

# **Microfinance and Women's Empowerment: Do Relationships Between Women Matter? Lessons from rural Southern India**

**I. Guérin, Santosh Kumar and I. Agier**

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# **Microfinance and Women's Empowerment: Do Relationships Between Women Matter? Lessons from rural Southern India<sup>1</sup>**

Isabelle Guérin, Research Unit “Development and Societies” (Paris I La Sorbonne University / Institute for Development), associated to the French Institute of Pondicherry and to the Center of European Research in Microfinance.

Santosh Kumar, French Institute of Pondicherry

Isabelle Agier, Research Unit “Development and Societies” (Paris I La Sorbonne University / Institute for Development), associated to the Center of European Research in Microfinance.

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## Abstract

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# **Microfinance and women's empowerment in rural Southern India: do relationships between women matter?**

## **1. Introduction**

Over the past decade there has been ongoing intense and animated debate concerning the impact of microfinance on women's empowerment. Advocates of microfinance for women view access to financial services as a means to build income generating activities, to increase bargaining power within households and thus to enable women to "empower themselves". This vision is extremely widespread among microfinance practitioners, microfinance lobbying groups (for instance the Microcredit Summit Campaign) and policy makers alike. When the Nobel Prize was awarded to Mohammad Yunus and the Grameen Bank, the Nobel committee highlighted declared that "microcredit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic condition" (Norwegian Nobel Committee 2006).

Empirical studies, however, give very contrasted results (Armendariz and Morduch 2005). Some studies, report positive findings, measured through various indicators such as access to consumption, health care and contraception, improved decision-making power and better spatial mobility, access to property, and a decrease in domestic violence (Rahman 1986; Pitt and Khandker 1996, Hashemi, Schuler, and Riley 1996). In contrast, other studies have pointed out a number of negative consequences, both within households and on a wider scale, such as male control over the loans and/or women's businesses (Montgomery, Bhattacharya, and Hulme, 1996, Garikipati 2008; Grasmuck and Espinal, 2000; Goetz and Gupta 1996), increases in domestic violence and patriarchal domination through control by loan officers (D'Espallier et al. forthcoming; Rahman 1989), heavier responsibilities, workload and fatigue (Akerly 1995), disparate treatment between men and women in microcredit conditions (Agier and Szafarz 2010), the exacerbation of inequalities between women (Guérin and Palier 2005; Guérin 2006; Mayoux 2001; Pattenden 2010; Rankin 2002; Rao 2008, Wright 2006), increased financial vulnerability and over-indebtedness (Angulo 2009; Hummel 2009; Olsen and Morgan forthcoming, Villarreal 2009), and the confinement of women into low-productivity sectors (Fernando 2006, Weber 2006).

Clearly from this literature, the role and impact of microfinance for clients regarding female empowerment remains a highly controversial issue. It is also clear that the controversies stem as much from the results themselves as from the methodologies and indicators used. Beyond the diversity of contexts and of microfinance methodologies, which factors obviously partly account for the diversity of results, conflicting findings might also simply arise from the fact that people are not talking about the same thing (Kabeer 2001).

Who defines the meaning and signification of empowerment, and on whose behalf? Which indicators matter or not, and why? Definitional choice is of course anything but neutral and necessarily embedded into wider theoretical frameworks. Does one focus on individual cases or structural changes? On material gains or subjective perceptions of well-being? Does one conceptualise the household only as a space of gender conflict or consider cooperative and interdependent factors? All of these aspects are fundamental theoretical choices which not only influence how the facts are examined, but also lead to conflicting interpretations of the same reality (Kabeer 2001).

As argued by various scholars (for instance Kabeer 2001; Johnson 2005; Mayoux 2002), instead of only considering outcomes, it is also necessary to examine the processes and understandings relating to microfinance practices. Firstly, how do women themselves define and make sense of empowerment? By drawing on in-depth qualitative analysis conducted in Bangladesh, Kabeer points out the disparity between the forms of changes which have been given priority in the development literature and those valued by the beneficiaries of microfinance programmes (Kabeer 2001). Secondly, how are microfinance practices and empowerment processes embedded into local institutions, especially but not exclusively those related to gender? Contextualising microfinance practices sheds light on women's differing potential to benefit from microfinance services, with only some proving able to put it to efficient use (Mayoux 2002; Rao 2008). It equally highlights the great diversity of how microfinance is appropriated. These differences are governed by both class, caste, localisation, religion, gender norms and individual differences (e.g. personal profiles), as well as the cooperation of husbands, kinship support and social networks (Kabeer 2001; Mayoux 2002; Johnson 2005).

In offering a comprehensive analysis, the three above studies (Kabeer 2001; Mayoux 2002; Johnson 2005) have considerably enriched our understanding of the complexity and contradictions of empowerment processes, in contrast to many studies which engage in static analysis and describe or assume empowerment to be a smooth, homogenous and linear process. Our own work has been much inspired by their findings and takes similar theoretical lines: the principal aim of this paper is to contextualise empowerment as a concept, approaching it both in terms of significations and processes in application to a specific case study from Tamil Nadu in Southern India. Our work differs however in one aspect: the specific attention we pay to relationships between women. As Cornwall rightly points out, while over the past decades the development literature has dealt comprehensively with the intensity and diversity of constraints women face due to male domination, little attention has been paid to "how difficult women can make the lives of other women" (Cornwall 2007: 149).

This paper draws on qualitative work carried out in rural Tamil Nadu (Southern India), our main purpose being to highlight the fundamental importance of relationships between women in the context of empowerment processes. We argue that these relationships are constitutive both of women's subjectivities and their agency, defined here as the capacity to act. By drawing on women's narratives and testimonies, we present the following findings.

Firstly, we highlight the subjective factors underpinning empowerment and its specific meanings in the context studied here. In the development discourse access to power is often taken as a goal in itself for challenging male domination (Cornwall 2007). Our analysis shows that patriarchy is characterized by strong male domination but also by ambiguous intra-feminine relationships where solidarity, competition and rivalry coexist. Women's primary goals within the household and as regards men seem more a matter of status, dignity and respect than of power per se. Power is sought, but this is expressed mainly in relation to other women, both within kinship groups and amongst neighbourhoods.

Secondly, we present the diverse nature of microcredit patterns. Some women do experience empowerment processes, however their motivations and evaluations of their experiences are more based on their relative position with respect to their kin and female circle rather than to their husband and the male community.

Thirdly, such empirical findings put in question the usual opposition between two forms of power. In the microfinance industry, and more broadly in the development sector, empowerment is frequently understood as the capacity to think and to act ('power to'), in contrast to a conception of power as domination ('power over') (Rowland 1995). While the

distinction between these two interpretations of power is certainly useful, our observations suggest that a full understanding of empowerment processes should take into account the interactions between these two forms of power. In certain cases, women's agency requires or implies their domination over other women.

The paper is organized as follows. The next section describes the methodology. Section 3 then deals with women's perception of 'empowerment', arguing that what appears to matter the most is their relative position compared to other women rather than men. Section 4 turns to the question of microcredit, demonstrating that microcredit appropriations are shaped by and constitutive of relationships between women, including power relationships. Section 5 meanwhile focuses on the theoretical implications of these findings. The concluding section offers policy implications.

## **2. Methodology**

Our study is based on field work carried out in rural Tamil Nadu (Southern India), where microfinance has developed considerably over the past decade, both in quantity (Fouillet 2010; Ghate 2007; Srinivasan 2009) and institutional and ideological diversity (Augsburg and Fouillet 2010; Hudon 2008). As with all over India, the microfinance industry in Tamil Nadu focuses solely on women, who amount to around 95% of its clientele, rural areas and uses mainly the "Self-Help Group" model (Sa Dhan 2009). SHGs consist of fifteen to twenty people, mainly women, who firstly circulate money amongst each other, and which is then eligible for external loan. Thanks to active public policy and multilateral agency support, SHGs in Tamil Nadu have seen unevenly distributed levels of growth since the early 2000s. In March 2009, the outstanding credit of the microfinance industry in Tamil Nadu was estimated at 463,4 million Indian rupees (INR) (around 7,7 million euros), out of which 74% was disbursed under the SHG model. It is also estimated that 730,092 SHG have been created (Sha Dan 2009).

Empirical fieldwork was conducted in villages in two districts of North Tamil Nadu (Thiruvallur and Vellore). This work was carried out in partnership with two microfinance NGOs, selected firstly for having provided microfinance services for over five years, and secondly for their interest in research collaboration.

Our analysis draws extensively on women's narratives and testimonies. Various qualitative methods of data collection were combined. Firstly, we used semi-structured interviews with women and men, SHG members and NGO staff. Secondly, group discussions (again with women or men) were organised on specific topics including the concept of empowerment, intra-household relationships, kinship relationships, the organisation of ceremonies, entrepreneurship, and financial practices. Group discussions were useful - and sometimes unavoidable given that people often wanted to participate in the discussions - to gain an understanding of official discourses, social norms and acceptable practices. Thirdly, informal discussions and immersion in local daily life were instrumental for analysing women's trajectories. One of the authors lives in Chennai and spent intensive time in the villages. Since 2004, excellent relationships have been established with around fifteen women. They were chosen on diversity criteria and for their willingness to spend time with us. Proximity and follow-up over a long period of time allowed us to reconstruct what amount to "life histories", understood as the discursive product of an interview which takes the form of a narrative. Such narratives stand out from other means of investigation as the sole means of perceiving the dynamic dimension of personal lives. Repeated visits (between 2004 and 2009) also allowed us to capture the ongoing experiences of these women over time, and in some cases to follow processes of change. Last but not least, observation has been a key tool to analyse and interpret the nature of social interactions between women, both in the home and broader community.

Daily observation revealed to us the fundamental importance of honour, status and dignity but also how women's kinship and neighbourhood positions are instrumental in women's self-perception of their personal status. The empirical results are not representative in a narrow statistical sense but, given the depth of the interviews, they are likely to be indicators of general trends.

This qualitative research was completed in 2008 by a survey based on a questionnaire and carried out with 170 women clients of both NGOs. The purpose of this survey was twofold: first, to get a description of the main socioeconomic characteristics of the population attended by the NGOs and second, to quantify certain traits identified in the qualitative research (those who are likely to be quantified).

The sample, collected in order to get a representative picture of the NGO's population, shed a first light on women's heterogeneity. 60% of the women belong to the lowest castes (former untouchables, classified as Scheduled Castes), while 40% are from lowest middle castes and middle castes (classified respectively as Most Backward Castes and Backward Castes)<sup>2</sup>. Women interviewed are between 18 and 55 with an average of 35 years old. One third (32.9%) has no education, 43.5% has a primary education while 23.5% has a secondary education. Half of them do not have any income generating activity. Two thirds of women earning an income work in agriculture (almost exclusively as *coolies*) and the remaining third in non farming activities (including 13% of petty entrepreneurs).

### **3. Empowerment subjectivities**

#### **3.1 Women's inferiority and dependence on men**

Women's subjectivities in this study should be set in a very specific ideological framework: women's inferiority and dependence on men. Even if social norms are more "women-friendly" in Tamil Nadu than in other parts of India, especially the North (Agarwal 1994; Harriss-White 1990; Ravindran 1999), they are still considered as inferior species and impure beings (Kapadia 1996). Women's inferiority, legitimized by religion and culture, translated into multiple discriminations such as lack of property rights (Agarwal 1994), confinement into very low waged jobs and especially agricultural daily work (Harriss-White 2003; Kapadia 1996), subjection to domestic violence, exclusion from religious rituals and female infanticide (Harriss-White 2001; Ravindran 1999).

Our first research question aimed to reach an understanding of women's subjectivities regarding power and empowerment. Many women are perfectly aware of the extent of their subordination: the simple fact of talking about power makes them nervous. They often wonder how they are to talk about power when they are always controlled and constrained in their decision-making. They are perfectly clear about the ongoing paradox that many of them face: having to work to meet household needs whilst their spatial mobility (movements beyond their neighbourhood, especially for non-work purposes) is tightly controlled, monitored and supervised. This paradox is a permanent aspect of women's daily lives, even if it varies according to given situations and social groups. For instance low castes usually enjoy greater freedom of movement but higher material constraints (Kapadia 1996; Ravindran 1999). In our sample, low caste women work more commonly than middle castes (56.9% as opposed to 39.7%). Wives' contributions to household income are higher among low castes than middle

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<sup>2</sup> In the villages studied here SC were mainly Paraiyars, MBC were mainly Vanniars, while BC were mainly Mudaliars and Naidus. There are no upper castes in these villages (classified as Forward Castes). In the remaining part of the paper SC will be qualified as "low castes" and BC and MBC as "middle castes".

castes, both in absolute and relative terms. On average women's annual income is 10,153 INR for low castes as opposed to 8,335 INR for middle castes. Women's income amounts to 17.8% of household total income for low castes (out of a total income of 35,741 INR) as opposed to 9.6% for middle castes (out of a total income of 41,563 INR)<sup>3</sup>. Some female breadwinners were found among low caste households, but not among middle castes.

Women are adamant as regards male shortcomings. For example, the subject of male "laziness" observably underpins daily preoccupations and discussions. Not only are men criticised for working on an irregular basis (some very little), but women often also complain that men keep most of their wages for personal use (for instance to procure tobacco and alcohol, but also to assist their own kin)<sup>4</sup>. Yet equally, the honour and reputation of the family remains linked to the ideal of man as a dominating decision-maker. "If the men do not have 'control' we [the women] are not respected", women often say.

Women's narratives as well as the observation of daily interactions clearly highlight the fundamental aspects of issues of status and respect (*mariyaathai*). "How can we be free and powerful when we don't have respect?" was often asked. Besides the material hardship of hard work, domestic violence and multiple deprivations, there is no doubt that a lack of respect, humiliations, and contempt are the primary sources of suffering. Verbal violence is often experienced as more hurtful than physical violence. This can for instance involve being branded as incompetent, a bad wife/mother/daughter-in-law (unfit for "family life" is the most common expression), or as a prostitute, this being a very frequent insult at times when female behaviour is regarded with suspicion, in particular when women are mobile). In the context of this desire for respect, a fundamental role is played by relationships between women.

### 3. 2 Power over other women *versus* power over men

Different forms of female relationships should here be distinguished. First come relationships with the husband's kin. In our sample most households are nuclear-type (67%) but patrilocal residence remains a rule. Only one quarter (25%) of women still live in the village where they were born. As a consequence, and given the extreme density of southern-Indian villages, most women have no other choice than to cohabit with their husband's kin. Women's relationships with their in-laws involve some sort of cooperation (especially surrounding child care), and affection and complicity do occur. However as men spend most of their time outside, household spaces are primarily female spaces, in which conflict and rivalries are commonplace. Daily conflicts and tensions arise concerning the distribution of family duties (who does what?), freedom of movement (women's mobility is limited by men but also very often by elder women), strategic decisions (children's education, the organisation of ceremonies), household budget management and resources allocation (who decides how much to spend and on what, whether for daily consumption, investment, or life cycle expenses such as social and religious rituals). Beyond daily cohabitation issues, conflicts and tensions also relate to both material and social broader issues. These include inheritance and property distribution, dowries, financial responsibilities for life cycle events (who will pay for marriages or for the funerals?), immoral behaviour such as "love marriages", adultery, illegitimate children and alcoholism. Women are very often seen as responsible for male immorality.

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<sup>3</sup> Women's contributions to household expenses are much higher than their contributions to household income, as their income is usually devoted to household's well-being, while men often spend part of their income on personal expenses and helping their own kin.

<sup>4</sup> As observed by Mencher (1988) in the 80's in other parts of Tamil Nadu.

Women humorously, but also with great bitterness, describe the difficulties of this cohabitation. They also discuss how they seek to position themselves. Hierarchies are never fixed, but permanently bargained and negotiated along various lines such as age, kinship ties (blood *versus* marriage ties), and the husband's position within the household, which is itself governed by age and economic power. Sisters and sisters-in-law often compare themselves on the basis of their husbands' contributions to the household income. Women are also judged and judge themselves for who they are and what they do. Here our observations suggest that these judgements are based on two main factors. The first is their capability to follow "feminine" norms. Some of these are visible and (implicitly) evaluated collectively: cooking talents, appearance, modesty and discretion. Others, for instance women's sexual capabilities, belong to private male knowledge. Many women say clearly that they "buy" their husband with sexual favours.

The second aspect is purely material: it makes no doubt that women's bargaining power depends upon their ability to contribute to household budget. Their financial contribution takes various forms. What we would like to emphasize however is the variability of women's financial contributions. Far beyond their own income (for those who work), women's contributions to household expenses depend upon the support they can get from their own kin, and moreover the relative importance of this support compared to the husband's kin<sup>5</sup>. Expectations commence at marriage and the payment of a dowry, and continue throughout life, at times of financial crisis and life cycle events.

The responsibilities of the uterine kin are intended to compensate for the fact that women have no real access to inheritance and property rights<sup>6</sup>. In our sample, kin support averages 11,264 INR annually, the equivalent of 30% household annual earnings. On average, 56% of this support comes from the wife's kin, but this ranges from 0 to 100%. In more than half of households, the wife's kin contributes less than 23% of the kin's support, and in one third of cases they contribute less than 17%. Contributions from the uterine family play a central role in women's recognition by their in-laws. Such contributions regulate hierarchies between sisters-in-law, women's movements (women are more often allowed to visit their own kin if they have a chance to return with gifts), and involvement in important decisions, especially ceremonies.

Relationships with other women also take shape within a neighbourhood context. Although women have very little mobility outside the village or even within their own area given that villages are spatially segmented along caste lines, they have intense relationships with their own neighbours. Here too neighbourhood spaces are mainly female spaces, as men either work outside the village or meet in male-specific public spaces such as tea shops, temples, political meetings, etc. Here too solidarity, mutual help and support mix with hierarchy concerns, jealousies and conflicts. Owing to their spatial proximity, women spend much of their time monitoring and observing each other. Dissenting behaviour or even suspicions of this can lead to denunciation, threats, blackmail, and acts of connivance or complicity. At the same time, solidarity and cooperation are instrumental in helping women manage their household finances. Most participate in a variety of strictly female financial circuits (Harriss-White and Colatei 2004). Such circuits include Roscas but also the reciprocal exchange of cash or goods, and especially food and jewels (gold) that women will wear at the time of ceremonies or use to obtain cash from pawnbrokers. For instance in our sample 65% women regularly exchange jewels with their neighbours and 66% regularly borrow cash from them.

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<sup>5</sup> However, and as suggested by Naila Kabeer (1999), the importance of kin's support is probably less prevalent in south-India than in the North, where women's income is usually lower because of stronger patriarchal norms.

<sup>6</sup> Only 7.8% of low caste women declare having legal property titles for land, and 3.9% for housing. (This amounts to 11.8% and 7.4% respectively for middle castes).



All women are not equal within these financial circuits, however. Some women content themselves with borrowing negligible sums from their immediate social and physical entourage, whilst others handle considerable sums in relation to their income, going to various places in order to meet lenders. The most active women play the role of intermediary for their peers. At the time of the survey, the average outstanding debt per woman was 10,337 INR, ranging from 0 to 310,000 INR. Women who live in their native place enjoy a better access to solidarity network (77% borrow cash from their neighbours against 62% for women who have migrated). Caste and class hierarchies also determine the nature of female financial circuits. Low castes women are more involved in reciprocity neighbouring networks (73% borrow cash from their neighbours against 56% for middle caste). Conversely low castes women have a more restricted access to the financial market (and so are low caste households): at the time of the survey low caste women had an outstanding debt of 1,444 INR against 4,274 for middle caste women (household debt was respectively 6,313 and 16,372. Middle caste women lend money to low castes, whilst the opposite scenario is very rare. Among low castes, the better off (most often spouses of civil servants) lend money to their neighbours. As we shall see later, SHGs rely on these pre-existent chains of debt, and equally reinforce them.

#### **4. Microcredit appropriation: diverse and unusual pathways**

Most of the women are fully aware of the multiplicity and strength of their bonds of dependence, but this does not necessarily mean that they accept them or that they are unable to exert any form of agency. Most women clearly state that they have the will to take initiatives and action, stating *ninachatha nadathanam* (“thinking for oneself and acting consequently”). Many also comment that SHG membership offers new opportunities to act. But their rationales, motivations and subsequent actions are variable and sometimes surprising. Our central argument is that it is relationships between women that are instrumental in shaping this appropriation.

##### **4. 1 Female entrepreneurship**

Although self-employment is often considered microfinance’s central goal, in our case study such an outcome is negligible. According to our survey, and out of 449 microcredits reported, a small minority (4.5%) is intended for business purposes. Microcredits are primarily used for health expenditure (22%), children's education (16%), housing (14.2%) the financing of ceremonies (15%), and repaying previous debts (12%)<sup>7</sup>. Not only are few women self-employed, but the remainder are rarely interested in starting a business, as they are very much aware of the risks. Whilst our narrow sample of course cannot be used to press claims of generality, these observations raise fundamental questions that go far beyond the scope of this paper as regards the inability of microfinance to promote self-employment<sup>8</sup>.

In our sample, half women declare that they decide alone on the use of their microcredit, 30% say that it is a joint decision while 20% say that they are not involved at all in the decision. For

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<sup>7</sup> The survey aimed at quantifying the “main purpose” of the microcredit. However money is fungible and microloans are usually used for a variety of purposes. What is clear however is that a great majority of microcredit uses do not generate direct income.

<sup>8</sup> For similar observations on microcredit and self-employment in rural Tamil Nadu, see Kalpana (2008). It is worthwhile noting that evaluations of credit programmes for the rural poor in India, in particular the IRDP, led to similar conclusions. See for instance Dreze (1990). For similar results on the limited use of microcredit for income generating activities see Collins et al. (2009).

those who use microcredit for their business, qualitative analysis indicates three main scenarios: (a) those who give microcredit to their husband for his own business, (b) those who use it for a family-based business, and (c) those who use it for their own business. In line with a vast body of literature<sup>9</sup>, one could anticipate a positive correlation between women's control (both over microcredit and businesses) and their empowerment. Bargaining processes around microcredit, however, are much more complicated and subtle than this (Kabeer 2001; Johnson 2005). As discussed later, women themselves also misappropriate microcredits.

In the two first cases, positive effects are observed. The very fact that women are the official beneficiaries can positively lead to an improved household status, experienced directly by women in terms of recognition and the ability to take decisions in strategic areas such as children's education or ceremonies. What is central for our purposes is that both women's motivation and women's evaluation of their own empowerment processes clearly highlights their relative position as regards their kin and not necessarily their husband. In some cases there is also very clearly a degree of solidarity between husband and wife in standing up to kin, in-laws and sometimes children. Concrete examples can best illustrate how women themselves perceive their situations:

Pathipooranam (Paraiyar, SC) is a very active SHG borrower, using most of the loans for her husband's business. For her this goes without saying as her husband "is the wall of the family". Some time ago he started to deliver sand, and he then started work driving a bullock cart for someone else, before gradually acquiring his own orders such that he now has his own bullock cart. She explains that she borrowed a lot of money from the SHG to "prove her competitiveness" to her in-laws. "Two years ago my husband and I decided to leave the joint family. My mother-in-law never accepted our decision. She was always saying: you are going to lose every thing. You won't be able to do anything. I managed to borrow more than 60 000 Rupees for my husband's business [from the SHG but also from other sources]. I had to demonstrate the strength of my husband and my own strength to my in-laws. Now they cannot say anything".

Malliga (Vanniar, MBC) runs a grocery shop. One of her motivations for starting a business was to "stand in front of her son". While her son now enjoys a good economic position, he refuses to help his parents. They started living with him and his wife after his marriage but their relationships were so bad that they decided to leave: "daily life was simply impossible". The parents also had to sell their own house to settle the loan contracted for their son's marriage, which he has refused to pay back. For her the lack of support from her son is a real trauma, experienced both as a form of treachery and an insult: "we believed in our elder son very much. We spent so much money on his education; now that he works he does not give us due respect; it's better to live with a donkey [meaning her husband] than a dog [referring to her son]". According to her, conflicting relationships with the daughter in law are the root of the problem.

There are also few women who start a business on their own. It is probably here that the effects are the most visible and tangible (earning money, going outside the village to buy materials, talking to officials). Fundamentally however, all the cases we encountered have been extremely strained processes. Women face many problems and many constraints in starting a business on their own, often in the face of kinship opposition. Most of these businesses are vulnerable and poorly profitable. They also incur social costs such as interminable working days, endless criticisms from the both kin and neighbours as entourage (a good business woman is easily called a "prostitute" in reference to her relationships with male suppliers and customers). This

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<sup>9</sup> Following Goetz and Gupta's findings in Bangladesh (1996).

must then be compensated by irreproachable behaviour and increased acts of generosity to their close circle, especially their in-laws.

## 4.2 Women's role in household finances

In most cases microcredit is simply used to improve household finances. As stated above, women already mix and match multiple financial instruments in order to make ends meet. Any additional source of cash is very much welcomed and seen as a means to loosen liquidity constraints, even if it means additional pressure (D'Espallier et al. forthcoming)<sup>10</sup>. Even when husbands or in-laws exert control or take over loans, the fact that women are the official beneficiaries facilitates their ability to negotiate in other areas afterwards – “it's a give and take policy” is often stated. SHG membership is also a means to reinforce female financial networks, both in terms of solidarity but also in terms of conflict factors. In many cases group functioning is far from harmonious. The selection of loan beneficiaries and delays in repayment cause many disputes, which tend to revive pre-existent neighbourhood or intra-family disagreements (alliance or blood ties exist within many groups). The rise of some members, whether economically, socially or as group leaders, often stirs up envy and jealousy. Many groups have stopped meeting to avoid open conflicts. The leaders take care of the transactions and deal individually with each member. Competition and antagonism however are not incompatible with financial solidarity. Women say they regularly exchange microloans (64% of our sample), either giving part of their loan to another group member or repaying more quickly in order to allow others to benefit from their loan before the final repayment date.

Meanwhile the reinforcement of existing hierarchies between women is also likely as an outcome. As indicated above, women's financial management roles are extremely varied. Such diversity necessarily translates into various sorts of microcredit appropriation. Women in our sample took 2.6 loans on average, the total ranging from 0 to 5 (some women are SHG members but never borrowed). There is a quite high rate of renewal. Only one third of women took one loan, and half took at least 3 loans. SHG loans have an average value of 7,296 INR and can amount to 33,000 INR, but half of women borrow less than 5,000 INR and two-third less than 7,500 INR. However these figures under-estimate the unequal distribution of microcredits, as some women frequently appropriate others' microcredit. Ultimately, some women are nothing more than puppets, whilst others have appropriated the system remarkably. Not only do they play a decisive role in the coordination of their group, but they use their new responsibilities as a means to create or further develop a role of money-lender, or as intermediary as a source both of income and a certain form of power. They give help to access potential lenders, stand as guarantors, and sometimes travel and obtain sums themselves, forwarding advances to those struggling to pay back their microcredit on time.

Two case studies below illustrate the extreme heterogeneity of women's roles in household finance and hence the very great diversity of SHG membership effects.

Saraswathi (Paraiyar, SC) considers herself the main decision maker within her household. On the other hand, she feels constantly and strongly pressured by her in-laws who live nearby. Her marriage was a “love marriage” (arranged marriages are the rule) and she considers that this is

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<sup>10</sup> Of course improved access to finance is not without costs. In some cases it is likely that microcredit increases women's financial fragility (Angulo 2009; Hummel 2009, Olsen and Morgan forthcoming, Villarreal 2009).

always used as an excuse by her in-laws to scold her. “I will have to prove myself for my whole life”. She shoulders considerable financial responsibility for her in-laws, helping them whenever they need cash (especially for ceremonies), helping them find lenders and sometimes even fully managing the transaction. In the neighbourhood she is also considered as a resource person for many women as she “helps” with many things, especially access to cash, acting as a guarantor or a lender herself. She does not make a charge obtains but indirect benefits, the first being improved creditworthiness among local lenders and better borrowing conditions. “Respect” and “gratitude” from local women is another indirect benefit. She also states that she can “control” them. For instance she can easily mobilise them for mass events (political meetings, public events organised by the NGO, etc.) Her mobilisation skills are instrumental in helping her access powerful networks and hence resources. She has been a SHG leader since 2004. She fully controls not only her own loans but also those of her daughter and her sisters-in-law. Clearly SHG membership has helped her strengthen her financial role both among her kin and within the local community.

Loganayagi (Mudaliar, BC) belongs to a SHG but considers herself as acting as a “puppet” for her mother-in-law. “In general we have problems being a joint family. My mother-in-law tries to decide everything in the family. She never takes me into account with decision-making. Even with my daughter, the decision to buy a dress or jewels was her decision. I never have a chance to give my suggestions. Secondly, I don’t have any money to buy things for her [my daughter]. She handles all the money in the family. Initially I was comfortable with that, but nowadays I feel like I am a working machine in this family. I am working to keep everyone in the family happy”. As far as SHG membership is concerned, her mother-in-law asked her to join and she has to satisfy herself with executing her mother-in-law’s orders.

## **5. Analysis: reconsidering “power to” and “power over” as oppositions**

Women’s narratives and personal experience can shed new light on the issue of female empowerment and power. Firstly, gaining respect and status within the household and amongst kin are obviously a major motivation. Women assess their own situations and experiences in such terms. Secondly, those seeking economic and financial independence rarely do so as individuals but as conjugal units, striving for independence from their in-laws or children. Women’s attachment to the conjugal unit is of course shaped by social norms and structural constraints, in particular women’s dependence on men. When asked to talk about their assets, some women answer ironically that the most important asset they have is their husband. Such comments express the emotional and material dependence of women on men, which is typical of intra-households arrangements (Agarwal 1994).

Thirdly, relationships between women are fundamental both in determining each woman’s social position and in how they make use of microcredit. While over the last thirty years feminist scholars have considerably enriched our understanding of the household<sup>11</sup>, the issue of female relationships within household bargaining processes has attracted little attention. It is of course well known that patriarchy is characterized not only by male domination but also gerontocracy (Kandiyoti 1988). It is also recognized that kin support and women’s networks are instrumental in helping women to defend their “fall back position” (Agarwal 1994), and besides this is a strong argument in favour of female collective action. However the nature, diversity and complexity of female relationships has gained very little attention.

The ambiguity of female relationships demands reconsideration of current debates on power within the field of gender and development. Academic debates on power usually oppose two definitions of power, often thought as contradictory (Allen 2005). The first defines power as

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<sup>11</sup> For a review see Razavi (2010).

getting someone else to do what you want them to do ('power over'). Power is conceived as a relation of domination and subordination, as a zero sum game and as a conflicting process: those who get power necessarily get it at the expense of others<sup>12</sup>. The second conception considers power as an ability or capacity to do something ('power to')<sup>13</sup>. Various forms of feminist theories have significantly elaborated on the second definition, arguing that power conceived as power-over, domination, or control is implicitly a male conception of power (Allen 2005). They ask for a reconceptualization of power as a capacity, ability or agency: people are empowered when they get a better ability to define their goals and act upon them. It is the second definition which is usually used to define, justify and analyse projects which aim at empowering women, with two main ideas (which are more or less explicit) (Rowland 1995). Firstly, women's empowerment is taken to be more a matter of change than of domination. Secondly, women's empowerment is understood not necessarily to lead to less power for men: it is argued that men could also benefit from it, with the chance to live in a more equitable society and to explore new roles (Oxaal and Baden 1997). Apart from the distinction between power over and power to, feminist movements also put forward the idea of power *with* (people coming together with a common purpose or understanding to achieve collective goals) and power *within* (self confidence, self awareness and assertiveness) (Oxaal and Baden 1997; Townsend et al. 1999).

Here, such debate invites two comments. Firstly, it barely considers the idea that women would deliberately use development programmes (here, microfinance) to dominate other women; this does however take place. The example of Loganayagi and her submission to her mother-in-law shows that microfinance can be used to reinforce pre-existing domination relationships between women. However in many cases kin relationships as well as domination relationships are more complicated than this, such that the opposition between 'power over' and 'power to' needs to be overcome.

For instance, to what extent does 'power to' include or require a certain form of 'power over'? Taking into account the interactions between these various forms of power will facilitate a better understanding of the processes at stake.

'Power to' is limited by various constraints, including interdependency between individuals. Individual agencies are interconnected, interdependent and sometimes in contradiction to one another. If X takes action A, it can prevent Y from taking action B. As the women's narratives above indicate, female agency encompasses two main types of actions: decision-making and seeking respect and status<sup>14</sup>. However in many cases, decision making as well as status are not a zero sum game. Status is meanwhile a relative notion. Women's status depends upon their relative position as regards other women, both within their household, kinship and neighborhood. Theoretically one of the purposes of microfinance is to promote the status of women as a whole, as a category. However as long as this does not occur – which is very much the case here and which would require much more effort than microloan provision alone – the issue of status remains an individual one, based on comparison and hence implicit competition between women.

To return to the case of Saraswathi, who used SHG loans to improve her role as a financial intermediary, both within her kinship and her neighbourhood, the fact that she is now allowed to participate in decisions pertaining to ceremonies means that her sisters-in-law have virtually no voice, even less than before. Thanks to her financial role, she can also afford not to

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<sup>12</sup> This conception of power is in the continuation of Max Weber or Michel Foucault, who consider power primarily as a relationship and as a confrontation between two adversaries. See for instance Foucault (1983).

<sup>13</sup> This conception of power can be found in the work of Thomas Hobbes or Hannah Arendt.

<sup>14</sup> Our observations echo to Naila Kabeer's framework on empowerment (Kabeer 1999).

participate in domestic chores at the time of ceremonies, which means an additional burden for her sisters in law. Whilst her financial skills allow her to gain status in relation to her kin, they also allow her to control her sisters-in-law, for instance by them giving her their microcredit, which in turn further increases her financial power. Her financial skills are also closely link to the control she has over other women in her neighbourhood. Saraswathi's case is representative of many others. All of the women we met who felt that they improved their standing within their kin and neighbourhood in recent years through participation in microcredit schemes, did so in a way demanding some form of control over other women, and /or a degradation of status amongst other women.

In other words, 'power to' may involve a certain form of 'power over'. This type of 'power over' is a relative form of power in the sense that it takes place mainly amongst women themselves. Women do not seek to challenge the hierarchical order of female subordination. Though many of them are perfectly aware of their material and ideological dependence on men, they have internalised such structures, seeking to make their position in the pre-existing framework more comfortable rather than challenging that framework itself.

## **6. Conclusion**

Over past decades the idea of "female empowerment" has become extremely popular in development agendas, resulting in multiple and often contradictory discourses on gender and development. Visions promoted by the radical philosophies of feminist activists, for instance, have little to do with the more individualised sphere of self-help politics. Very little attention however has been paid to how specific empowerment discourses are received by those constituted as the "beneficiaries" of such programmes. This under-theorization of microfinance as a "lived experience" means that the wide range of complex and often surprising processes through which the concept of empowerment is received, appropriated, accommodated, and sometimes challenged have often been overshadowed. In an effort to explore how women make microfinance their own, this article has analysed how women take socially embedded critical perspectives towards empowerment, and how the idea of "women's empowerment" is given meaning through women's situational constraints, aspirations and expectations.

In certain contexts, as is the case here, women are not necessarily looking for autonomy and independence from men, but rather for respect within their own community (Basu 1995; Kabeer 2001; Cornwall 2007). Our findings do not of course claim for any generality. Gender relations are historically and socially constituted and it is likely that women's perception of empowerment vary accordingly. However, far beyond the specificity of the context studied here, and from a theoretical perspective, what our case study highlights is the need to explore the diversity and complexity of relationships between women. Gender relationships are often reduced to relations between men and women, and possibly to relations between older and younger women. Yet it would seem that the kind of relations that shape women's daily lives, well-being, expectations and behaviour concern mainly relationships between women (Cornwall 2007). The domination of older women over younger women, often stressed in the literature, is only one aspect of these relationships.

Our case study also highlights the need to go beyond the basic opposition between power defined as domination versus agency, and to analyse in more detail how these two dimensions of power interact. We have observed that discourses on women emphasise a conception of power as agency. Yet insofar as women's status is dependent on their husband's position and

on women's relative standing in relation to other women, both because of cultural ideologies and material constraints, 'power to' necessarily implies a certain form of 'power over', this mainly over other women. In other words, in some cases women's empowerment might translate into the disempowerment of others<sup>15</sup>.

Is examining "agency from below" also instructive in terms of wider structural factors of inequality and oppression? As Yogendra and Rankin (2010) argues, the subjectivities, consciousness and experiences of power of microfinance programme participants have something to tell us about the structural constraints that shape the practical outcomes of development programmes. Highlighting the existence and importance of hierarchies between women is not a question of underplaying female subordination; the opposite is the case. In this case, women's experiences of empowerment processes highlight the contradictions between individual trajectories and structural constraints. All things being equal, it is in women's best interests to compete with other women. Ongoing conflicts, rivalries and competitions between women arise partly through their status as subordinate.

Our findings have key policy implications. In terms of microfinance, they confirm a number of scholars' existing claims that microfinance alone has little chance of challenging gender hierarchies,<sup>16</sup> or that it may even exacerbate pre-existing hierarchies, in particular inequalities between women. A further fundamental implication concerns a long-standing debate in the gender of development about the difference and frequently contradictions between "women's interests," "strategic gender interests", and "practical gender interests" (Molyneux 1985; Moser 2002). Whilst women's collective action ('power with') is often viewed as an effective means to overcome the contradictions between individual situations and structural constraints, women's own experiences demonstrate heterogeneity of female positions and diversity of female identities. We know from history that collective action has always been instrumental in promoting the rights of marginalised groups and that women's rights are no exception<sup>17</sup>. It is totally unrealistic however to expect that women would *spontaneously* accept to gather and defend their rights as women, as is commonly believed notably for Self-Help-Groups (Molyneux 2002; Rankin 2002). Overlooking the diversity of female positions necessarily makes overcoming their subordination impossible, as the complexities of the power relations that sustain subordination and inequalities are shut out of the frame (Cornwall 2007: 159).

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<sup>15</sup> We thank James Copestake for this expression.

<sup>16</sup> See for instance Fernando (2006), Johnson (2005), Johnson and Rogaly (1997); Mayoux (1999). For India, see Garikipati (2008), Rao (2008).

<sup>17</sup> See for instance Agarwal (1994) for women's property rights, or Kabear (2010) for women's right to work and for social protection.

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## **Appendix: Survey Data collection**

The data were collected in 2008 from the clients of two NGOs operating in two adjoining districts in the North of Chennai (Tamil Nadu, India). The first NGO (KRCDS) has been operating since 1990 in the Vellore district, which is traditionally agricultural, but where there is an increasing amount of textile and electronic industry. In 2008 KRCDS dealt with 585 groups, implicating 8875 women, in 115 villages. Its target population is exclusively women from low and middle castes. The second NGO (DET India) has been operating since the 1980s in the more urbanized Thiruvallur district, closer to the main city of Chennai. In 2008, DET India dealt with 126 groups (about 2142 women). Its target population is exclusively women from low castes. The two NGOs currently apply SHG methodology and thus act as an intermediary between these groups and external lenders, namely banks, governmental schemes and governmental agencies such as the Tamil Nadu Women Development Corporation.

The following steps were applied for sample stratification:

- 1) Classification of all villages attended by the NGOs (based on lists provided by the two NGOs) according to three enclosure levels: enclosed rural, intermediate and peri-urban.
- 2) For each enclosure level, frequented villages were drawn at random. The weight applied to each enclosure level was the same as that observed in the general population (both NGOs’ policy is to have a homogenous coverage in a given specific and bounded geographic area).
- 3) For each village selected, groups were randomly drawn out (based on the exhaustive list of groups provided by the two NGOs).
- 4) For each group drawn, members were randomly drawn to be interviewed (based on a list provided by the SHG leaders). In Vellore, both middle and low castes are attended by the NGO. Thus women were drawn within each category in order to respect the weight of each caste level in the attended population.