

**EMPOWERMENT OF WOMEN WITH MICRO  
CREDIT: A STUDY OF WOMEN SELF HELP  
GROUPS IN GANJAM DISTRICT OF ODISHA**

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## **DECLARATION BY THE CANDIDATE**

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I, Sangram Charan Panigrahi, hereby declare that this thesis on the topic entitled “Empowerment of Women with Micro credit: A Study of Women Self Help Groups in Ganjam District of Odisha” is submitted for the award in Degree of Doctor of Philosophy in Economics to the Gokhale Institute of Politics and Economics, Pune.

It is an original contribution and has been completed during my tenure as a research scholar at Gokhale Institute of Politics and Economics, Pune.

This thesis has not been submitted by me elsewhere for the award of any degree or diploma part or full. The information gathered by me elsewhere for the thesis is original, true and factual. Such material as has been obtain from other source has been duly acknowledged in the thesis. I hereby request, to consider the thesis for the award of the degree of ‘Doctor of Philosophy’.

March, 2014

Sangram Charan Panigrahi

## **ABSTRACT**

### **EMPOWERMENT OF WOMEN WITH MICRO CREDIT: A STUDY OF WOMEN SELF HELP GROUPS IN GANJAM DISTRICT OF ODISHA**

By Sangram Charan Panigrahi

Access to credit is widely accepted as a means to improve the welfare of individuals and households, both in the short and the long run. The efficient method of providing credit through formal financial institutions helps to meet adverse economic shocks and poverty eradication. In India, the mismatch between demand for formal financial institutions to sanction credit and lack of fulfillment of demand compels poor people to borrow from informal sources with exorbitant rate of interest. Credit inaccessibility in rural areas impedes the development of rural sector, which potentially decelerates the development of India's rural economy. The provision of credit to the bottom of pyramid i.e. poor and deprived section of the society through SHGs is considered as a win-win model, which has become more sustainable. Micro credit not only helps in providing employment and reduction of poverty but also focuses on empowerment of women. However, the impact of micro credit on Indian households shows mixed results. The optimistic group of researchers explored the benefits of micro credit and supported the provision of credit through SHGs. On the other hand, the pessimistic group found the adverse effect of micro credit on members and opposed the programme. Keeping the contentious issues relating to the effect of group credit, the present research attempts to examine the impact of micro credit on economic status of rural households, which is measured in terms of type of dwelling house, asset position and consumption pattern etc. The economic status of rural households has been evaluated through principal component analysis (PCA), whereas logistic regression analysis is used to examine the role of credit in increasing the economic status of households. This research also emphasises on the role of SHGs in empowering women, which is measured in terms of 29 proxy variables related to participation in decision making, power of work independency, level of awareness and attitudes towards wife beating etc. In addition, it examines the key factors that influence the accessibility of micro credit and determinants of informal credit of rural households in India. Primary data has been collected from female household respondents who are living

below poverty line (BPL) in rural areas (members and non members of SHGs). The impact of credit has been examined based on comparative approach with respect to three groups' i.e. old members (who have joined SHGs 4 to 7 years ago), new member (who have joined SHGs 1-4 years ago) and non members (who never joined SHGs).

One of the findings of this investigation is that the provision of credit through SHGs helps to raise the economic status of rural households. Similarly, association with SHGs allows women to participate in decision making process, raise their work independency and change their attitude towards wife beating. The members of SHGs are found to gain more knowledge not only in terms of banking activity but also in terms of financial activities like, calculation of rate of interest, profit etc. The result also shows a significant decline in supply of informal loan, number of migrants and degree of marital control in the borrower households as against non borrower households. However, the outcome also reveals that long term association with credit programme is insignificantly related to high economic status. Similarly, participation in SHGs is not seen to raise the awareness of women in rural areas due to their high illiteracy and lack of exposure to media. One of the recommendations of this study is in favour of providing training and entrepreneurial skill to members regarding use of credit for non-agricultural purposes. This would help in solving the problem of seasonal unemployment in the rural area. Besides, this research also recommends quick supply of loan and removal of middle-men in the SHGs programme for better transparency.

**Key Words:** Micro Credit, Self help Groups, Micro Finance, Economic Status, Women Empowerment, Principal Component Analysis, Factor Analysis, Logistic Regression

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*“Dedicated to the hundreds of Women Self Help Group member residing below poverty line houses in rural area of India. Today the micro credit provides a ray of hope for future”*

## ACRONYMS

BPL	Below poverty line
BMASS	Block Mahila Achanlik Sahayika Sangha
CGAP	Consultative Group to Assist the Poorest
DMASS	District Mahila Anchalik Sahayika Sangha
DRDA	District Rural Development Agencies
HES	High Economic Status
LES	Low Economic Status
MANOVA	Multivariate Analysis of Variance
MFI	Micro Finance Institutions
NABARD	National Bank for Agriculture and Rural Development
OR	Odds Ratio
PCA	Principal Component Analysis
SBLP	Self Help Groups Bank Linkage Programme
SEP	Socio Economic Position
SHGS	Self help groups
SPSS	Statistical Package for Social Science
WSHGs	Women Self Help Groups

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