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**From Rags to Riches or Fortunes to Fists?
Microfinance and Gendered Intra-household
Conflict in India.**

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For my mother.

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1. Introduction

“Unless the capacity is built amongst women to pick up the courage and bridge those formidable barriers, simply having purchasing power has no meaning at all.”¹

Neera Burra, Assistant Representative, UNDP India

It is no great secret that South Asia is home to some of the highest levels of domestic violence against women. This fact constitutes one such ‘formidable barrier.’ In response to this reality, the Indian government introduced the 2001 comprehensive Protection from Domestic Violence Bill.² Yet in a society where violence against women remains a legitimated taboo,³ such legislations can only achieve so much.

Gendered conflict means that women are limited in their participation and the exercising of their rights as citizens.⁴ Not only are women in conflict-ridden households prone to abysmal physical and mental consequences, but their suffering also bares significant pressure on their children. Women’s empowerment therefore is not simply a *women’s* issue, but a *development* issue.⁵ The limited amount of literature available on microfinance and intra-household conflict demonstrates the delicate nature of this study and the reluctance of microfinance institutions (MFIs) to undertake studies of this nature. Furthermore, the socio-cultural traditions that microfinance knowingly or unknowingly challenge, are too often classed as ‘second generation’ problems, (the first being managing institutional changes to accommodate credit).⁶

Our focus in this dissertation on gendered intra-household conflict is one aspect of a plethora of perspectives on microfinance. It represents a snapshot of an incredibly complex and susceptible topic. We ask if women’s access to income-earning opportunities renders their position within the household more vulnerable, and whether traditional intra-household conflicts are exacerbated by microfinance services. We argue that microfinance institutions must merit more attention towards the potential for domestic conflict over the use of credit, by recognising the plural roles that women play on a daily basis. In order to do this, we investigate

¹ Care Conference Report (2005). Microfinance India. Delhi: CARE India p.30

² The Hindu (24th June 2005) “Bill to Protect Women from Domestic Violence”
<http://www.hindu.com/2005/06/24/stories/2005062406340100.htm> Accessed 28/08/06

³ Hearn, J.(1998) *The Violences of Men*. Sage: London p. viii

⁴ Terry, G. (2004) “Poverty reduction and violence against women: exploring links, assessing impact.” *Development in Practice* Vol. 14 No. 4 (469-480) p.475

⁵ Deshmukh Ranadive, J (2006) “Women’s Economic Empowerment, Towards Holistic Programmes” *Careline In-house Journal for Care India* Vol. 9 No.2 (6 – 7)

⁶ Goetz, A. & Gupta, R. (1996) “Who Takes Credit? Gender, Power and Control Over Loan Use in Rural Credit Programs in Bangladesh”. *World Development* Vol. 24 No. 1 (45-63) p.61

- The potential for intra-household conflict as a result of compulsory attendance at women's self-help group meetings,
- The assumption that women's agency results in greater self-confidence and bargaining power within the household,
- Decision-making and loan control within the household once the loan has been obtained
- And how conflict is affected by the nature of enterprise activity towards which credit is used.

This dissertation does not aim to brand conflict as 'bad,' as it is recognised that intra-household conflict need not always be a negative process. It can for example, represent 'contestation and resistance by less powerful members'⁷ of a family. Conflict is often necessary for social change. Yet intra-household conflict manifested through abuse remains a fundamental violation of human rights 'enmeshed in a complex web of institutionalised social relations.'⁸ In other words, the economic empowerment of women does not necessarily address the deep rooted connection between patriarchy, power and conflict.⁹ For this reason, microfinance needs to move beyond the allocation of purchasing power to expand mental mind sets. By assuming an automatic correlation between participation in microfinance and greater security within the home, MFIs presuppose the family to be a harmonious social network where the benefits of social ties and networks are equally enjoyed.¹⁰ This is a dangerous assumption.

The private nature of gendered intra-household conflict renders the objectives of this paper more difficult but by no means impossible. Studies on this subject from Bangladesh have yielded controversial and inconsistent findings. In light of this reality, this topic demands significantly more attention than is currently being given.

We now move onto provide an introduction to the methodology employed for this paper and definitions of key terms. Following this, we look at intra-household conflict and microfinance within the framework of patriarchy and scarcity. Upon presenting three short case studies, we discuss key lessons learnt on the impacts of microfinance on gendered intra-household conflict by drawing on the findings from primary research conducted in India.

⁷ Kabeer, N. (1998) *Can Money Buy me Love? Re-evaluating the empowerment potential of loans to women in rural Bangladesh*. Sussex: Institute of Development Studies
<http://www.ids.ac.uk/bookshop/dp/Dp363.pdf#search=%22can%20money%20buy%20me%20love%20kabeer%22>
Accessed 15/07/07 p.53

⁸ Schuler, S., Hashemi, S., Riley, A., Akhter, S (1996) "Credit Programs, Patriarchy and Men's Violence Against Women in Rural Bangladesh." *Social Science and Medicine* Vol. 43, No. 12 (1729 – 1742) p. 1729

⁹ Kabeer (1998) p.54

¹⁰ Rankin, K. (2002) "Social Capital, Microfinance and the Politics of Development." *Feminist Economics* Vol. 8 No. 1 (1-24) p.6

2. Methodology

There are two lenses through which the impacts of microfinance in India are conventionally analysed. The first is in terms of financial sustainability, the second in terms of social benefits. Yet different kinds of capital require us to abandon the economic-non economic dichotomy.¹¹ This is one of the underlying objectives of this paper.

“Wife beating is believed to be rather widespread in the Indian society but very few empirical community-based studies have been conducted to understand the determinants and consequences of violence.”¹² There is a further lack of conflict studies in relation to microfinance in India. For this reason, we refer significantly to accounts on this topic from Bangladesh in our literature review. This dissertation does not aim to be a comparison between the two nations, but refers to these studies purely to facilitate a theoretical discussion.

Section six looks at extracts from case studies which address the issue of intra-household conflict in some form. It should be noted that approximately 75% of microfinance services (interview estimates) in India are located in the southern states of Andhra Pradesh and Tamil Nadu from where our case studies are drawn. When we discuss microfinance in India therefore, we are primarily referring to evidence extracted from South India. Yet Indian microfinance differs between north and south. Both primary research and literature confirmed the view that patriarchal norms are generally more prevalent in the north of India.¹³ Rural women in the north tend to be married at a younger age with limited control over economic resources. Conversely, rural women in south India are more likely to work and control their income.¹⁴ Exploring these north-south divisions remains a possibility for future study.

The three studies are then discussed by reflecting upon the key findings from the theoretical reviews, and by considering the views obtained from interviews with MFIs and women’s support group staff during a trip to India funded by the Indian National Trust for Arts and Cultural Heritage. A three week visit to organisation headquarters in Haryana, New Delhi and the Gujarat was conducted during the beginning of August 2006. Field work with MFI clients was not carried out as these results were likely to have been unconvincing given the limited time frame for research. It was decided that more proficient research could be carried out by interviewing key field staff from a range of microfinance and women’s organisations. Their views are used to complement the literature analysed and to facilitate a

¹¹ Bourdieu, P. (1990) *The Logic Practice*. Cornwall: Polity Press p. 122

¹² Visaria, L. (2000) “Violence against Women, A Field Study.” *Economic and Political Weekly* (1743-51) p.1743

¹³ Interview with Dr. Vishwanath, Udyogini. Delhi: 04/08/06

¹⁴ Deskhmukh-Ranadive, J. (2006) “Spaces, Power and Empowerment in India: the Inter-linkage with Domestic Violence” *Asian Journal for Women’s Studies* (2006) (63-100) p.73

discussion on the case studies. Organisations interviewed include the India offices for the **International Center for Research on Women (ICRW)**, the **United Nations Development Programme (UNDP)** and the **Gujarat Development Research Institute (GDRI)**. In addition, interviews were also conducted with staff from:

- a) **Udyogini** -a micro enterprise group building on the skills of rural women to become self reliant entrepreneurs.¹⁵
- b) **Professional Assistance for Development Action (PRADAN)** – an MFI that aims to strengthen the livelihoods of its clients who include scheduled castes and tribal women through self-help group-bank linkages.¹⁶
- c) **Sa-Dhan** -a network of development finance institutions for the lowest segments of society who come together to conduct research, workshops and field trips.¹⁷
- d) **The Self Employed Women’s Association (SEWA)** – a women’s organisation which aims to adopt an integrated and holistic approach to organising clients for full employment at household level, and for self reliance.¹⁸ SEWA Bank was established in 1974 and over 50% of its clients are illiterate.¹⁹
- e) **Planet Finance** – a microfinance capacity building institution that lays emphasis on technical assistance and information and knowledge management.²⁰

Interview questions elicited information on technical programme details such as client profiles, staff and gender orientation, loan monitoring and impact and performance studies. Broader underlying issues such as how to create male-friendly microfinance and the value of self-help groups (SHGs) in supporting women in conflict were also addressed. These representatives do not necessarily denote the views of all staff members but act as an insight into the organisations’ approach and mandate. Translations from Hindi and Gujarati into English have been conducted where necessary.

¹⁵ Udyogini (2005) *Annual Report 2005* Delhi: Udyogini p.6

¹⁶ Interview with Mr. Rahul, Pradan. Delhi: 08/04/2006

¹⁷ Sa-Dhan homepage www.sa-dhan.org Accessed 27/07/06

¹⁸ Guérin I., Gilardone M. & Palier J. (2002) "The weight of institutions on women’s capabilities. How far can microfinance help?" International Conference on Promoting Women’s Capabilities : examining Nussbaum’s capabilities approach: University of Cambridge p.10

¹⁹ Datta, R. (2003) "From Development to Empowerment. The Self Employed Women’s Association in India." *International Journal of Politics, Culture and Society* Vol. 16. No. 3 (351 – 367) pp.351-363

²⁰ Interview with Mr. Sharma, Planet Finance. Gurgaon: 04/08/08

3. Definitions

The aim of this section is to introduce key terms in order to avoid a breakdown of coherence.

3.1 *Micro-credit and Microfinance.*

Micro-credit is the provision of small loans, usually provided for income generating and emergency needs, to individuals who would normally be excluded from the formal banking system. Microfinance is the provision of complementary services (social and financial) in addition to micro-credit which can include credit as well as savings and insurance schemes.²¹ Essentially, profit-seeking is sought to be combined with the goals of social development in microfinance, by using local organisations to provide support services. These services aim to motivate and organise the poor through financial training, and by building up backward and forward linkages with other support institutions.²²

We choose to address microfinance rather than micro-credit in this dissertation, because our aim is to examine the welfare impacts of financial services for the poor through a sociological and anthropological lens. We refer significantly to microfinance institutions (MFIs) and self-help groups (SHGs), a popular microfinance delivery model in India (we shall expand on this definition at a later stage).

3.2 *Conflict and Empowerment*

The focus on gendered conflict rather than women's empowerment is owing to the ambiguity surrounding the latter term. Empowerment is easy to identify, but harder to define.²³ It implies the belief that women have zero power and operate in a relationship between *exploiter* and *exploited*.²⁴

“In evaluations of credit programs, women's high demand for loans and regular repayment rates are commonly taken as proxy indicators of empowerment, understood as women's capacity to control loan use effectively. These phenomena however do not necessarily reveal patterns of loan control within the household.”²⁵

²¹ CGAP, The Microfinance Gateway FAQ <http://www.microfinancegateway.com/section/faq#Q15> Accessed 30/08/06

²² Sankar Datta (2005) BASIX “Micro-Finance Interventions in Development: An Introduction” <http://www.basixindia.com/micro.asp> Accessed 30/08/06

²³ Cheston, S. & Khun, L. (2002) “Empowering Women through Microfinance.”

UNIFEM.. www.microfinancegateway.org/content/article/detail/3240 Accessed 17/07/06.

²⁴ Deshmukh-Ranadive, J. (2005) “Are Democracy and Human Rights Valid within Domestic Units? Some theoretical Explorations” *Indian Journal of Gender Studies* Vol. 12 No.1 Delhi: Sage Publications (99-113) p.102-103

²⁵ Goetz & Gupta (1996) p.47

For the above reason, we talk of conflict rather than empowerment (where intra-household conflict is one aspect or outcome of empowerment). In light of the fact that conflict and violence are shorthand terms that refer to a mass of different experiences in people's lives,²⁶ we include domestic violence, sexual and verbal abuse under the umbrella of intra-household conflict.

3.3 The Household

The decision to focus on the household (in contrast to the community or individual) calls for explanation. The household is the locus of decision-making where the male head dominates as decision maker²⁷ and the family is considered as being the most natural of relationships.²⁸ Furthermore, the household can be a deceptively romanticized refuge where conflict and confrontation are absent, rather than a site of women's oppression.²⁹ Thus it is the "nexus of social relations... most talked of in relation to husbands and wives, but usually the household is a broader unit which acts through sons and daughters, parents and other relatives to constrain the set of choices which a woman faces."³⁰

In such contexts, a woman's ability to access credit is often sourced in her relationship with the male.³¹ In the social sciences, the household in theory is considered to operate as a collaborative unit where individuals bargain. Yet by operating in a socially stratified environment, the household functions in accordance to distributive norms.³² It is a useful analytical source as its construct and boundaries are determined by wider social and political relations in which it is embedded.³³ We now go onto assess the impact of these social and political relations on microfinance and intra-household conflict.

²⁶ Hearn (1998) p.15

²⁷ Cain, M. Khanam, Syeda R. and Nahar, Shamsun (1979) "Class, patriarchy and women's work in Bangladesh" *Population and Development Review* Vol. 5 No. 3 (405-438) p.405

²⁸ J. Deshmukh-Ranadive (2005) p.109

²⁹ J. Deshmukh-Ranadive (2006) p.65

³⁰ Johnson, S. (2005) "Gender and Microfinance: guidelines for good practice". Centre for Development Studies: http://www.worldproutassembly.org/archives/2005/05/gender_and_micr.html Accessed 27/07/06.

³¹ Ibid.

³² Burra et al. (2005) p.49

³³ Johnson (2005)

4. Microfinance and Patriarchy - Challenging the Male Enclave

“Relations of domination are equally relations of resistance”³⁴...and resistance is usually associated with a fear of the unknown, fear of change or fear of subordination. In this section we address the possible repercussions of microfinance in the context of the male-dominated household where men are resistant to women’s economic empowerment through credit activities.

In an analysis of the loan usage of clients from four MFIs in Bangladesh, Goetz and Sen Gupta (1996) found there to be a negative relationship between women’s loan control and the appropriation of credit by husbands.³⁵ Furthermore, in a survey of 1300 Grameen borrowers’ households in Bangladesh, Hashemi and Garcia (2004) found there to be an increase in domestic violence with credit usage. They regarded this violence as a natural challenge against patriarchy, rooted in ideological norms. The violence was considered as temporary.³⁶ These findings alert us to the fact that microfinance in South Asia operates within the framework of patriarchy.

In the simplest of terms, patriarchy is a set of social relations that enables men to dominate women.³⁷ This dominance is perceived as legitimate and involves the socialisation of women into subordinate roles and the internalisation of this position vis-à-vis the other sex.³⁸ Miller (1992) adds to this that women in India, having grown up in a society where sons are favoured accept physical violence as a part of their subservient role.³⁹

Empowering women economically is therefore perceived as an invasion of the male space. This male space is largely defined according to the respective social technologies of a society. Women working outside of the home imbalances the social technology as they have less time to carry out domestic activities. This results in the accumulation of labour for women until such a point that a new labour equilibrium emerges.⁴⁰ During this period of imbalance, women are likely to spend more time away from family life leading to some disruption within the conventional household routine. For example,

³⁴ Scott, J. (1990) *Domination and the Arts of Resistance, Hidden Transcripts*. Yale: Yale University p.45

³⁵ Goetz & Gupta (1996)

³⁶ Hashemi, S. & Rojas-Garcia, E. (2004) *Microfinance and Domestic Violence*. CGAP
www.siteresources.worldbank.org/INTGENDER/resources/microfinanceanddomesticviolencetext.pdf
Accessed 25/06/07

³⁷ Cain et al. (1979) p.406

³⁸ Visaria (2000) p.1743

³⁹ Miller, B. (1992) “Wife Beating in India: Variations on a Theme” in Counts, D, Brown, J & Campbell, J. (eds.) (1992) *Sanctions and Sanctuary: Cultural Perspectives on the Beating of Wives*, Colorado: Westview Press pp.173-84

⁴⁰ Sen (1991) cited in Guerin et al. (2002) p.5

meals may be delayed when there is a microfinance group meeting.⁴¹ Yet it is often such trivial matters that are likely to instigate intra-household conflict.

In a survey conducted by Leela Visaria from the Gujarat Institute of Development Research, 400 women and 85% of their husbands were interviewed to establish the causes and manifestations of conflict against women in the home. In response to why women are attacked, women blamed inconsequential matters such as not performing their wifely duties sufficiently, whilst men blamed suspicion of infidelity as the primary cause.⁴² In this way, violence against women acts a training tool.⁴³ It is used as a legitimate means of teaching women the appropriate conduct within the household.⁴⁴ In reflecting upon this patriarchal structure within which microfinance is required to prosper, we turn to the concept of *hidden* and *public* transcripts.

The *public* transcript of microfinance is that of improving socio-economic conditions and earning capabilities by organising women into groups to raise their collective consciousness and group solidarity. Women are perceived as being less of a financial risk than men and are assumed to benefit from the creation of social networks and group structures for mutual support. By giving access to working capital and training, microfinance helps to mobilise women's productive capacity to alleviate poverty and maximise economic output, all of which indicates an upwards development trajectory.⁴⁵ Moreover, the benefits of household loans provided to women are more likely to be efficiently distributed within the home by a woman.⁴⁶ Empirical research however does not always agree with this 'win-win' approach to microfinance.⁴⁷

The perpetuation of patriarchal norms by men *and* women challenges this *public* transcript. The *hidden* transcript of microfinance is that of excluding men, who are considered argumentative and unreliable in repaying loans and attending meetings. Women's reliability is compatible with the investment and recovery objectives of loan provision.⁴⁸

⁴¹ Kelkar, G., Nathan, D. & Johan, R. (2004) "Redefining Women's 'Samman' Micro-credit and Gender Relations in Rural Bangladesh." *Economic and Political Weekly* August 2004

⁴² Interview with Leela Visaria, The Gujarat Development Institute, Ahmedabad: 14/08/06

⁴³ Deshmukh-Ranadive (2006) p.75

⁴⁴ Ibid. p.72

⁴⁵ UNFPA & Microcredit Summit Campaign (2005) *From Microfinance to Macrochange: Integrating Health Education and Microfinance to Empower Women and Reduce Poverty*.

<http://www.unfpa.org/publications/detail.cfm?ID=265> Accessed 31/08/06 p.7

⁴⁶ Burra, N., Deshmukh Ranadive, J. & Murthy, R.K. (2005) *Micro-credit, Poverty and Empowerment, Linking the Triad*. Delhi: Sage p.33

⁴⁷ Rankin (2002) p.12

⁴⁸ Rahman, A.(1999) *Women and Micro-credit in Rural Bangladesh. An Anthropological Study of Grameen Bank Lending*. Colorado: Westview Press pp.73-74

Despite boasting these positive characteristics of financial management, discrimination against women in South Asia is largely grounded in the perception that they are economic burdens. Such attitudes constitute a large part of the social landscape.⁴⁹ Their value lies in the representation of *Izzat* or family honour (a *public* transcript), which renders women extremely vulnerable in South Asian culture.⁵⁰ In this way, the absolute dependence and subordination of women within the home is accepted by women as the social norm. “Socialization seems to weave violence into women’s lives as a necessary and inevitable component.”⁵¹ Women accept such behaviour as corrective of their failure to perform appropriately in their role.⁵² Maintaining this norm is seen as holding value for the women for whom any public exposure of intra-household conflict and wife-beating results in shame and blame not only for the family, but for the woman herself.⁵³ Preserving conventions may often be considered as being in the best interests of a woman’s welfare and long term security.⁵⁴ In other words, staying within the parameters for provision and protection which penalises female autonomy within the household constitutes a ‘Patriarchal Bargain.’⁵⁵

Controversial sociological interpretations of religious texts in Islam and Hinduism can reinforce male guardianship. In Islam, *fatwa* (interpretations of Islamic law) and the *Shalish* (the traditional male adjudicating body of rural society against women in Bangladesh) uphold notions of male guardianship.⁵⁶ Many assert that wife-beating is a man’s right which is condoned by religious Islamic texts (*hadith*).⁵⁷ In Hinduism, the protected status of women is prescribed in the *Shashtras* (codes) where females are subject to their father before marriage, to their husband during marriage, and to their son after their husband has died.⁵⁸

The prevalence of patriarchy within the context of scarcity is evident. Therefore expanding our understanding of capital to encompass symbolic capital ‘facilitates an analysis of the exploitative dimensions of cultural and social practice.’ ‘Symbolic capital is where economic capital is not

⁴⁹ Schuler et al. (1996) p.1730

⁵⁰ Rahman, A. (1999) “Microcredit Initiatives for Equitable and Sustainable Development: Who Pays?” *World Development* Vol. 27 No. 1 (67-82) p.70

⁵¹ Deshmukh-Ranadive (2006) p.73

⁵² Ibid. p.74

⁵³ Kabeer, N. (1994) *Reversed Realities: Gender Hierarchies in Development Thought*. London: Verso p.233

⁵⁴ Pant, M (2000). “Intra-household Allocation Patterns: A study of female autonomy.” *Indian Journal of Gender Studies*. Vol. 7 No. 1 (93-100) p.94

⁵⁵ Kandiyotti, D. (1989) cited in Kabeer, N. (1995) *Necessary, Sufficient or irrelevant? Women, Wages and Intra-household Power Relations in Urban Bangladesh*. Sussex: Institute of Development Studies, Working Paper 25 p.35

⁵⁶ Schuler et al. (1996). p.1734

⁵⁷ Schuler, S., Hashemi, A. & Badal, S.H. (1998) “Men’s violence against women in rural Bangladesh: undermined or exacerbated by micro-credit programmes.” *Development in Practice* Vol.8 No. 2 (148-57) p.151

⁵⁸ Ramu, G. N. (1987) “Indian Husbands: Their Role, Perceptions and Performance in Single and Dual-Earner Families” *Journal of Marriage and the Family* Vol. 49 No. 4 (903-915) p. 905

recognised.⁵⁹ It encapsulates all the virtues honoured by the ethic of honour. Likewise, we have symbolic violence (the acceptance by the dominated of the norms and value systems of the dominant),⁶⁰ which is in the main a gentle and disguised form of violence adopted when overt violence is impossible. Symbolic violence has a pernicious effect which binds the oppressor to the oppressed through sentiments of trust and obligation.⁶¹ So engrained and embedded is this mode of behaviour, that the subordinated legitimise it and do not even recognise it as a violation of their own human rights.⁶²

To summarise this section, the opening up of economic opportunities for women is leading to the probing of patriarchal traditions. 'Women's presence in the public sphere is often perceived as a direct challenge to the patriarchal system,'⁶³ and microfinance plays a fundamental role in encouraging women to venture beyond the home. The male breadwinner's role is not just about earning income, but also about public representation.⁶⁴ If anything, the extensively documented presence of patriarchy in South Asia should alert us to caution in any intervention where there is a prospective transformation of gender norms. Patriarchy is far from the sole cause of conflict against women however. Conflict can be embedded in situations of scarcity and associated with disputes over asset control, as we now move onto assess.

⁵⁹ Bourdieu (1990) p.119

⁶⁰ Kelkar et al. (2004)

⁶¹ Rankin (2002) p.8

⁶² Bourdieu (1990) pp.122-132

⁶³ Schuler et al. (1996) p.1734

⁶⁴ Kabeer (1998) p.31

5. Credit Worth Fighting For – Microfinance, Conflict and Scarcity

To reiterate the *public* transcript of microfinance, it is asserted that increasing the financial income of women is likely to improve spending on welfare, not only increasing their own empowerment capabilities but also that of their children.⁶⁵ The logic of microfinance is such that if intra-household conflict is a result of poverty and scarcity, credit and complementary services can eradicate this scarcity to some degree and give way to harmonious family relations. Let us look at this perspective in more detail.

The core of neoclassical theory is the assumption that rational choice and human behaviour maximises individual utilities in the face of economic scarcity. Yet such rigid concepts lend themselves to determinate outcomes discarding much of what is overlooked as *noise*. Neoclassical economists tend to regard cultural diversity as one such *noise*. *Noise* however, actually provides signals which can take the household out of the black box of traditional economic theory. This allows for the household to be analysed beyond the unified family welfare function by considering intra-household inequities and the household as a site of bargaining.⁶⁶ It can equally allow for the exploration of various economic models which do not dismiss the possibility of unity arising out of male dictatorship. Thus culture can determine the *rational* and *irrational* distribution of resources amongst family members. A consideration of bargaining models opens up an analytical space where power is seen as a dimension of household decision-making.⁶⁷

In Kabeer's (1998) study of Small Enterprise Development Project members in Bangladesh, she found there to be a reduction of scarcity brought about by a rise in women's household contribution. Subsequently women's bargaining power increased and they were disassociated with being an economic burden. Conversely, she also found that for small minority of women, intra-household conflict increased. In these cases, women felt that their contribution meant having more of a 'voice' on resource use.⁶⁸ A large number of case studies suggest that by earning modest incomes, women become more vulnerable to violence within the home in contrast to when they were completely dependant on their husbands. Prior to earning an income, there was nothing to fight over because resources were scarce, or the only source of income was 'male income' which is undisputed. The fundamental conflict

⁶⁵ Yunus (1994) cited in Rahman (1999) p.69

⁶⁶ Kabeer (1994) pp.97-99

⁶⁷ Kandiyotti (1989) in Kabeer (1995) p.5

⁶⁸ Kabeer, N. (2005) *Microfinance, the MDGs and beyond*. Delhi: Regional Conference on Development Effectiveness through Gender Mainstreaming: Lessons Learnt from South Asia: p.16
<http://www.gendermainstreamingasia.org/conferencepapers.htm> Accessed 24/07/06

lies in the dispute over the control of women's assets,⁶⁹ which is also linked to the custom of dowry in South Asia.

Dowry is the giving of cash or kind to the groom's family upon marriage by the bride's family. The economic and cultural value of the dowry remains a significant yet unexplored aspect of microfinance in India. This is despite the reality that in rural India and Bangladesh, dowry has evolved into a system of 'institutionalised extortion.'⁷⁰

The use of loans for daughters' dowries is usually in the hope that this leads to a decrease in the chances of intra-household conflict arising within her future marital home.⁷¹ Rahman's study of 217 households in Grameen bank lending found that 2% of approved loans for business enterprises were being spent on dowry or 'wedding expenses'.⁷² Kabeer's discussion with MFI and NGO staff revealed that one field worker whose client's husband was demanding more dowry, was forced to provide a loan to the husband to purchase a rickshaw. No other intervention was pursued. In such cases, MFIs have acted as an 'alternative provider of the dowry.'⁷³

Interviews with PRADAN and Planet Finance highlighted the programmatic and research challenges involved in investigating dowry conflict in relation to credit. Exploring the linkages between dowries demands, intra-household conflict and micro-credit is a tremendously difficult task considering the diverse range of variables and influences at play within the household. It is further perpetuated by women who wish to provide good dowries in order to protect their daughters from future marital tension.⁷⁴ In present analyses of loan usage in India, dowry is likely to come under the aggregate term of wedding expenses, rendering it further problematic to establish its true impact on intra-household dynamics in relation to credit provision.⁷⁵

What is clear from the above theoretical review is that violence and conflict against women together with economic dependence can interact in a vicious circle, both freeing her from the claws of poverty, but also undermining her capacity to bargaining effectively, which can weaken the physical and mental

⁶⁹ Schuler et al. (1996) p.1739

⁷⁰ Schuler et al. (1998) p.150

⁷¹ Goetz et al. (1996) p.50

⁷² Rahman, A.(2004)" Microfinance and Gender-Based Violence. Experience from Grameen Bank Lending."

Presentation <http://siteresources.worldbank.org/INTGENDER/Resources/AminurPresentation.ppt> Accessed 29/06/06

⁷³ Hunt, J. & Kasynathan, N. (2001) "Pathways to empowerment? Reflections on microfinance and transformation in gender relations in South Asia". *Gender and Development*. Vol. 9 No. 1 (42-52) p.47

⁷⁴ Interview with Planet Finance. Gurgaon: 04/08/08

⁷⁵ Interview with Mr. Rahul, PRADAN. Delhi:08/08/06

health of women and children within the home.⁷⁶ Her capacity is undermined because increased bargaining power can augment the motives for conflict by disturbing the prevailing social technology and by threatening male symbolic capital. The linkage between microfinance, women's economic empowerment and increased welfare is far from automatic. On the contrary, the assumption that microfinance can create a series of 'virtual spirals' (to use Mayoux's term) of economic empowerment, increased well-being for women and their families is one which should be regarded with scepticism.⁷⁷ We shall examine these linkages in the case studies which follow. We begin section six with an introduction to microfinance in India.

⁷⁶ Terry (2004) p.471

⁷⁷ Mayoux, L. (2002) "Microfinance and women's empowerment: rethinking 'best practice.'" *Development Bulletin* 57. (76-80) p.76.

6. Microfinance in India

Microfinance has deep origins in India. It can be understood as a financial structure that has evolved through two branches – the *informal* (commission based, money lenders and credit associations) and the *formal* (commercial banks, multi-agency approaches, regional rural banks and private sector banks).⁷⁸ Today, the locus of microfinance activity is in West and South India with the big poster boys being SHARE, BASIX, SEWA, MYRADA and PRADAN.⁷⁹ Whilst the industry continues to grow, in 2005 it was catering for only 5% of poor rural households in comparison to 65% in Bangladesh. The two primary regulating bodies of micro-credit in India are the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD).⁸⁰ India is equally home to an array of microfinance delivery models ranging from self-help groups and cooperatives to Grameen and corporate models.⁸¹ The impacts of different microfinance delivery models on intra-household conflict remains a possibility for further study. For the time being however, our case studies will look at intra-household conflict in relation to the self-help group-bank linkage approach.

SHGs are normally unregistered groups of 10 to 20 people involved in savings and credit activities.⁸² Most function with the support of an NGO which facilitates the progress of the SHG into a sustainable institution.⁸³ SHGs are commonly supported by local civil society organisations which are grassroots-driven and participatory. They therefore reflect the robust democratic tradition of India,⁸⁴ in contrast to the quantifiable⁸⁵ Grameen model of microfinance. The wide historical development of SHGs as an institution is rooted in a tradition of *sanghas* (associations) and village development groups, usually supported by NGOs and donors with broader development agendas such as health and natural resource management.⁸⁶

SHGs are often critiqued however, for overlooking diversity amongst its members. Many women find themselves excluded from SHGs if they are elderly or seasonal workers. There is also no assurance that social welfare issues will be discussed at meetings. For example, dowry is often left unaddressed as it

⁷⁸ Burra et al. (2005) p.35

⁷⁹ Chakrabarti, R (2004) “The Indian Microfinance Experience- Accomplishment and Challenges.” www.microfinancegateway.org/content/article/detail/19900 Accessed 31/07/06 pp.2-3

⁸⁰ Burra et al. (2005) p.36

⁸¹ Sa-Dhan Microfinance Resource Centre (2005) An Introduction to Microfinance Delivery Models in India. Delhi *Perspective Paper Series*. No. 3 Delhi: Sa-Dhan p.1

⁸² Nair, A. (2005) “Sustainability of Microfinance Self-help groups in India. Would federating help?” *World Bank Policy Research Working Paper* 3516 South Asia Region.

⁸³ Sa-Dhan Microfinance Resource Centre (2005) p.3

⁸⁴ Tesoriero, F. (2005) “Strengthening communities through women’s self-help groups in South India.” *Community Development Journal* (2006) Vol. 41 No. 3 (321-333) p.322-23

⁸⁵ Sen, P (2006) “Teach a Women to Fish.” *Small Change* Vol. 1 No. 4 (28-35) p.34

⁸⁶ Sa-Dhan Microfinance Resource Centre (2004) Quality Parameters of Self-help groups. *Discussion Paper Series* Delhi: Sa-Dhan pp.5-6

tends to be an issue only amongst women who have mostly daughters. Equally, being a *dalit* member does not guarantee that caste discrimination will be tackled. Yet whilst the absence of the woman from the home due to her attendance at SHG meetings risks being a cause of intra-household conflict, domestic violence does seem to have decreased in some communities with active SHGs.⁸⁷

In this way, the quality of SHGs is likely have an effect on the degree of intervention in domestic affairs. Indeed the efficiency of the SHG together with the accumulation of trust between client and organisation is like to constitute a factor which determines the extent to which women are likely to report conflict against them. The fundamental question for SHGs therefore is that of self definition– is it a user group (focusing on financial sustainability) or social group (focusing on empowerment)?

We now turn to three case studies which provide a degree of insight into intra-household conflict and microfinance in India. Each will be presented in succession followed by a discussion on cross-cutting issues which have stemmed out of the studies. As discussed in the literature review section, conflict can arise out of issues of resource and finance control. Our first study therefore by Nathalie Holvoet focuses on decision-making in South India. This is followed by a study by the FAO which brings to light that various employment sectors may react differently to credit initiatives. Our final study by Leach and Sitaram, looks at the impact that programme deficiencies can have on intra-household gender relations.

CASE STUDY 1: Taking Control in South India

Holvoet (2005) analysed the credit control patterns of women from MFIs in the Tamil Nadu region. The first, the Integrated Rural Development Programme (IRDP) was a nationwide credit led programme launched in 1978 and was linked to an NGO entitled the Mysore Resettlement and Development Agency (MYRADA). In the second programme, engineered by the Tamil Nadu Women's Development Programme (TNWDP) loans were channelled through women's groups which were supported by the Rural Integrated Development Organization (RIDO) as well as MYRADA. Patterns of loan control of group based lendings structures were compared to *individual* loans for men and women provided by IRDP.⁸⁸

50 households were interviewed on the issue of decision-making in relation to managing finances, loan use, expenditure, time and task allocation, kinship and family matters, agricultural business and cottage

⁸⁷ Murthy, R, (2004) "Organisational strategy in India and diverse identities of women: bridging the gap." *Gender and Development*. Vol. 12, No. 1 (10-18) pp.14-15.

⁸⁸ Holvoet, N. (2005) "The Impact of Microfinance on Decision-Making Agency, Evidence from South India" *Development and Change* Vol. 36 No. 1 (75-101) pp.83-84

activity. MYRADA's members were well organised in terms of human resources into SHGs who met once week and had been receiving loans since 1993. RIDO's clients had been receiving loans since 1990-91 meeting once every fortnight.⁸⁹

Whilst decisions over household expenditure were come to via joint bargaining in 39% of cases, Holvoet found that in 74% of cases, ultimate control of the purse was taken by men, regardless of who the loan had been issued to. Credit alone was not sufficient in breaking the dependency of women on their husbands. Many women believed that they had no role in making certain decisions. Rather the importance of establishing a linkage project to external community groups such as *panchayats*, watershed and forest committees was observed, in order to increase individual leverage within the home. TNWDP beneficiaries, who place emphasis on loan monitoring, found that decisions over loan use in the home were arrived at through group decision-making and norm following. This avoids explicitly breaking the cultural contract⁹⁰ of patriarchy by using civil society organisations as intermediaries to bring about social change.

CASE STUDY 2: Fish Fight? Microfinance in Coastal Communities

This case study is extracted from a report on the best practices for microfinance programmes for women in coastal communities in India prepared by a range of organisations including NABARD and The Small Industries Development Bank of India. Women comprise a significantly large proportion of fish farming households and are usually responsible for making nets, marketing and processing fish, as well as the management of ponds and feed preparation.⁹¹

In Kerala, home to 21,000 SHGs, it was found that women who were frequently harassed by drunken men and husbands prior to enrolment in the group were now respected. Similarly, in West Bengal, loans provided women with the opportunity to embark on joint fishing ventures with their husbands by helping them to nurse and feed fish in between domestic duties. In Maharashtra, findings demonstrated that participation in SHGs resulted in increased self-confidence and more respect within the home. With men being at sea, women were largely in control of household finances. Most men simply wanted 'pocket money' for drinking. The improvement of gender relations within the home in the fishing industry is praiseworthy considering that fishing is a caste based occupation where beliefs and norms

⁸⁹ Ibid. p.84

⁹⁰ Ibid. pp.75-95

⁹¹ Khader, V.(2006) "Role of Fisherwomen in Coastal Ecosystem of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu - An Overview" Association for International Agricultural and Extension Education Florida: AIAEE Annual Conference www.aiaee.org Accessed 30/08/06

are deeply embedded and passed down through generations. Microfinance seems promising in bringing about change in this sector.⁹²

So why have microfinance initiatives in this sector led to minimal conflict? Assessing the case study, it becomes clear that women have not invaded the male occupational space. They have rather enhanced their capacities and resources within their existing boundaries. The management of finances by women was the norm considering men were usually at sea. Arguably, the most empowered women in microfinance are those who take on new definitions of their roles and status within the household and wider community.⁹³ Yet increase in self worth is a positive starting point in the struggle for transformation in gender relations

CASE STUDY 3: Silk-Reeling in Karnataka

Our final study is by Leach and Sitaram (2002) who describe an NGO intermediated microfinance project intended to empower scheduled caste women in the silk-reeling industry in Karnataka, South India. Silk reeling in this state is an almost ‘male enclave.’⁹⁴

One of the aims of this DFID funded project was to increase understanding of the role that training plays in the management of women’s incomes and well-being. 10 of the 20 women who participated in this study were interviewed in depth. To qualify for the programme, all women had to join the *Mahila Sangha* (SHG) which ran on a rotating credit scheme basis. Men were invited to meet with two NGOs who explained the aims of the project to them and most expressed their support.⁹⁵

Despite a perceived role reversal (women had become the owners of their new reeling units whilst husbands had become their employees), women did experience positive change within the home in the early days of the programme, with an increase in social status and economic gain. Some husbands complained that they had to escort their wives to the bus station in the middle of the night when it was their turn to travel to the Silk Exchange in Bangalore (a two hour round trip which NGOs insisted that the woman carried out). Decision-making within the home generally remained male responsibility and

⁹² Villareal, L. & Upare, M.A. (2003) “Report of the National Workshop on Best Practices in Microfinance Programmes for Women in Coastal Fishing Communities in India - Panaji, Goa” *FAO Fisheries Report No. 724*. Rome: Food and Agriculture Organization of the United Nations pp.3-42

⁹³ Schuler et al. (1996) p.1739

⁹⁴ Leach F. & Sitaram, S. (2002) “Microfinance and women’s empowerment: a lesson from India.” *Development in Practice*, Vol. 12, No. 5 (575-588) p.577

⁹⁵ *Ibid.* pp.577-578

some men were resentful towards their newly emboldened women spending more time away from home.⁹⁶

Two months later, the businesses were in decline. Men in the households were furious as many had been forced to re-mortgage their homes to keep up with repayments. Some felt that their women had been exploited by the NGOs. 2 of the 10 woman reported being beaten by their husband. This phase soon passed when the reeling season returned, but businesses did not flourish as they had previously done. Women were unable to monitor and record their work because they were illiterate and had a limited understanding of finance indicating the importance of providing literacy and financial training to both men and women. Three years on, the authors found that lives of the women had returned back to normal prior to the microfinance intervention, with most men blaming women for what they considered as being a disastrous experiment.⁹⁷

From this it is clear that bad programme design can jeopardise the support of an entire community and make participating women prone to conflict from their husbands. A second crucial finding has been the danger of excluding of men from the empowerment process, rendering them hostile to any positive change experienced by the woman.⁹⁸ It is likely that some degree of male participation in the programme would have improved programme performance. The key question then is how to empower women without antagonising men? To answer this question, we move onto a more in depth discussion of our case studies.

⁹⁶ Ibid. pp.579-582

⁹⁷ Ibid pp.582-586

⁹⁸ Ibid. p.576

7. Discussion – Lessons Learnt

We now reflect upon the above literature review and case studies, and incorporate perspectives from indicative interviews carried out with MFIs and women's support groups in India. The principal aim of the interviews was to gain a better appreciation of how conflict against women is perceived amongst MFI field staff, how serious a problem it is considered as being and what initiatives (if any) are being carried out to reduce male backlash. Key issues stemming out of the case studies and interviews are that of the value of SHGs and the nature of enterprise activity. One finding which all the sources agreed upon was the need to integrate men into microfinance.

7.1 *Male-Friendly Microfinance*

From the silk reeling study, it was clear that men were excluded from the empowerment process and this led to an increase in intra-household tension. Thus the conflict was due to a combination of challenged patriarchal norms as well as programme deficiencies. Conversely, in the fishing study, men and women embarked on joint ventures. This highlights the importance of 'male-friendly microfinance.' Men should participate in such a way that they consider development intervention as an opportunity to improve daily life rather than pose a threat to their status within the household and wider community.⁹⁹ After all, as demonstrated through our study of symbolic capital, men are also poor and their hierarchal status within the home is often the sole form of capital over which they have authority. This reality is bound to instigate conflict.

Interviews reveal that PRADAN is one of the organisations that choose to include men in their SHGs, but only when women are ready. Training is first being provided to women to establish consolidated group norms. The bank linkage is then formed upon maturation of the group. It is at this stage that husbands are introduced to their programme and skills are passed on. Interestingly however, when first approaching a village to form a SHG, PRADAN does seek the permission of the male village head, who then consults the male relatives of the women upon which it is decided whether the group can go ahead. Thus PRADAN seeks to establish what can be called as a 'domino effect' of successful SHGs without antagonising male counterparts.¹⁰⁰

Other women's empowerment organisations are seeking a further creative approach. Staff at the International Center for Research on Women (ICRW) spoke of their use of folk theatre with SHGs in

⁹⁹ Johnson (2005)

¹⁰⁰ Interview with PRADAN (08/08/06)

Andhra Pradesh where one SHG leader was recently killed by her husband. The plays' focussed on gender relations in relation to SHGs with the central plot being that of a husband who suspects his wife of adultery. Yet such efforts are time consuming, do not produce instant results and are not easily accepted by some communities.¹⁰¹

For some MFIs in India, men remain largely excluded from mandates. SEWA for example, only includes men when an unsecured loan of over 10,000 rupees is taken out, for which two signatures are required (one from the spouse, the other from a government representative).¹⁰² SEWA staff maintained their commitment to working only with women and were confident in asserting that

*“It is only when the fruits of microfinance are placed before them that men are going to open their eyes to the benefits of letting women participate in economic activity.”*¹⁰³

For some however, an over obsession with women in microfinance risks pushing men away from their responsibilities.¹⁰⁴ It therefore becomes clear that for microfinance to address the gender dimensions of poverty, there is a fundamental need to sensitivize men (both within the household and the wider community) on gender issues and highlight male responsibility for domestic duties and child care.¹⁰⁵

7.2 Understanding Spaces

*“Credit is not the problem. Upward mobility is only being provided economically, not socially.”*¹⁰⁶

Dr. Deshmukh-Ranadive, Director ICRW India

The allotment of 'spaces' in which women must function is determined by the domestic and macro environment within which a person lives. In both these environments one finds physical space (body space), economic space (financial ownership), socio-cultural space (caste, class, race and religion) and political space (the private domestic sphere and public office).¹⁰⁷ Macro changes affect the private and public political space, and thus the domestic unit. The changing of policies and interventions by the state and non-state bodies can alter the spaces within which people function.¹⁰⁸

¹⁰¹ Interview with Dr. Deshmukh Ranadive ICRW Delhi: 17/08/06

¹⁰² Interview with Miss Deval. SEWA Ahmedabad: 14/08/06

¹⁰³ Ibid.

¹⁰⁴ Interview with Dr. Burra UNDP, Delhi: 04/08/06

¹⁰⁵ Murthy et al. (2005) pp. 111-112

¹⁰⁶ Interview with ICRW (17/08/06)

¹⁰⁷ Deshmukh-Ranadive (2005) “Can Microfinance Empower Women?” in I. Guerin and J. Palier (eds.) (2005) *Microfinance Challenges: Empowerment and Disempowerment of the Poor?* Pondicherry: French Institute Editions (Collections Sciences Sociales No. 10) pp.115-116

¹⁰⁸ Ibid. p.118

As is evident from the silk reeling study expanding economic spaces is insufficient. The quality of these spaces must be assessed. Similarly, in the Holvoet case, economic spaces had been enhanced but control had not been to the same extent. Credit had not altered her socio-cultural space or the most important space of all - her mental space. Expanding these mental spaces is highly dependant on the quality of the SHG which the woman attends.¹⁰⁹

One can develop concept by talking of occupational space. Upon analysing the fishing example it becomes evident that occupational spaces matter. By remaining within the boundaries of women's occupational space (i.e. net making and nursing fish) conflict within the home was avoided. Therefore an understanding of spaces by programme staff is fundamental in generating more effective programme design, as was lacking in the Leach and Sitaram study. This leads us onto our next discussion point – the need to engender microfinance staff.

7.3 Staffing – Gender Specialists or Common Sense?

In their interviews with field staff in Bangladesh, Schuler et. al (1996) found there to be an understanding of the persistence of men's violence against clients. Yet a large number of staff felt that intervening would be seen as a challenge against men and would endanger the programme's acceptance by the community. For this reason, such controversial topics were avoided.¹¹⁰ But knowing and understanding clients is an important part of empowering them.¹¹¹ The sheer diversity of India also calls for staff to be aware of conflicts that can arise from this diversity amongst members in SHGs,¹¹² as well as within the home.

In reaction to Schuler et al's findings and the Leach and Sitaram study, staff from Udyogini asserted that despite being aware of male hostility, organisations are sometimes forced to leave project sites. This was the case during one of Udyogini's Rajasthan village projects where it was clear that women had no desire to be empowered. Staff asserted,

*“It is only where women want to challenge patriarchal norms, where they want to be empowered that women's micro enterprise organisations like ours can actually help.”*¹¹³

¹⁰⁹ Deshmukh-Ranadive (2005) pp.117-118

¹¹⁰ Schuler et al (1996) p.1740

¹¹¹ Cheston & Khun (2002) p.16

¹¹² Murthy (2004) p.15

¹¹³ Interview with Udyogini (04/04/2006)

It therefore becomes an issue of client understanding organisation, but also organisation understanding client so as to know one's limits. An example of organisations' trying to attain this is through internal learning.

A key feature of PRADAN's approach is its Internal Learning System (ILS) which aims to utilise input from staff and clients to better understand clients' livelihoods through credit support groups. The approach requires clients and field staff to keep diaries on well being, finances, livelihoods and empowerment, and mark changes where appropriate. Findings so far have underlined that illiteracy exacerbates intra-household conflict and that the most negatively affected area in women's lives is domestic abuse. Staff from PRADAN asserted that by encouraging women to learn basic skills through credit support groups and ILS, women have started discussing their domestic experiences in the public realm. Most women in the groups asserted that conflict and violence was decreasing in correlation with the longer time spent as members of SHGs.¹¹⁴

Whilst ILS system is praised widely, it has been abandoned by some organisations such as Udyogini. This was because field administration for ILS had become petty and excessively time consuming to the extent that some women were spending more time filling out forms than actually participating in entrepreneurial activity. ILS is therefore something that should be brought into play once women have accumulated basic skills and where groups have high levels of social capital. In contrast to PRADAN's long established SHGs, Udyogini is a new organisation where groups are between 2 and 4 years old.¹¹⁵

7.4 The Value of Monitoring and Impact Assessment

The Leach and Sitaram study demonstrated the difficulties women had in monitoring their progress due to them being illiterate, whilst in the Holvoet example it was the TWDP's group decision-making, monitoring and norm following that actually limited the male appropriation of credit. The importance of monitoring and literacy are underlined here.

Sen, in her year long study of 47 women in the slums of Calcutta, found that traditional perceptions of the employment empowerment model as the key to bargaining power within the home was flawed. 72% of women she interviewed experienced some form of abuse as a result of their new employed status after marriage. She found that on the contrary, it was the education of women beyond primary level that

¹¹⁴ Brody, A. (2003) *Imp-Act Newsletter 4* Sussex: Institute of Development Studies pp.4-6

¹¹⁵ Interview with Udyogini (04/04/2006)

was significant in reducing the incidence of domestic violence and conflict within the home, not employment.¹¹⁶

Yet literacy does not necessarily abolish the possibility of violence against women. Arguably, many highly educated women in India face abuse within the home from equally as highly educated partners. This view was confirmed in all interviews conducted. We therefore need to consider variables other than poverty and education when assessing the dynamics of gendered intra-household conflict. Discovering the nature of these alternative variables demands the employment of monitoring and assessment techniques.

One such initiative is the *Living Standard Measurement and Performance Study* carried out by PRADAN, which to date has launched and supported over 5000 SHGs. Questionnaires are carefully designed for non members and members eliciting information on SHG and member characteristics in which the efficacy of PRADAN's own support provision is also judged.¹¹⁷

Interviews conducted with Planet Finance brought to light the challenge of analysing the impact of microfinance on intra-household conflict when there are so many other variables at play. Short and time constrained impact and performance studies can only obtain information on aggregate impacts of microfinance initiatives. They do not consider that most microfinance projects get a degree of input from alternative organisations. How to know the impact of one specific source remains a key challenge.¹¹⁸ Moreover, with pressure from donors to produce big changes fast, impact assessments on intra-household dynamics are likely to lose rigour. Social change and the overcoming of patriarchy takes time, but most projects are unlikely to last more than 5 years.¹¹⁹

At the time of interviewing, PRADAN was in the process of conducting long term exit reviews amongst women, a process that is absent from a large number of Indian MFIs. The process involves comparing members to non members, establishing why women tend to leave groups and searching for hidden variables such as SHG leadership qualities.¹²⁰

The interview process includes 46 groups with approximately 15 members each, where drop out rates are estimated to be an average of 7 or 8 %. The causes of exit are sought to be discovered and are

¹¹⁶ Sen, P. (1999) "Enhancing Women's Choices in Responding to Domestic Violence in Calcutta. A Comparison of Employment and Education" *European Journal of Development Research*. Vol. 11 No. 2 (65-86)

¹¹⁷ Interview with PRADAN (08/08/06)

¹¹⁸ Interview with Planet Finance (03/08/06)

¹¹⁹ Interview with UNDP (04/08/06)

¹²⁰ Interview with PRADAN (08/08/06)

generally assumed to stem from apprehensions about the project to the female being married off. Spousal abuse has been presented as a possibility and features as one of the questions in the exit review.¹²¹

Whilst one needs to be alert to the possibility that self-selection bias may lead to a loss of rigour in studies of this format, impact studies are widely known to help (at least to some degree) generate information on programme outcomes in connection to client needs. Therefore the possibility that carefully structured studies can help to acquire accurate and reliable knowledge at client level must not be dismissed.¹²²

7.5 The Importance of Social Capital and SHG Credibility

As pointed out by Holvoet, well organised SHGs can enhance women's agency within the home. This highly depends on the homogeneity of the group, leadership skills and social capital (linked to the duration of membership). Addressing issues such as a domestic violence as a result of women's economic empowerment requires time, trust and the building up of credibility by the MFI.¹²³

It becomes clear that attending meetings in the first stage of the enrolment is likely to lead to some tension between husband and wife. This was however avoided in the silk-reeling study by NGOs initiating men on the project prior to commencing. One is also vigilant to the possibility that men may reject new domestic responsibilities in the absence of women, and so pass on these extra household duties to their daughters.¹²⁴ Much of the leverage of SHGs depends on the capacities of the group facilitator. For example both PRADAN and SEWA postulated their sensitivity to the fact that attendance at meetings may increase a women's absence from the home and subsequently make her vulnerable to male abuse.¹²⁵ The women in these groups therefore come to a mutual decision as to what meeting time suits them best. It may be that this is in the afternoon, when they have finished their morning chores.¹²⁶ The opportunity cost (in relation to time spent at SHG meetings and tensions within the home) is another aspect for future exploration which can only be touched upon in this paper.

Most SHGs do not overtly address intra-household conflict over credit at meetings but seek to create the capacity for women to address it themselves. In PRADAN's SHGs, module one looks at financial

¹²¹ Ibid.

¹²² Care India (2005). pp.28-29

¹²³ Interview with UNDP (04/08/06)

¹²⁴ Ibid.

¹²⁵ Interview with PRADAN (08/08/06)

¹²⁶ Interview with GIDR (14/08/06)

sustainability and the importance of punctual repayments and savings. Module two looks at the empowerment and awareness aspect of income earning with each meeting commencing with a thumb marking and later a signature from each woman.¹²⁷

SEWA bank, whose mandate is entirely dedicated to the financial empowerment of women, focuses on training in repayment and reduction in wasteful expenditure. SEWA's rural SHGs however do focus more on issues of intra-household conflict. SEWA staff in rural areas of the Gujarat did report having made visits to members' homes to establish husbands' trust.¹²⁸

The above discussions have highlighted the complexities surrounding development interventions that challenge gender norms. Much more needs to be done to capture and address the intricacies of the microfinance programmes that can be too easily be snubbed for the sake of financial sustainability.

¹²⁷ Interview with PRADAN (08.08/06)

¹²⁸ Interview with SEWA (14/08/06)

8. Conclusion

This paper has provided an overview of an extremely complex topic which is not only dependant upon cultural environment, but also individual household specifics such as the employment status of husbands and alternative sources of income. What has clearly been established however, is that MFIs need to take on board women's roles as carriers (and challengers) of patriarchal ideas and beliefs.¹²⁹ MFIs need to question their *public* transcripts all of which require consistent 'cultural fine tuning'.

Breaking women out of the cycle of domination and patriarchy requires not just the expansion of the economic space through credit initiatives but equally the expansion of mental spaces of both genders. The challenge of one space must not bear a brunt on another which is why the need to address the private domestic space is more prevalent than ever before.¹³⁰ Dowry, alcoholism and gambling should not be overlooked. These factors highly influence violence against women and are often linked to wider problems such as son preference and female foeticide.¹³¹ The empowerment of women is not dependant on access to credit therefore, but how that credit is put to use and who controls it.¹³² Expanding economic spaces means expanding mental spaces to create a culture of trust and accumulate social capital amongst women and community groups. No single microfinance intervention can single handedly achieve this and overcome the resilience of the patriarchal domestic unit.

“The process of a microfinance programme does not directly affect structures within households or attempt to change hierarchies within it. Hence membership within an SHG does not automatically carry the dynamics of empowerment into the household even if it has begun within the group. No doubt, women can also get empowered by virtue of membership in a group that is struggling towards a common goal of equity, but often these processes isolate them from the household and increased tensions develop within the family.”¹³³

Microfinance can create the potential for conflict as well as reduce it, but this is highly dependant on programme design, cultural context, the involvement of men and the engendering of microfinance field staff. It is hoped that this dissertation has drawn attention to the need for microfinance programmes not to overlook conflict or regard it as temporary *or* necessary, but to ensure that the welfare mechanisms are in place to support women in the overcoming of intra-household conflict if the need arises. If the aims of MFIs remain purely economic, then microfinance risks becoming a burden on women. Moreover, the current belief that empowerment is incompatible with financial sustainability needs to be reassessed.

¹²⁹ Murthy (2004) p.15

¹³⁰ Burra et al. p.333

¹³¹ Ibid. p.114

¹³² Burra et al. p.44

¹³³ Deshmukh-Ranadvie (2005) p.114

Microfinance models may vary from organisation to organisation, but they continue to share one feature – their clients are mainly poor and rural women. These women are being pushed into the frontline, are being exposed and are venturing into unknown social environments.

Finally, conflict against women is not a *poor* problem. It is widespread in India amongst all strata's of society. It is a global ill, not just one of the developing world. For this reason, it needs to be globally challenged. The raising of the profile of the Convention on the Elimination of all forms of Discrimination Against Women is one step towards achieving this. Yet nothing can be accomplished if women and their socio-cultural, domestic and mental spaces are not appreciated. After all, women are more than *just* women. They are wives, mothers, citizens and activists – roles which create the “backbone of all societies.”¹³⁴

“All efforts at improving microfinance institutions’ impact on women boil down to really understanding a woman’s needs, her predicament and what she dreams of. Even before all the questions can be answered, the basic question that must first be answered is who she is.”

*Noni Ayo – Managing Director of ARDCI*¹³⁵

¹³⁴ Sen, P (2006). p.33

¹³⁵ Noni Ayo ‘Empowering women through microfinance, ARFCI’s (Agriculture and Rural Development for Catanduanes Incorporated) experience 2001 – 02’ cited in Cheston & Kuhn (2002) p.38

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10. Interviews Conducted

Interview with Shivendra Sharma, Planet Finance. Gurgaon, Haryana: 03/08/06

Interview with Dr. Neera Burra, UNDP. New Delhi: 04/08/06

Interview with Dr. Vanita Vishwanath Udyogini. New Delhi: 04/08/06

Interview with Mr. Rahul PRADAN. New Delhi: 08/08/06

Interview with Leela Visaria, The Gujarat Development Institute, Ahmedabad: 14/08/06

Interview with Miss Deval Self Employment Women’s Association (SEWA) Ahmedabad: 14/08/06

Interview with Dr. Joy Deshmukh-Ranadive, International Center for Research on Women (ICRW) New Delhi 17/08/06

Interview with Mr. Mate, Sa-Dhan. New Delhi: 17/08/06