works now.

¹⁷ National Bank for Agricultural and Rural Development (NABARD), is an apex institution, accredited with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India.

¹⁸ WWW.NRLM.gov.in

¹⁹ Chambers, R. & Conway, G.R (1992), "Sustainable Rural Livelihoods: Practical Concepts for the 21st Century", IDS

Another evidence comes from the village of *Kosbhara Kalan* in the district of *Ambedkar Nagar*, where *Pooja* (name changed), a member of *Khushi* SHG had taken out loan from the SHG for her leprosy treatment that she had been suffering from. Within a span of six months from the pilot to the survey, all visible traces of leprosy were completely gone and she almost broke down in tears talking about how, had it not been for the SHG, she would not have been able to afford the treatment.

While such examples do help positively affirm the significance of microcredit institutions, what remains to be seen is a meta-transformation in the condition of women, where access to credit has not just material and superficial effect on women but also changes something more intangible and deeper within them. In case of microcredits, more often than not, agency is enhanced as a positive externality because of ‘the greater associational freedom and scope created by the microcredit that allows the women to engage in wider set of free “beings and doings”....’ (Sanyal, 2014).

IX. CONCLUSION

The conception of seeing development as expansion of freedoms of people in the which would lead to their capability enhancement and would eventually lead to better outcomes in the form of achieved functionings (beings and doings), has sought much support. The policies now focus more on ‘what one is capable of being or doing’ (capability) than on ‘what one is’ (functioning). The idea of microcredit tries to operationalize this concept and through disbursement of credit under a structural institutional setup, tries to enhance the capabilities of women, instilling in them an agency and making them the active participants in their own growth. This initiative, as pointed earlier, may or may not necessarily organically lead to their economic wellbeing but sure does improve their sense of self, empowering them in ways over and above just economically, as is evident by the SEWA example where poor women have not only excelled in microcredit process but also have went on to establish Unions, banks and help others in need. The same is affirmed through Andhra experience of Self-Help Groups (SHGs) where women surpassing their traditional roles, have contributed heavily towards social welfare initiatives like pension schemes etc. The success of Andhra Pradesh in the field of microcredit is also in a way the success of the structure that supports and enhances the initiative. Finally, the idea of development as freedom expansion (expansion of capabilities more than of functioning), is contingent upon the agency that one has, which is to be able to take one’s own decisions and pursue the ends that they value. As is pointed earlier, there is an evidence of positive effect on the agency aspect of women as their abilities to act outside the norms of society has increased and they are less likely to get adversely affected by the societal pressure and existent oppressive norms prevalent in the country.

There still however, is a deficit of protective cushions and structural measures that could help render greater strength to the microcredit practices. For instance, the method of Participatory Identity of Poor (PIP)²⁰, howsoever efficient it might sound, still allows space for a wide range of malpractices in the form of misidentification and power structures being reinforced to negatively influence the initiative to reach the intended lot. This idea of ‘development as freedom’, however is an intrinsically enabling and significant idea as this has set the pace for policies to be directed towards more justified and legitimate ends.

²⁰ Through this process, the target group of poor women are reached by way of nomination during the Village Council meeting. This is done to minimise fraudulent claims of the benefits by undeserving candidates.

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