Microfinance Institutions: Do they Empower Women? 
A Case Study of Light Microfinance Pvt. Ltd.

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Abstract
Microfinance as an activity involves giving small loans to poor but economically active people, so as to bring them within the scope of financial inclusion. Microfinance is a celebrated tool of poverty alleviation but practitioners also believe that it can uplift the status of women in the society, since women are the primary target audience of micro-finance operations.

The current case study highlights the working and activities of Light Microfinance Pvt. Ltd., a microfinance institution based in Ahmedabad district of Gujarat state in India. The institution was interested in finding the impact of its operations and for this purpose, fifty clients were interviewed. It was found that the loans helped increase the incomes of the women members, which gave them a sense of self-worth and confidence. Moreover, the group formations increased their unity and they were confident of solving any developmental issues in their village. However, when it came to taking independent decisions of big ticket items, or playing a greater role in decision-making processes at home, there was almost no change in the role of these women even after availing microfinance.

Keywords – Microfinance, Impact study, Women Empowerment, NBFC
Introduction

Microfinance includes providing financial services like deposits, loans, etc. at a micro scale, especially to the marginalized community. The main aim of microfinance is to bring about financial inclusion and remedy the issue of poverty. Although the concept was formally introduced in Bangladesh by Prof. Muhammad Yunus, it did not take long for India to climb the bandwagon. A series of experiments and initiatives on the part of the Government of India led to the integration of microfinance in various activities like the Self Help Group (SHG) movement, rural banking, NGO services, etc. With the passage of time, institutions involved in microfinance realized that giving credit to women brought multiple benefits to the family and society at large. Studies showed that repayment rates on loans and contributions to family well-being were often higher for women than men (Mayoux, 1999). Hence, microfinance gradually began contributing to women empowerment.

The current case study focuses on validating the contribution made by microfinance on the empowerment of women. Several institutions, social and commercial in nature, are engaged in providing microfinance. However, to further narrow the context, researchers deliberately chose a commercial microfinance institution and its impact on a social outcome like empowerment of women. Light Microfinance Pvt. Ltd. (Light), a Non-banking Financial Company (NBFC) in Gujarat state of India was chosen as the unit of analysis. Light was typically chosen as it was set up as an NBFC-MFI and had experienced tremendous growth in its reach since inception in 2009; and it held 50 crore assets under management by March, 2015 which had paved the path for Light to enter the next league of leading microfinance companies in India. Moreover, the institution was also interested in impact assessment, which offered an ideal opportunity for the researchers to undertake the study. The case details the foundation and working of Light Microfinance Ltd. The next part of the case highlights the opinions and feedback of the women who are clients of Light, which helps get an insight into the benefits gained from microfinance. This is followed by a brief analysis about the findings and concluding remarks.

Theoretical Framework

Introduction to Microfinance

As per RBI (2011), “Microfinance is an economic development tool whose objective is to assist the poor to work their way out of poverty. It covers a range of services which include, in addition to the provision of credit, many other services such as savings, insurance, money transfers, counselling, etc.” Although microfinance was originally designed for poverty alleviation, it brought about other benefits of boosting self-employment and empowerment levels of women. Hence, it appeared as a panacea to an economy like India ailing from poverty, unemployment and male dominance. In India, NABARD took up the challenge and initiated the self-help group - Bank linkage Programme (SHG-BLP) in 1992 with a target of connecting 500 SHGs nationwide to nationalized commercial banks. The program has come a long way covering 1.6 million groups as on March, 2005. About 85 per cent of the SHGs linked to banks under the SHG-bank linkage scheme comprise women’s groups (Status of Microfinance in India, 2012-13). A study conducted by Swain and Wallentin (2009) on the SHG members clearly showed that these women were more empowered than the non-SHG members. Currently, in India, microfinance is being disbursed through formal agencies like banks and NBFCs, semi-formal agencies like NGOs, credit co-operatives,
registered SHGs and informal agencies. Moreover, the lending models also differ ranging from individual lending to Joint Liability groups, Self-help groups, etc. The Mix Market 2015 figures show that the South Asian market for microfinance consists of 55.1 million borrowers with an outstanding loan portfolio of 9.9 billion USD. 91% of these loans are used to fund micro-enterprises. The most recent figures (September 30, 2015) as updated by Mix Market (Accessed on December 1, 2015) in the context of India boast of micro-finance operations spread over 44.9 million borrowers with a gross loan portfolio of USD 8.9 billion and 2.7 million depositors with total deposits amounting to USD 89.5 million.

Women Empowerment Paradigms

Empowering women has come to be recognized as an important agenda in a country’s development. Saraswathy Amma, Panicker and Sumi (2008) have very lucidly defined empowerment as “a continuous process where the powerless people become conscious of their situation and organize themselves to improve it and access opportunities, as an outcome of which women take control over their lives, set their own agenda, gain skills, solve problems and develop self-reliance.” According to UNIFEM, “gaining the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in one’s ability to secure desired changes, and the right to control one’s life” are important elements of women’s empowerment. Batliwala (2007) has suggested that empowerment is a process, and the results of a process, of transforming the relations of power between individuals and social groups. So, empowerment can be measured looking at the patterns of access to and control over resources. Expanding on the same concept, Murthy et al (2002) suggest a framework of ‘power to’, ‘power with’ and 'power within' dimensions of empowerment. These dimensions enlarge themselves as power to control one’s own life, collaborative power to negotiate and strategic gender awareness among women. Grown, Gupta and Khan (2003) have cited a more comprehensive working model of empowerment given by Malhotra, Schuler and Boender (2002). This model exhibits various dimensions of empowerment in the form of Economic, Socio-Cultural, Familial/Interpersonal, Legal and Psychological decision-making at household, community and broader levels. The current research draws insights from this model and relates it to the context.

Impact of Microfinance on Empowerment of Women

Microfinance is seen as a tool to empower women since the major target audience of microfinance services is women. Loan repayment rates are better when offered to women and also the family as a whole is expected to benefit when a woman is in charge of financial resources. An impact study on NABARD’s SHG-BLP conducted by Sinha et al in 2012 found that female SHGs were doing extremely well in terms of recovery of loans, per capita income and savings, and the households of these female participants were comparatively better off. As a result, they suggested that the formation of female SHGs should be encouraged and all necessary services should be provided to them. However, dichotomous views do exist in the literature pertaining to the efficacy of microfinance in raising the empowerment levels of women. On the economic front, several studies have shown that women experience an increase in income after participation in microfinance programs and they also exhibit greater control over their savings and income (Galab and Rao, 2003; Saraswathy Amma, Panicker and Sumi, 2008; Jerinabi and Kanniammal, 2009). A case study by Renny and Osborn (2013)
conducted on micro-finance clients in Kenya found that these women had experienced economic empowerment through improvement in business, asset ownership, income and living standards. However, Rajendran and Raya (2010) found no positive impact of credit programs on reduction of poverty, creation of employment opportunities and creation of assets in rural areas. Rahman et al (2009) conducted a case-study on similar lines in Bangladesh, taking the borrowers of Grameen Bank and BRAC as their respondents. They concluded that the non-borrowers were equally empowered as micro-credit borrowers, probably due to the demonstration effect exhibited by the borrowers. On the socio-cultural dimension, Murthy et al (2002) found that members of SAPAP reported improvements in regularity of meals, levels of child nutrition and lower levels of infant mortality in the past five years. Similar positive results were found by Kabeer (2005) in terms of children’s health, nutrition and education and they were seconded by the findings of De and Sarker (2011). A research study by Rehman et al (2015), which used qualitative approach and case study method, recognized that microfinance brought positive changes in the household conditions, family wellbeing and social status. Although there is ample evidence on the positive social impact of microfinance, research has also shown that microfinance leads to increase in workload to the extent of engaging children in work rather than education, and there are incidents of increased domestic violence post participation in microcredit programmes (Cortijo and Kabeer, 2004; Goetze and Sen Gupta, 1996). At the familial level, various studies support the view that women’s credit programs improved their status within the household because they were seen as income earners (Naved, 1994; Hashemi, Schuler and Riley, 1996; White, 1992). Galab and Rao (2003) also found women to enjoy greater participation in matters of family planning and contraceptive methods. The study by Rajendran and Raya (2010) and R. Subhashini (2013) conducted in Tamil Nadu, India, concluded that microfinance brought psychological and social empowerment in addition to economic empowerment. They found that the impact of micro finance was significant in bringing confidence, courage, skill development and empowerment. A case study conducted by Muhammad et al (2011) on rural women who had availed micro-credit in Pakistan concluded that microfinance significantly contributed to the empowerment of women by influencing their decision-making power and improving their socio-economic status. On the political end, Reddy and Manak stated that credit programs also influence political awareness and activity among women. Hashemi, Schuler, and Riley (1996), in their comparative study, found that participation in BRAC had a stronger effect on participation in political campaigns and public protests than did Grameen. Hence, there is a plethora of literature which notes the impact of microfinance on various dimensions of empowerment in women; however, the striking fact is that there are contrasting views of the same. The current study is an attempt to validate the positive claims of microfinance on the upliftment of women.

**Methodology**

The main objective of our study was to find out the impact of microfinance on empowerment of women residing in rural areas.

**Research Questions:**

1. Which aspects can be considered for identifying empowerment of women?
2. Does a microfinance program affect the identified
aspects which reveal empowerment levels of women?
3. Which features of a microfinance program have a bearing on empowerment of women?

To study the above objective, secondary research was carried out in the first phase, wherein the concept of microfinance was studied in detail. Moreover, various paradigms of empowerment of women were also studied to identify the key variables which could serve as proxy for empowerment. Finally, the model of Malhotra, Schuler and Boender (2002) was taken as the base for identifying the indicators of empowerment of women. They have illustrated various dimensions of women’s empowerment as economic, socio-cultural, familial, legal, political and psychological at the household, community, and national levels. The variables identified in this model were incorporated in the research instrument used for the current study.

In the next phase, an attempt was made to study the practices in microfinance. For this, Light Microfinance Pvt. Ltd., an NBFC-MFI engaged in microfinance operations was taken as the unit of analysis. Secondary research included studying the annual reports, various project reports of the company and the website. Being equipped with this information, primary interviews were conducted with the officials of the company who included the Chief Executive Officer, project coordinator and field personnel (facilitators). The next step consisted of indepth interviews of various clients of Light Microfinance, especially women residing in rural areas. Structured questionnaires were also administered for quantifying certain variables. So, the case takes into consideration the perspectives of service-providers as well as beneficiaries.

The case deals with the foundation of Light Microfinance and its modus operandi. The interviews of the women members of Light Microfinance are analyzed to reach certain conclusions about the effect of joining Light on their empowerment levels.

**Genesis**

“What being in social business is beneficial to a company because it leverages on business competencies to address social issues, involves one-time investment with sustainable results, and produces other positive effects such as employee motivation and improved organizational culture.”

Muhammad Yunus

Light Microfinance was established in January, 2009, headquartered in Ahmedabad, to cater to microfinance needs of women in rural and semi-urban areas of Gujarat. K. K. Finbuilds Pvt. Ltd., an NBFC based in Jaipur was acquired by Mr. Deepak Amin, an angel investor. An application was made to the Reserve Bank of India (RBI) for obtaining a Certificate of Registration. After the due diligence process, which included receipt of name change and approval from Registrar of Companies, Light Microfinance began its operations in August 2009. In February 2012, following an application, RBI also issued a Certificate of Registration upon changing the registered office from Jaipur to New Delhi. The head office of the company was established in Ahmedabad and its activities were carried out in several districts of Gujarat, inclusive but not limited to Ahmedabad, Kheda, Gandhinagar, Mehsana & Surendranagar where it had set up its nine branches comprising of more than hundred employees. In its endeavour to expand its operations geographically, the company started offering its services in Rajasthan. The head office accommodated several departments related to product design,
planning, legal and secretarial, finance and treasury, marketing and logistics and human resources, while the branches mainly dealt with operations and reporting of field personnel. Light Microfinance had a clear vision of becoming the leader in providing micro and meso financial products and services, which would help serve its mission of enabling the poor and the excluded lot to live a holistic and dignified life. Although Light Microfinance did not have the permission to collect deposits, its main focus area was distribution of micro-credits solely for economic purpose. The sources of funds mainly comprised of equity investments made by the promoter, borrowings from banks like Bank of India, Bank of Baroda, IDBI Bank Limited and Central Bank of India, and private players in the market such as MAS Financial Services Limited, IFMR Capital Limited, Reliance Capital Limited and Ananya Finance, the NBFC arm of Friends of Women’s World Banking (FWWB). As of September 30, 2014, loans outstanding amounted to Rs. 2,369.09 lakhs and the company proposed to enhance its borrowings from other players in the market. Currently, the paid-up capital of the company is Rs. 575.00 lakhs contributed by the promoter Mr. Deepak Amin. The company had earned profits of Rs. 44.32 lakhs for FY 2013-14 and the Net Owned Funds stood at Rs. 5.62 crores as on March 31, 2014. Due to its emphasis on gender and poverty programs, Light Microfinance targeted rural and semi-urban areas and designed products especially suitable for women. Aligning to its basic philosophy, Light Microfinance upheld values of being ethical and transparent in its dealings, respecting time and individuals, rewarding performance and growth and being a learning organization, which continuously strived for innovation and encouragement of creativity. The company was successfully managed by the Promoter and Chairman, Mr. Deepak Amin who acted as an angel investor and brought in his technical expertise and experience. Mr. Rakesh Kumar, who had extensive experience in setting up centres for providing microfinance, ably led the Operations at Light. Mr. Aviral Saini led the Business Development and Finance functions of the organization as he was an expert at developing strategic and financial roadmaps for businesses. Mr. Deepak Amin had witnessed Light Microfinance move up the ladder; from a loan portfolio of Rs. 1 crore in September, 2010, it had crossed the mark of Rs. 2.5 crores in March, 2012; from recording its first monthly profit in December, 2011, it had moved to its first annual profit in March, 2013. This was a result of continuous improvement in the company’s processes and products. The interest rate was reduced from 29.25% to 27.745% in order to adhere to the norms laid down for NBFC-MFIs by the RBI. Similarly, a new product had been launched, wherein micro-credit of Rs. 30,000 would be given to members with a disciplined and excellent repayment track-record with the organization. Mr. Deepak Amin was deeply interested in evaluating the impact of microfinance in order to improve and customize future products to meet the requirements of Light’s target segment. He knew that microfinance was undoubtedly helping the women in terms of economic prosperity; however, he was concerned about the twin goal of empowering the women after availing microfinance. Various meetings were held with the respective department heads to understand the feasibility of launching new products to meet the varied credit requirements of the existing clientele, so that their migration to economic self-sustenance could be much more meaningful and sustainable. Discussions with various parties and stakeholders were had to understand and launch such products in the near future.
Working

Light Microfinance followed a standardized procedure for formation of groups and thereby disbursement of micro-credits (Refer to Annexure 1). The process started with a visit of the field personnel to various regions, wherein they covered multiple villages. The main target population of Light Microfinance was women, especially from the rural areas, who were mostly economically productive but could not rise beyond a certain level due to lack of resources, especially funds. Moreover, it is empirically proven that the woman's income is used for the family, especially children's needs. Hence, financing a woman would lead to an improved standard of living for the household. Women who received the loans increased their income substantially, improved their families' nutrition and faithfully repaid their loans. They also had higher aspirations for their children's education and were more likely to reduce fertility (Drioadisuryo, Rosintan & Cloud, 1999). Pitt, Mark & Khandker (2003) also noted that women's credit had a large and statistically significant impact on two of three measures of the health of both boy and girl children, while credit provided to men had no statistically significant impact on the same. The Light team, on a typical field visit, recorded information related to demographics like per capita income, type of house, fuel used, basic services, etc. This data was then appraised to identify the regions which would be most suitable for operations. The selected villages would then be visited to hold initial promotion events which were also known as Projection Meetings. These meetings were aimed at creating awareness and educating the local people about the organization and its products and services. The Light team would also address queries and doubts presented by the villagers at this juncture. After the successful completion of meetings, the next phase included the formation of groups in villages. Light Microfinance followed the Joint Liability Group (JLG) model for delivery of micro-credit, which ideally comprised of 5 to 10 members in a group. Such groups were designed with the objective of taking loans for economic purposes and generally, group members followed homogenous economic activities. The disbursement of credit took place on an individual basis or group basis. The group formation exercise was closely reviewed by Field Executives to ensure that the formations encouraged social inclusion and mutual trust. Groups at one location became part of a centre where all meetings would be held. Each centre was proposed to include a minimum of 10 groups and a maximum of 40 groups. If more than 40 groups were formed, a separate centre was formed to accommodate the extra groups.

After the formation of groups, in phase three, the members were called to nearby branches for assessment of creditworthiness. The KYC (Know Your Customer) documents and other identity cards were taken from the members pursuant with RBI norms. Credit check of clients took place through Equifax and HiMark credit bureaus. This kept a check on ghost borrowers or borrowers who had already taken multiple loans from other financial institutions. Simultaneously, all members had to compulsorily attend multi-day training programs which focused on basic financial literacy and the products, processes and systems of Light Microfinance. This program was helpful in rapport building and making processes transparent, which ensured a climate of mutual trust. The training ended with a test, mostly verbal in nature, to ensure that the members understood the program content. The test also helped in identifying their economic needs and the level of trust within a group. Once, the groups were confirmed, the process of loan disbursement began. In line with the industry norms,
some members in the group received loans before the other members. These members were selected by the group with mutual consent. The selected members then put forth their requirement of loan along with the proposed usage of the amount. The proposal was to be approved by the group members first followed by all the groups at the centre. Then the proposal was analyzed by the field staff, which possessed specialized knowledge on typical capital requirements in rural enterprises. After the assessment of the final proposal submitted to the branch, the member was summoned to the branch and the loan amount was disbursed. The first loan amount was fixed at Rs. 12,000 for a period of one year at 27.5% interest per annum on Reducing Balance Method. Instalments had to be paid on a weekly or fortnightly basis, and the repayment started from the following week of the loan disbursement. For the collection of instalments, field executives visited the centre at the designated day of the week in the morning hours. Once this loan was repaid, they were eligible for the next big loan. Typical loans offered by Light Microfinance ranged from Rs. 5,000 to Rs. 30,000 per member based on their needs and specifications. The repayment of these loans ranged from 1 year to 2 years, depending on the amount of loan. These loans also carried micro-insurance, so, in case of natural death of the borrower, the interest taken along with the principal amount was reimbursed to the family. The outstanding loan amount was also waived off. For such credit protection, an additional charge of 0.6% was levied at the time of loan disbursement. A loan processing charge of 1% was also recovered at the time of loan disbursement. At times, top-up loans were also given to the economically active and relatively older members of the JLG. Micro-loans were granted without any collateral, peer pressure being a strong security for the company. Moreover, default in repayments by a group member was a loss for the group also, as none of the members would be eligible for a loan. If any of the members did not require credit any longer, they were free to quit their group without any penalties.

The field staff was trained on the modus operandi of the collection meetings. Each centre was informed in advance of the day and time when the collection officers would visit. Generally, the collection officers performed this function in the morning hours between 8 am and 11 am, so that the members could carry on their economic activity without any disruption. A typical meeting would last for an hour. Meetings were held at the house of one of the members, where all the members of the centre gathered in the veranda. The collection officers along with the members, would sit on the floor and start the meeting with the traditional greeting “Namaste”. The women members would then narrate their oath (Refer to Annexure 2) which spelt out the requirement of each member to attend meetings regularly and repay regularly. The oath also compelled them to follow the code of fair practice and to improve their standard of living using the funds allocated to them. This was followed by narration of the oath to the collection officers, which also explicated the importance of employing ethics in dispensing their responsibilities. Then, the women would start paying their instalments to these officers. In case a member was absent, the instalment would be paid by other members of her group. This practice was common as all the group members understood the consequences of default. Hence, any problem of absenteeism or non-payments was internally managed by the group members. The collected money was then tallied with the sheets held by the collection officers and the same was verbally informed to the members. Once the collection officers had visited the appointed centres, they deposited the collections to
the branch. Light Microfinance has currently employed more than a hundred employees in the company’s head office and nine branches based in Gujarat. The company proposed to further increase its manpower as the scale of operations increased.

**Primary Findings**

A primary survey was carried out on 50 members (all women) linked to Light Microfinance using a structured questionnaire, which mainly consisted of client demographics, income level, loan details and statements pertaining to empowerment.

Key findings of the study are indicated below (Refer to Annexures 3, 4 and 5):

- 78% of the members were either illiterate or had undergone only primary education.
- 76% of the members belonged to Rajput and Darbar communities while the remaining belonged to minority segments.
- All the respondents were engaged in some economic activity, of which 76% of the members were engaged in Gruh Udyog or handicraft.
- 64% of the members earned an average Rs. 1,500 to Rs. 5,000 per month.
- All members had availed loans from the company for the purpose of setting up or expanding their existing business.
- Moreover, all members had also taken micro-insurance since it was a linked product.
- 78% of the members felt empowered psychologically and in terms of interpersonal relationships.
- 58% of the members agreed that they felt legally and politically empowered while 46% of the members felt empowered economically and socially.
- Overall, 34% of the members felt empowered (but not of a high level) after joining Light Microfinance Ltd. and availing loans.

- There was a significant change experienced by the members (66%) in terms of psychological empowerment after joining Light Microfinance Ltd.

The findings in Annexure 6 show that those women who functioned as the leader of their respective groups or centres exhibited strong empowerment characteristics as compared to other women who were simply members of the groups. This finding is in line with a study conducted by Rajendran and Raya (2010) on SHG leaders. These SHG leaders found an improvement in their managerial skills, psychological well-being and social empowerment. Hence, it can be suggested that rotational leadership could promote improvement in well-being of a greater number of women.

**Stakeholders’ Say**

1. Sugna Vasvoda

Sugna, a lady in her mid-thirties, with an air of confidence, took the initiative of answering the questions posed by the researcher. Sugna lived with her husband and son of five years and was mainly engaged in handicrafts. Her family traditionally worked in this field, where they made various articles like baskets, vases, blinds, carpets, etc. from bamboo. The work was mainly order-based, wherein wholesalers of surrounding cities, especially Ahmedabad, gave her orders and took the delivery on the assigned date. The bamboo was procured from suppliers in the vicinity. However, lack of funds restricted the scalability of business.

Sugna took the opportunity when Light Microfinance identified her village and started the group formation exercise in 2011. Sugna, being a social activist, convinced other women to become part of the
organization. Till date, Sugna had taken three loans; the first loan was of Rs. 10,000 which she duly repaid in a year’s time. The second and third loans were of Rs. 6,000 and Rs. 14,000 respectively. All the funds were utilized for her economic activity. She happily replied that a loan and extra cash meant that she could buy more bamboo in the market and produce more products for which the demand already existed. Moreover, now she could also take advantage of excess demand during festive seasons and earn almost double of what she made before joining Light Microfinance. Her current earnings approximated Rs. 4,000 per month and increased to Rs. 6,000 during festivals. With the extra cash on hand now, Sugna cleverly practiced backward integration and started selling bamboo sticks to houses for consumption needs. Although her formal education was restricted to grade X, she spoke like a management graduate when she said, “We explore the market for feasible products and accordingly set up our business – mostly we do seasonal business which reaps more income”. She had clearly found a gap and was taking advantage of the same. She opined that microfinance certainly helped in increasing income, and inspite of inflation, her savings also increased, which she deposited in the nearby bank. Moreover, as compared to previous sources of acquiring funds (mostly informal in nature), loans were now available at cheaper rates and facilities of top-up loans further made things easier.

She expressed frankly that as she was more educated than her husband, most economic decisions pertaining to usage of income, savings and deployment of loan funds were taken by her. She also gave a generalized statement by saying, “We (women members) ourselves take loans and start business. There are very few cases where the husbands interfere; otherwise they leave the decision of usage of loan to us.” However, decisions pertaining to big-ticket items like acquisition of consumer durables or renovation of house were taken jointly by the couple. Sugna was affirmative when it came to rights of women. She said that before joining Light Microfinance, she did not feel that she had rights equal to men; however, this had changed now with the increased income, more respect from her family members and society, and a higher level of confidence. She said, “I put applications at Gandhinagar office now and being a social worker, I also convince the women to join rallies and attend meetings held in the village. I am the centre leader here, which has helped increase my decision-making power. But I am not contented; I still want to move ahead, and not retrace my steps at any cost.”

2. Geeta Patadiya

Geeta Patadiya, a lady in her thirties with no formal education, married and came to the village to live with her family comprising of her husband and three children. Her husband performed labour work in a brick manufacturing company and she herself did sewing and tailoring work. Before joining Light Microfinance, she was an introvert, did not take many decisions and limited herself to routine household activities and some work she got in the form of orders from wholesalers. Due to limited income and savings, she was afraid she would not be able to achieve her dream of educating all her children. She said, “I did not study, but I don’t want my children to suffer, so I will educate them.”

She promptly joined a group linked with Light Microfinance in 2011 and started taking loans. Her first loan was of Rs. 10,000 which she repaid in a year and applied for another loan of Rs. 20,000. These loans did wonders; she could now purchase more raw materials and take more orders. But she was not satisfied with
resting solely on orders and she mustered the courage to travel to the market place to sell her products. This woman, who had not stepped out of her home, now ran a successful micro-enterprise. She earned, on an average, Rs. 4,000 per month; this amount increased exponentially during festive seasons. She found that now she could take more decisions at home and freely express her opinions, and others actually paid heed to her. The inhibitions which came with illiteracy and lack of income were gradually diminishing. The usage of her income and loan amount was decided by her. Yet, decisions which involved higher fund disbursement were taken with the mutual consent of her husband.

However, she emphasized that it would take a while before she became completely independent. She felt that whether it was fighting some injustice or claiming rights for better drinking facilities and sewage systems, things could improve only when women united and raised a voice.

3. Hansa Parmar

Hansa had an extensive family consisting of her husband and eight children - seven daughters and one son. She knew that if they wanted a better life, they had to increase their earnings. Her husband did odd jobs of shunting and earned a meagre amount of Rs. 1,500 on an average per month. However, Hansa contributed more by selling saris in nearby cities. These saris were procured from the city of Surat on wholesale basis and sold in Ahmedabad to retailers or at times, directly to customers. The price of these saris ranged from Rs. 300 to Rs. 1,000. Once in a fortnight, Hansa, along with her husband, would visit Surat and buy the saris. However, lack of liquidity was a major obstacle since she could not buy enough saris at one go.

Hansa was quick to grab the opportunity which knocked her door in the form of Light Microfinance. She became a member of JLG and took the first loan, the standard amount of Rs. 10,000 with one year maturity. After the payment of this loan, she went further to take a loan of Rs. 20,000 which was currently being repaid by her. She gladly said, “The demand for saris in Ahmedabad market was always there. But I could not meet it due to lack of funds. Now, with the loan amount I am able to buy more saris and my earnings have increased two-fold. After expenses, my profits sum up to Rs. 6,000 per month.” The increase in income and resultant savings helped her in completing the construction of her partially built home. Although none of her children were earning currently, she could bear their education expenses. At home, she took all the routine decisions by herself, while the decisions which involved more money were taken jointly by the couple.

She believed that the loan amount along with an increase in income had helped her gain respect in the family and society. She had also motivated other women to join Light Microfinance; the journey which began with fifteen women had reached thirty women in the centre and others were waiting to join. Although she did not possess much knowledge about the local laws, she believed that if the women united, they could change the system for a better one.

4. Gita Parmar

Gita, a young woman in her late twenties, lived in the village with her husband and parents-in-law. Her husband did miscellaneous jobs of repairing and fitting while she was engaged in the business of painting articles and making of khakhras (Indian snacks). She employed labourers for both these jobs as per the requirement of work. These labourers were paid daily
wages; however, they were not full-time employees. Gita was of the opinion that loans from Light Microfinance helped her increase the level of work, which resulted in increased income. Currently, she earns around Rs. 5,000 per month and her savings also increased.

However, she did not believe that the loans had affected her decision-making power or bargaining power at home. The decisions pertaining to the usage of income, including her own income, were jointly taken along with her husband, and the scenario had not changed post microfinance. According to her, since her husband and she were equally educated, they found it better to take decisions by mutual consensus. Gita generally took decisions involving smaller amounts and those that were repetitive in nature, but she had to keep her husband informed. Summing it all up, Gita said, “We had to think twice before buying something, but now after taking loans, we have money on hand. Yet, I don’t see any change in my decision-making power pre and post loans.”

5. Hansa Luhar
Hansa, 55 years of age, born in Karamsad in Anand district, had not received any formal education. She lived in a joint family of eight people. Her son was employed at a local shop and earned Rs. 7,000 per month, while along with her husband, Hansa performed luhar kaam (making objects from metals like iron and copper). Their combined income approximated Rs. 1,500 per month when the work was available; at other times, they went without any earnings.

However, funds raised through the loan allowed her to buy more raw materials (metals in this case) and increase her production. These articles were then sold in the market by her husband. She did not prefer visiting the market as she was occupied with household chores, which restricted her ability to go anywhere.

She agreed that loans from Light Microfinance were beneficial as they were cheaper and increased their income; however, it was met with increasing expenses. Hence, the savings were not affected positively. Since the couple worked in the same area, the decision-making pattern had not changed. Most decisions were taken jointly or solely by her husband. Her confidence levels were also not affected. She saw micro-finance as a source of acquiring extra funds, and nothing beyond it.

6. Shanti Vaghela
Shanti lived with her husband and two sons in a small house. Her husband was a driver and she was engaged in the business of selling spices (Chilli powder, Turmeric powder, etc.) used extensively in Indian cuisine. She would go to the market herself or sell the spices door-to-door in nearby cities. Micro-loans helped her in increasing the magnitude of her business. She could now buy more spices and resultanty sell more, which led to an increase in her income. She earned approximately Rs. 4,000 per month which was nearly double of her income before having access to micro-finance.

However, the catch was that all decisions pertaining to usage of her income, savings and loan-taking were made by her husband and the scenario had not changed. A couple of attributable reasons for this could be that her marriage was only five years old, so she did not want to take any chances or she deliberately let her husband decide as she had not received any formal education. Shanti believed that
her respect and self-worth in the family and society had increased; however, her opinions were not taken into consideration at the time of decision-making. In fact, even she chose to remain quiet when household decisions were being made. She asserted that she was happy with the economic benefits and hoped to progress further.

**Conclusion**

Light Microfinance was set up as an NBFC-MFI, involved in distributing micro-loans to women, especially in the semi-urban and rural areas of Gujarat state in India. Although Light Microfinance was a relatively young company in the domain, it had progressed immensely and its current outstanding loan portfolio stood at Rs 10.8 Cr as of March 31, 2014 (Refer to Annexure 7) which had grown at a CAGR of 85% approximately in 5 years (**As of September 30, 2014, the portfolio had reached the size of Rs 19.5 Cr**). Light Microfinance however, liked to experiment with its products; the company designed products which were suitable for its customer segment. This initiative required the company to study the impact of its products on the lives of its clients. Few stories of the clients are illustrated to depict the impact of micro-finance on their empowerment levels.

Nearly all female members of Light Microfinance had joined the company within the last two years. They had already availed their first loan which was a standard product of Rs. 10,000 at 27.5% interest plus processing fees for a period of one year. The repayment took place on a weekly basis, wherein collection officers visited a particular centre on a predetermined day and time, and collected the instalments. These women had already repaid the first loan and were now paying off the second loan of Rs. 20,000 given over two years. All loans were granted solely for the purpose of conducting economic activities. All the beneficiaries collectively agreed that these micro-loans had helped them in increasing the scale of their business, which in turn, had resulted in an increase in their earnings. Swain and Wallentin (2012) confirmed that increase in income of women in low-income households was the most effective factor towards empowering women. Further, some women agreed that the savings in turn had increased while others blamed inflation and rising expenses for not being able to save more. Most women took their economic decisions independently like usage of income, savings and deployment of loan funds. However, in some cases where illiteracy existed or dependence in work existed, decisions were taken either jointly by the woman and her husband or solely by the husband. Decisions which involved hefty cash-flows like renovation of house or acquisition of assets were taken jointly by the couple in majority cases. These findings were in line with Galab and Rao (2003) who found that micro-finance programs improved women’s access to and control over their savings, credit and income. However, it was also observed that an improvement was still required in matters related to purchase of household assets and sale/purchase or renovation transactions of house property. These decisions which involved relatively huge cash-flows were either taken jointly by the woman and her spouse or at times, taken by the spouse alone. Education of children in some cases was influenced more by the woman than her husband, and barring an exception, there was no discrimination between a male and female child. Many women admitted that as their incomes rose after taking micro-loans, they felt more confident and their sense of self-worth increased. These findings were in line with studies of Mayoux (2006), Hunt and Kasynathan (2001) and Rajendran and Raya (2010) which asserted that the opportunity of making a greater contribution to the household...
gave women greater confidence and a sense of self-worth. Further, the respondents perceived an increase in the level of respect within the family and household, although it did not necessarily result in greater bargaining power for women in the household decisions. Moreover, the meetings which took place every week were only related to the collection activity, and there was no exchange of information. Hence, their legal or political knowledge had not been significantly impacted. However, groups had been able to resolve drinking water problems faced in their village and were confident that their unity and cohesion would help them in developing other facilities and bringing about a positive change.

**Annexures**

1. Process Flowchart

   **Diligence Survey of villages by Field Personnel**

   **Initial Projection Meetings**

   **JLG Formation**

   **Training and Test**

   **Appraisal of creditworthiness and disbursement of funds**

   **Monitoring and Review**

   **Source: Primary Data**

2. Oath for members of JLG

   **Source: Primary Data (Balance Statement of Borrower)**
Changes in women’s ability to take decisions and carry forward their business activities are well documented. However, the project’s efforts to empower both men and women equally through the creation of equal opportunities, in a gender neutral manner, is an effort that needs to be replicated at a larger scale. The empowerment of women was observed to have been most significant in terms of personal and professional growth.

Demographic Details of Respondents

<table>
<thead>
<tr>
<th>Demographic factor</th>
<th>Categories</th>
<th>Frequency (n=50)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>26 - 40</td>
<td>44</td>
<td>88%</td>
</tr>
<tr>
<td></td>
<td>Above 40</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Educational Qualification</td>
<td>Illiterate</td>
<td>22</td>
<td>44%</td>
</tr>
<tr>
<td></td>
<td>Primary (till grade IV)</td>
<td>17</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>Secondary (till grade X)</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Higher Secondary (till grade XII)</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Caste &amp; Community</td>
<td>Rajput Darbar</td>
<td>38</td>
<td>76%</td>
</tr>
<tr>
<td></td>
<td>Ghanchi/Chamar</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>Harijan/SC</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Economic Activity</td>
<td>Handicraft</td>
<td>17</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>Labour</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>Gruh Udyog</td>
<td>21</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>No. of family members</td>
<td>1-5</td>
<td>32</td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td>6-10</td>
<td>18</td>
<td>36%</td>
</tr>
<tr>
<td>Average monthly income of respondent</td>
<td>Below 1500</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>1501 - 5000</td>
<td>32</td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td>5001 - 7000</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>Above 7000</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Tenure of membership</td>
<td>2 years</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>Type of Membership</td>
<td>Members</td>
<td>44</td>
<td>88%</td>
</tr>
<tr>
<td></td>
<td>Leaders</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>Loans taken</td>
<td>Yes</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>Purpose of loan</td>
<td>Business</td>
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<td>100%</td>
</tr>
<tr>
<td>Insurance</td>
<td>Yes</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary Data
4. Empowerment Levels

<table>
<thead>
<tr>
<th>Empowerment Parameter</th>
<th>Response in terms of change</th>
<th>Frequency (n=50)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Empowerment</td>
<td>Yes</td>
<td>23</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>27</td>
<td>54%</td>
</tr>
<tr>
<td>Social Empowerment</td>
<td>Yes</td>
<td>23</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>27</td>
<td>54%</td>
</tr>
<tr>
<td>Interpersonal Empowerment</td>
<td>Yes</td>
<td>39</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>Psychological Empowerment</td>
<td>Yes</td>
<td>39</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>Legal &amp; Political Empowerment</td>
<td>Yes</td>
<td>29</td>
<td>58%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>21</td>
<td>42%</td>
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</table>

Source: Primary Data

<table>
<thead>
<tr>
<th>Level of empowerment after joining JLG</th>
<th>Frequency (N=50)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly empowered</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>Empowered</td>
<td>17</td>
<td>34%</td>
</tr>
<tr>
<td>Neutral</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Disempowered</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>Highly disempowered</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Primary Data

5. Positive change in empowerment after joining Light Microfinance Pvt. Ltd.

<table>
<thead>
<tr>
<th>Empowerment Dimension</th>
<th>Frequency (N=50)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Empowerment</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Social Empowerment</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Interpersonal Empowerment</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Psychological Empowerment</td>
<td>33</td>
<td>66%</td>
</tr>
<tr>
<td>Legal &amp; Political Empowerment</td>
<td>23</td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: Primary Data
6. Cross-Tabulation between Type of membership and empowerment level

<table>
<thead>
<tr>
<th>Type of membership</th>
<th>You feel more empowered after joining SHG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly agree</td>
<td>Agree</td>
</tr>
<tr>
<td>Member</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Leader</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Primary Data

7. Growth Trajectory of Light Microfinance Pvt. Ltd.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of JLGs</th>
<th>No. of women members</th>
<th>No. of borrowers</th>
<th>Loans outstanding (Rs. lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>476</td>
<td>2,244</td>
<td>2,150</td>
<td>137.25</td>
</tr>
<tr>
<td>2011-12</td>
<td>705</td>
<td>3,257</td>
<td>2,728</td>
<td>259.83</td>
</tr>
<tr>
<td>2012-13</td>
<td>1,586</td>
<td>7,767</td>
<td>7,154</td>
<td>618.42</td>
</tr>
<tr>
<td>2013-14</td>
<td>2,279</td>
<td>11,175</td>
<td>9,444</td>
<td>1079.34</td>
</tr>
</tbody>
</table>

Source: Company Profile_31 March 2014 (in private circulation only)

8. Portfolio Breakdown

Source: Company Profile_31 March 2014 (in private circulation only)
Bibliography


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