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## *Stronger Women, Stronger Societies:*

- A case study of micro credit and women empowerment  
in Southeastern India

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# Abstract

Micro credit has become a popular tool in the fight against poverty. All over the world, economists and practitioners have adopted the topicality. At the same time, an increased awareness of the situation of women is noticeable. In particular, marginalized women are discussed since they face poverty, illiteracy, low caste/casteless and gender gap.

In the Indian South-eastern state of Tamil Nadu, the local non-governmental organization Hand in Hand (HiH) organizes women into self-help groups where women get access to smaller loans. This helps improve the economic situation of women and facilitates empowerment in other spheres of their lives.

This report is founded on a case study in the operating field of Hand in Hand. The data is based on interviews with women involved in micro credit projects, personnel at HiH, and also with diverse experts in the field of micro credit. Thereafter, the report analyzes the impacts of micro credit on marginalized women living in patriarchal societies, from three aspects. These are the economic/ socio-cultural/ and mental space. These three spheres of a woman's life interact and transcend each other. Likewise, they illustrate in which ways women get empowered.

*Key words:* micro credit, self-help groups, women empowerment, case study, non-governmental organization 'Hand in Hand', Tamil Nadu.

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# 1 Introduction

Almost one fourth of the world's poor are living in India and the inequalities within the country are large (SIDA 2006-09-27). Especially women and girls are marginalized since they are quadruple discriminated as they face "poverty, illiteracy, low caste/casteless and gender gap" (Sankar and Sharan 2005:3). India is moreover characterized by a deeply traditional society where patriarchal structures dominate. Women are subordinated men and Manu, the codifier of ancient Hindu Law, referred to the proper role of woman in Indian society as one "that in childhood is subject to her father, in youth to her husband and when her lord is dead, to her sons. A woman must never be independent" (Fredland 1992:197).

Nonetheless, the past three decades have witnessed a steady increase in awareness of the need to empower women (Lopez-Claros and Zahidi 2005:1). In particular, micro credit has become widely adopted in the fight against poverty, but also in order to increase the status of women. Microfinance programs emerged in the 1970's as social innovators began to offer financial services to the working poor, those who were previously considered unbankable due to their lack of collateral. However, once given the opportunity, clients of microfinance institutes expanded their businesses and increased their incomes. Their high repayment rates also demonstrated that the poor are capable of transforming their own lives given the chance (UNITUS 2007:1). Principally, women show higher repayment and saving rates than male clients (Ledgerwood 1999:38) and in contrast to men, women spend money on children's education, health and well-being of the family.

Economic improvements are understood as a condition for further empowerment of women. However, there is a lack of discussions about the social impacts of women involved in micro credit programs in academic debates. Therefore, I decided to accomplish a minor field study in the South-eastern Indian state Tamil Nadu, where the local non-governmental organization *Hand in Hand* is operating.

## 1.1 Problem

In India, 50 years after independence, the Indian villages still have a very low standard compared to other Asian countries (UNITUS 2007:4). Additionally, many villages are characterized by a feeling of helplessness, lack of initiative, and dependence on government. Microfinance programs have come to be promoted as an effective tool against poverty and are to be divided in several ways. In India, the most common are the Grameen Bank Approach (GBA) and the Self-help

Group Approach (SHGA) (Sailappan, AGM at NABARD 2007-04.23). Micro credit has thus become the primary mechanism to empower women, although the success of micro credit programs has often been assumed rather than proven (Taiski, Research Associate at CMF 2007-04-24).

Choice of microfinance program affects the process and the outcomes of the program. Moreover, qualitative research is often dismissed as unrepresentative and atypical (Devine 2002:204). For that reason, I stress the difficulty to formulate too general conclusions from the case study completed in Tamil Nadu. The assumptions made from the work of the Indian non-governmental organization Hand in Hand (HiH) must be understood in the restricted context of chosen methods of the organization, and my findings are related to this specific organization. Nevertheless, HiH strives to export their microfinance model to other parts of the world, and does not believe that their methods are unique for India (Barnevik, Advisor for HiH 2007-04-26). Moreover, to avoid a narrow perspective, the analysis is extended with information from independent governmental agencies, research institutes and secondary literature.

## 1.2 Aim of the study

The aim of this report is to analyze the impacts of micro credit given women. As mentioned before, recent results are rather assumed than proven. Therefore, since micro credit is such an accepted tool to reduce poverty worldwide, this report wishes to contribute with additional information. The objective of microfinance programs is to improve living conditions, as well as to equalize social and gender injustices. Accordingly, we must learn more of the consequences and how the poor themselves feel about being faced with microfinance programs. The best way to accomplish this is to present serious documented research at the academic level. This will not only stress the harsh situation of poor women, but will also educate and stimulate further investigations of this important problem. In order to make a serious contribution to the discussion of micro credit and women empowerment, I spent one month in the Indian state Tamil Nadu where I accomplished a case study of the local non-governmental organization named Hand in Hand (HiH). The program of HiH combines the two cited microfinance approaches, GBA and SHGA, into a particular holistic and integrative model.

The fact that micro credit gives women opportunities to change their situation is rarely contested. Since it enables the woman to earn money on her own, to become a contributing factor of the well-being of the family, and to strengthen her self-esteem, she becomes more respected and appreciated. Overall, the actual microfinance discussion seems to be very positive concerning the effects of micro credit, and this has been reinforced after Muhammad Yunus and his Grameen Bank receiving the Nobel Peace Prize in 2006. Thus, this master thesis aims to critically revise if and how microfinance programs, and especially the program promoted by HiH, actually change the situation of Indian women. The report strives to provide the reader with a comprehensive analysis and the question at

issue is: *How does micro credit empower marginalized women in traditional patriarchal societies?*

Moreover, empowerment takes place in different spheres or 'spaces' of women's lives. The thesis concentrates on economic, socio-cultural and mental spaces. Due to limitations of the extent of the report, I have chosen the three spaces that I recognize as the most relevant and correlated to the answers of the respondents. Yet, I will highlight that there are no strict limits between the spaces, and the division is partly arbitrary due to respondents' experiences and theoretical literature. Consequently, the disposal of the analysis may be discussed and presented differently. I will, however, underline the chosen disposition to be a result of carefully considerations from research findings.

### 1.3 Outline

In order to present an interesting and coherent report, the thesis initiates a concise discussion about used method. In particular the semi-structured interviews, since in-depth interviews allow people to tell their own story in a language with which they are familiar (Devine 2002:199). Included in this chapter are also thoughts about problems related to interviewing as well as a discussion about the material. Next follows the theoretical approach where women empowerment is defined, but also the implication of poverty and the aspect of gender. The three aspects are correlated and I believe it is important to uncover them all in order to understand the depth of the concept of women empowerment. Thereafter the theory is divided into the three spaces. Economic, socio-cultural and mental space will consequently lead the analysis whereas the impacts of micro credit and the empowerment of women are in focus. Discussed is also the phenomenon of micro credit, so as to give the reader an introduction of different approaches and courses of action to reduce poverty and empower women. Afterward thus, follows the analysis directed by research data of the field trip and the theoretical discussion. Lastly, a conclusion is presented with the intention of sum up the focal points of the report.

## 2 Method

I have chosen to conduct a case study of how micro credit affects marginalized women in the state of Tamil Nadu, South-eastern India. The reason of selecting case study as methodological approach is to “offer a detailed illustration of a theme of wider interest” (Hague and Harrop 2004:79). The goal of the research is to “explore people’s experiences, practices, and attitudes in depth” (Devine 2002:207), and I believe the qualitative method to be the best procedure. Even though the thesis is based on the local NGO Hand in Hand, the aims of their projects correspond to the general stance towards measures of poverty reducing and empowerment of women. Therefore, my one month long field trip in India illustrates how micro credit may affect women and some of the important lessons we are to learn from it.

The choice of India is based on personal curiosity and interest along with the high rate of microfinance institutes and programs in the country. The contact with Hand in Hand in Tamil Nadu was established thanks to an attracted article of the organization in the Swedish magazine *Affärsvärlden* 2006-02-01. Hand in Hand thereafter welcomed me to India and provided me with a tutor, contacts within as well outside the NGO, and most importantly assured an interaction with women in different self-help groups.

### 2.1 Semi-structured interviews

Seeing that the aim of the thesis is to investigate the impacts for women involved in micro credit programs, I consider semi-structured interviews to be the most appropriate course of action. Women’s personal experiences are crucial and interviews are consequently about mediating knowledge, experiences, attitudes and valuations (Jacobsen 1993:10). The interviews were conducted in the Kanchipuram district as well as in the capital city of Chennai, so the case study should be considered done by qualitative method (Devine 2002:197).

Petersson recommends structured, but adjustable and flexible personal interviews since it is a responsibility of the researcher to structure the interview (Petersson 2003:44). Semi-structured interviews are to be positioned in the middle of standardized respective non-standardized procedures and imply the interviewer receiving more easily rich and nuanced answers. Lundahl and Skärvad illustrates the problem with a high versus low grade of standardization in following quote: “The danger of too much flexibility are just as obvious as the truth in the argument that to give to everybody shoes of size 8 is to give the same thing to everybody, yet with different effect” (Lundahl and Skärvad 1999:99). Thus, in

order to avoid this dilemma and to use a method in accordance with objectives of my case study, I found the semi-structured method suitable.

In the semi-structured method certain central questions are formulated on beforehand, related to specific topics and themes, although, the interviewer is able to follow up with questions relevant for the specific situation (ibid.:116, Petersson 2001:36). The semi-structure allows respondents to “elaborate on proximate themes that they deem to be of relevance for the discussed themes” (ibid.:42). Petersson continues that a complementary strength of this format is its possibilities to “uncover a diversity of relevant responses” (ibid.:36). Another reason for the choice of semi-structured interviews as methodological approach is the fundamental principle of interviewing as to provide a framework within which respondents can express their own understandings in their own terms. Additionally, an oral method, instead of a written one, renders possible to connect with the questioned person. An interview, similar to a conversation, makes it possible for the interviewer to explain and reformulate the questions so that the respondent, really understand the meaning (Andersson 1985:24).

Throughout the study, I have had the ambition to ask relevant and similar themes on the basis of open questions. According to Esaiasson et al, ‘open’ questions contribute to an avoiding of misunderstandings and linguistic difficulties, as well as getting more through answer to questions where there are no set answer alternatives (Esaiasson et al 2203:262). On the other hand, a disadvantage with ‘open’ questions is that the answers may be rather or very difficult to interpret and compare among themselves (Andersson 1985:73). Nevertheless, close ended questions are “fatally flawed as instruments for understanding basic beliefs and values” (Petersson 2003:44). Furthermore, it is argued that a fully fixed questionnaire does not allow any room for flexibility in order to be able to consider changeability, multi-dimensionally, and context dependency. Aspects which I find essential in my case study and therefore motivate my choice of semi-structured interviews. Additionally according to Jacobsen, this variant of “qualitative interview” is fairly common in social science, since it is an excellent tool concerning collecting information that is difficult to reach in other ways (Jacobsen 1993:19).

Even though I had some predetermined themes which enabled the conversation to develop on its own, the type of conversation varied depending on whom I talked to. For example, it was a great difference between discussing the impacts of microfinance with local rural women or the AGM at National Bank of Agriculture and Rural Development (NABARD). Yet, the variety of respondents deepened my knowledge and widened the analysis.

## 2.2 Problems related to semi-structured interviews

For all interviews, my intention was to be a good listener with full attention to the interviewed person (Jacobsen 1993:63). However, this turned out to be a rather demanding activity. Firstly, regarding meetings with the Indian women I had an



independent English-spoken interpreter by my side, Mr. Y.R Chandrasekar. Mr. Chandrasekar was very useful in connecting with the women and also helpful in explaining the Indian historical, religious and socio-cultural context, which facilitated my general understanding. The traditional Indian culture expects a woman to be accompanied by a man and the company of Mr. Chandrasekar, as well as of HiH personnel, opened doors and helped me being welcomed in the villages. Additionally, women normally feel freely to speak in front of unknown men and I did not perceive the presence of the interpreter to have a negative impact on the interviewees (Skandan, Project Coordinator Health at HiH 2007-04-16).

Moreover, language barriers occasionally complicated the fluidity of the conversation. It was important to remain patient. Repetitive questions enabled a better understanding from my, interpreter's, and respondent's side. Another issue was that the natives were curious about me because I was obviously not from the Indian culture. This made it difficult to be alone with the respondent. Despite request of privacy, there were never less than four people (me, interpreter, respondent and personnel from HiH) in the interview room. Hence, I decided to adapt the Indian customs and do the best out of prevailing situation.

Before facing the interviews, I read a lot about interviewing techniques. Obviously, different books suggest different techniques and the question whether to bring a recorder or not, was one issue frequently discussed. According to Jacobsen, a disadvantage with a tape recorder is that the interviewer may not stay sufficiently attentive during the interview (Jacobsen 1993:64). Ekholm and Fransson, on the other hand, point out that the tape recorder allows the interviewer to review its own action (Ekholm & Fransson 1992:58). Yet, the majority uses a combination of taped conversations and notes, and that was also my intention. However, the recorder never came to be used. I did not find the recording technique suitable due to many people present at the interviewing moment, the familiar milieu where the interviews took place and commotion in general. Thus, I concentrated on taking careful notes, and I was able to reconstruct the conversations sufficiently well.

Generally, I was welcomed and treated very well on my interviews mainly due to my local interpreter and the introduction made by HiH personnel. Of course, there remained differences and barriers due to different cultures and ways of thinking. Nonetheless, I sincerely believe that the women interviewed appreciated my interest and answered my questions as well as they could. I got the chance to meet many women and over time I learned how to adjust the interviewing methods according to the situation. As a result, I conducted many interesting interviews.

Interviewing is furthermore an inter-cultural story, and for that reason I tried to be critical to prejudices and preconceived opinions. One way was by ensuring time for listening and thinking (Jacobsen 1993:73), but also adapting to Indian culture and customs. For instance, I dressed traditionally and searched to behave in a respectful way. The conversations with personnel at HiH and the expertise were easier to accomplish. These persons were well educated, speaking English and some of them were Western foreigners with similar backgrounds as me.

## 2.3 Material

The material consists to a large extent of personal interviews conducted by myself in April-May 2007 on location in South-eastern India and more specifically in the Kanchipuram district and Chennai. When working with the interview method the selection of 'units' must be conducted in some form of systematic manner (Holme and Solvang 1996:184). The respondents were partly selected randomly and partly selected due to their competence in the subject. I have chosen to categorize the interviewed persons in three different units: interviews with local women participating in microfinance projects, meetings with personnel at the NGO Hand in Hand and, lastly, interviews with diverse experts in the phenomena of micro credit. Naturally linked to the purpose of this paper, the larger and the most important part is constituted of local money-borrowing women.

I was dependent on the organization Hand in Hand to that extent that they arranged the meetings with the locals. However, they were eager to meet my demands, and I decided whom I wished to interview among the selected groups. The number of respondents totaled 14 local women participating in micro credit projects, four HiH personnel and five specialists/researchers of micro credit. The diversity of interviewed objects contributes to a more qualitative discussion, since different aspects are considered.

The method chosen for this study means that the answers, i.e. the actual material, provided by the respondents have been assembled and interpreted by the author. The personal interview does not offer an objective or neutral way to finding out the respondents' inner thoughts and perceptions, however this is to be considered as a prerequisite not a drawback in this type of work (Pettersson 2003:52). I believe that there is not an objective reality to be uncovered and the results of the interviews, which will be presented further down, are the results of my interaction with the interviewed persons and my interpretations of their answers.

Other types of material used in this thesis are secondary sources, as one should use other sources and techniques (Burnham, Gilland, Grant and Layton-Henry 2004:206). Books and academic articles have complemented my understanding and the analysis about the effects of micro credit on women's situation and status in the patriarchal society in the Kanchipuram district, India.

# 3 Theory

The case study is based on a women empowerment approach and I aim to analyse in which ways women are empowered by micro credit. According to Deshmukh-Ranadive and Murthy, the stimulus for empowerment as a process comes when something alters in a person's/women's life that expands spaces (Deshmukh-Ranadive and Murthy 2005:48). By space they mean "that which allows a person the place/freedom/margin to do what s/he intends to do" (ibid.). Every person has an allotment of spaces at a moment in time. This allotment is determined by the domestic and macro environment within which the person lives. Spaces determine the person's capacity to act and the ultimate behaviour both within households and outside it. Thus, a limitation of spaces tends to be a lack of power to act. It also accounts for fewer alternatives within behavioural decisions can be taken. I find this categorization relevant for the thesis and it will be used as the basis for following analysis.

Although, before discussing the different spaces I will clarify a definition of women empowerment and how it is related to poverty and the aspect of gender.

## 3.1 Women empowerment and its relation to poverty and the aspect of gender

Poverty crushes the human spirit. Three billion people, half of the world's population, live on less than \$2 per day and are unable to meet their basic human needs (UNITUS 2007:2). Poverty traps future generations in a vicious cycle without hope or opportunity. Poverty is a macro problem but the effects are felt on a micro level, creating hardship for communities, families, men, women and children. Its worst attribute is that poverty breeds poverty since all or most of the earnings go toward basic survival and little or no money is left over to improve the quality of life.

At a macro level, 70 percent of the world's poor are women and they almost always make up the poorest segments of society (Ledgerwood 1999:37). Women are generally responsible for child-rearing (including education, health, and nutrition) and they often have fewer economic opportunities than men. In virtually every country, women have a higher unemployment rate than men and make up the majority of the informal sector of most economies (UNITUS 2007:1). Moreover, the female population faces cultural barriers that often restrict them to the home, making it difficult for them to access financial services. Women also have more traditional roles in the economy and may be less able to operate a

business outside their homes. Furthermore, women often have disproportionately large household obligations.

Since the 1970's, researchers and policymakers have examined the impact of development on women. Academics and practitioners have been inspired to address the problems of gender discrimination and it is today accepted that gender, such as class, race, and ethnicity, is a source of inequality (Moghadam 1990:6ff, Lopez-Claros and Zahidi 2005:1). The term refers to the unequal structural relationship between the sexes, linked to the state, the economy, and to other macro- and micro-processes and institutions. The concept of gender is, consequently, a fundamental aspect to keep in mind while discussing women empowerment.

Thus, the question of how development policies affect women's control of resources and decision-making capacity has initiated great interest in empowerment studies. Especially empowerment of women in developing countries has become vitally discussed, since the situation of women in the Third world is much less fortunate. With the strategy to work through women empowerment, the aim is to make the poor emancipate themselves via a participatory approach toward poverty (Datta & Kornberg 2002:1).

Different studies do not necessarily use the same concept of empowerment; neither do they measure it in the same way (Holvoet 2005:78). According to Rekha Datta and Judith Kornberg "the goals of women's empowerment are to challenge patriarchal ideology (male domination and women's subordination); to transform the structures and institutions that reinforce and perpetuate gender discrimination and social inequality; and to enable poor women to gain access to, and control of, both material and informational resources" (Datta & Kornberg 2002:2f). This is a definition I believe accurate in the study of the impacts of microfinance and it will therefore be in focus of this report.

## 3.2 'Spaces' of women's lives

Empowerment will be regarded as a process and does in this report relate to "challenging a subordinate position in order to change roles" (Graves Patton 2002:13). In addition, it is to leave the women in charge whilst at the same time "challenging the internalised oppression that pushes them to accept less than what they are capable of" (Rowlands 1998:26). Meanwhile, empowerment is a complex phenomenon which takes different forms in different 'spaces' of women's lives. This report will concentrate on three, namely economic/, socio-cultural/, and mental space.

### 3.2.1 Economic space

Often women's access to property is limited and their legal standing precarious. Women have fewer sources of collateral and in some instances commercial banks

are unwilling to lend to women due to the perception that women are unable to control household income (Ledgerwood 1999:38). Economic space of women is therefore not seldom restricted since they are not in control over factors such as movable/immovable property, both tangible and intangible assets, nor income (Deshmukh-Ranadive and Murthy 2005:49). However, admission to the economic space allows a woman ownership, access and control of goods and services, which then enhance economic independence and with that empowered status and situation.

### 3.2.2 Socio-cultural space

The socio-cultural space enhances women's power within the domestic sphere. This space widens when a person's position within kin-based hierarchies is relatively higher than that of others (ibid:49). The placing within families of members is an essential part in the social space, and most often the women possess lowest status and are submitted to the power of their husbands. Age, marital status, caste and class are also important determinants of socio-cultural space (Lahiri-Dutt and Samanta 2006:288).

Furthermore, I wish to highlight women's access to their body and the mobility across spaces outside and within her house. This has a significant bearing upon their position in intra-domestic power dynamics as also outside the domestic unit.

### 3.2.3 Mental space

It is not necessary that when spaces expand, they will always result in the process of empowerment. It is important to evaluate the quality of that space, women do not live in a vacuum and what actually has to expand is mental space. Mental space is "metaphysical in nature and consists of the feeling of freedom that allows a person to think and act" (Deshmukh-Ranadive and Murthy 2005:50). An expansion in this space implicates a change in perceptions, which lends a feeling of strength since it precedes action. Also information and women's access and control of public office are important to discuss within arena of mental space (Eudards 2005:16). Political activity, as widely understood, takes place within the public domain and is connected to the administration and governance of the society and local institutions as well as in a larger context.

There is, however, no linear relationship between empowerment and the expansion of spaces. The most important condition for empowerment to take place is an expansion of the person's mental space and it has been found that when women operate through collectives the maximum empowerment takes place (Moyle, Dollard and Narayan Biswas 2006:247).

## 4 Micro credit

Before entering the analyzing chapter, micro credit as a phenomenon will be presented. This section introduces the two most common approaches in India, *Grameen Bank Approach* (GBA) and *Self-Help Group Approach* (SHGA), as well as the specific microfinance methods of the local non-governmental organization *Hand in Hand*. Awareness of different ways of attacking poverty and male domination is important since it emphasizes the complexity of categorizing micro credit as a single tool of reducing poverty and empowering women.

### 4.1 General about micro credit

Microfinance has evolved as an economic development approach intended to benefit low-income women and men. It arose in the 1970's as a response to "doubts and research findings about state delivery of subsidized credit to poor farmers", and has since then grown substantially (Ledgerwood 1999:1). The term refers to the provision of financial services to low-income clients, including the self-employed. Financial services generally include savings and credit, however, some microfinance organizations also provide insurance, payment services and social intermediation services, and training in financial literacy and management capabilities among members of a group. Microfinance is therefore not simply banking; it is a "development tool" (UNITUS 2007).

The objective of many Microfinance Institutes (MFIs) is to empower women by increasing their economic position in society. Women entrepreneurs have attracted a special interest as they almost always make up the poorest segments of society (Mayoux 2005). Moreover, experience has shown that women generally have a high sense of responsibility and are affected by social pressure. It has also been argued that an increase in women's income benefits the household and the community to a greater extent than a corresponding increase in men's income (Ledgerwood 1999:38). Women have also demonstrated higher repayment and saving rates than male clients.

Methods of MFIs differ according to historical, contextual and targeted market groups. Two common microfinance approaches in India are the Grameen Bank Approach and the Self-Help Group Approach. A brief introduction of the two is presented below, which thereafter follows by a presentation of the local non-governmental organization Hand in Hand.

## 4.2 Grameen Bank Approach (GBA)

The Grameen Bank was funded in Bangladesh by Professor Yunus in 1976 and in 2006 Muhammad Yunus shared the prestigious Nobel Peace Prize with his creation. Today the Grameen Bank Approach (GBA) is so well known that other microfinance providers routinely adopt the Grameen lending model (Banyard 2006:46). The GBA puts an exclusive focus on the poorest of the poor and is primarily delivering credit to rural, landless women wishing to finance income-generating activities (Ledgerwood 1999:83). Borrowers are organized into small homogenous groups, 5-12 women, in order to facilitate group solidarity as well as participatory interaction.

The model offers special loan conditionalities, particularly suitable for the poor such as very small loans given without any collateral, loans repayable in weekly installments spread over a year, and transparency in banking transactions. Simultaneously, the GBA undertakes a social development agenda addressing basic need of the clientele and provides an expansion of loan portfolio to meet diverse development needs of the poor.

Yunus Muhammad and the Grameen Bank experiment set out to prove successfully that lending to the poor, and mainly to women, is not an impossible proposition. On the contrary, it gives poor the opportunity to purchase their own tools, equipment, or other necessary means of production and embark on income-generating ventures which will allow them to escape from the vicious cycle of “low income, low savings, low investments, low income...” (Sankar and Sharan 2005:21, Ledgerwood 1999:84). The most remarkable aspect of the Grameen Bank has been its high loan recovery rate, in excess of 98 % (ibid:21). This has contributed to the bank having low cost of credit and has attracted low cost loans from government and international donors.

## 4.3 The Self-Help Group Approach (SHGA)

Self-help groups (SHGs) provide financial services to poor and simultaneously address the issues of empowerment and gender equity, since it often has been suggested that an integrated package of service has more empowerment potential than minimal credit (Holvoet 2005:76). The Indian version of Self-Help Group Approach is now popularly known, and has emerged as the largest microfinance outreach program in the world (Self-Help Group 2006). SHGs are homogenous and informal, with a member number of 12-20 individuals. The composition of the groups is mostly male or female only, but more than 90 % of the SHGs in India are female only (Sankar and Sharan 2005:21). Once the basic group is identified, the NGO facilitator builds in processes and systems that make the SHG a viable, sustainable institution. Savings by members are made on a regular basis, creating a pool of resources to make small interest-bearing loans to their

members. The group meets frequently and carries out its financial transactions, conducting meeting, resolving conflicts and for networking. Initially, internal transactions are encouraged and subsequently the groups are linked with banks for supplementary financial assistance (Banking with Self-help Groups 2007:7ff). The NGO provides the SHG member with record book, maintenance training which includes account keeping, ledger and pass book writing, leadership training, group dynamics training etc.

After six months of group formation and savings, the SHG looks for external loan from the banks to enhance on-lending to their members. This is facilitated by the banker who rates the performances of the SHG based on certain parameters, primarily of record and book-keeping, savings and group dynamics. After the banker is satisfied by the performance of the group, the group becomes eligible for direct credit linkage from the bank. However, the group continues to decide the terms of the loans given to its members within the group. Since the group's own accumulate savings are part of the aggregate loans made to the members, peer pressure ensures timely repayments.

#### 4.4 'Hand in Hand' Tamil Nadu

The local non-governmental organization *Hand in Hand* (HiH) has been in operation since 1988 with an initial focus on education and the elimination of child labor. In 2003 HiH was registered as a public charitable trust and today it is at the forefront of the microfinance movement in Tamil Nadu (HiH 2007). The vision is to “eradicate child labor and reduce poverty with a focus on education, employment, income generation and empowerment” (ibid.). In order to attain this, HiH implemented an Integrated Community Development Project with five interconnected sectors:



1. Child labor elimination and school programs
2. Self Help Groups and microfinance for enterprise and job creation
3. Citizens' Centers to strengthen democracy on a grassroots level
4. Medical camps and awareness campaigns to improve health levels
5. Environmental protection via watershed projects and solid waste management

All activities are guided by the principles; pro-poor and a bottom-up approach, participatory learning, mainstreaming gender in all activities, transparency and



accountability in all actions, and working in coordination with local institutions (Hand in Hand 2007:3).

#### 4.4.1 Hybrid Model

Hand in Hand strives to incorporate and combine the best features of both the Self-Help Group Approach and the Grameen Bank Approach in order to empower rural poor women in the best manner and in the shortest possible time (HiH 2007). This has resulted in a hybrid model where women are mobilized into a homogenous economic SHG based on housing index, to avoid domination by economically stronger women. The group size varies from 12 to 20. Once like-minded members come together, the first milestone is to open an account in a bank to which the SHG members contribute regularly to a savings fund, managed by the group itself. The savings come from the family's household cashbox, so the savings are in general small or very small. Once a group has saved a reasonable amount it is encouraged to start providing petty loans to the members (Sankar and Sharan 2005:23). These are generally for urgent, short-term needs and the group decides who should get the loans and at what rate, which is significantly less than the rates charged by local moneylenders. The money circulates rapidly and is promptly repaid, and in many cases the total amount loaned could be three or four times greater than the amount saved (ibid.:24).

The projects assist rural women in improvement of skills and pursuit of economic activities. Soon the women acquire sufficient self-confidence to become regular bank clients and entrepreneurs, thereby increasing their self-reliance and raising their status in the family and the community (Swaminatan, Training Director at HiH 2007-04-26). Within two months of group formation, HiH extends credit to individuals, through the group, for setting up family or group based enterprises. There are systems in place to ensure that members do not squander their loans on trivial consumption needs. Credit within one or two months of group formation provides immediate relief as bank linkage takes time ranging from six months to more than a year after group formation and the initial momentum built up after training might be lost in this delay.

When the SHG members have reached sustenance level, they succeed in obtaining loans from banks for higher investment. This inculcates financial discipline and permits enlargement of the scope of the businesses. Hand in Hand believes that when loans are given to women for asset creation and generation of income, it increases their status and strengthens their position in the family (HiH 2007).

Unlike NGOs working on the Grameen Bank Approach, HiH offers loans at the same interest as bank and does not levy any extra charges such as loan-processing fee, service charge or insurance. All the SHGs have accounts with the commercial banks to have continuous access to credit and to have knowledge of the existing interest rate. According to Sankar and Sharan, the major disadvantage with the SHGA is the tedious and long drawn process of the group promotion process through its various stages, beginning from identification of members to

linkages with viable income generation programs (Sankar and Sharan 2005:20). The poor have to wait for many months before they can start availing loans of reasonable amounts, while the HiH ensures credit within one or two months after the group being formed. Nonetheless, similar to the SHG approach, HiH is taking care to build social capital amongst SHG members through training on group dynamics. This facilitates building affinity within groups, linkage with banks, savings, repayment and rotation of group funds, insurance linkages (ibid:25). Thus according to HiH itself, it combines the best practices of both to formulate an efficient and effective strategy that ensures desirable outcomes for poor women.

# 5 Impacts of micro credit

Previous chapters have introduced the theoretical concept of women empowerment, different models of providing micro credit and the specific hybrid model of the Indian non-governmental organization Hand in Hand. Based on these fundamental aspects, the discussion will now lead over to analyzing the impacts of women involved in microfinance programs. The chapter is divided according to earlier presented 'spaces', with the intention of guiding the reader through different and important spheres of marginalized women's lives. The first space to be discussed is the economic space.

## 5.1 Economic space

Economic empowerment of women is an essential part of any social or community development (Tesoriero 2006:321). Without economic empowerment, women would continue to be further marginalized; a view shared by Hand in Hand, Center for Microfinance (CMF), Tamil Nadu Corporation for Development of Women Ltd. (TNCDW) and Tamilnadu State Non Governmental Organizations and Volunteers Resource Centre (TNVRC). These organizations believe that it is not possible to empower women as long as they are kept in poverty without opportunities to change their life. Without a certain standard of living, poor women will not achieve sufficient capacity or force to improve their situation and challenge the male domination. Therefore, the economic space is fundamental in the process of empowering women.

### 5.1.1 Savings and bank accounts

Hand in Hand encourages women to hold accounts in the name of the group, which is revolutionary for traditional Indian society, where financial accounts are almost always managed by or passed down along patriarchal lines (Srinivas 1998:95). Savings provide women with longer-term access to financial resources and thereby increasing their position within the household (Holvoet 2005:94). The group fund and the individual savings within self-help groups make it thus possible for women to protect a part of their income from men's leverage. It has further been stated that channeling credit to women enables them to obtain a substantially higher stake in decision-making matters that are directly related to the loan use itself (Holvoet 2005:91). A fact that also was observed in interviews with local women where several of them responded that they now, after earning

money by themselves, have got more influence in the decision-making over expenditures related to the home. This is however contrasted to a majority of the interviewed women who remain dependent on the willingness of their husbands. Men are still traditionally in charge over family income and decide thus the amount the wife will receive to spend on household expenditures. Savings on a bank account serves consequently to be one effective means of ensuring women to stay in control of some of their income (Rajendran, GM at TNCW 2007-05-09).

All interviewed women were moreover proud to show their bank account books and the regular deposits and withdrawals from this account. Thanks to group savings they have been able to repay previous debts, get out from the vicious circle of moneylenders and regain calmness after periods of a lot of distress (Sasikumari 2007-04-18, Andal 2007-04-19, Lalitha 2007-04-19). It is important to emphasize that many of the interviewed women still live under harsh conditions. For instance, a widow of 10 years and a mother of two told me that thanks to a loan within the group the family now managed. Even though life remained tough, she had at least been able to repay the debts to local moneylenders and maintain the provision store (Anonymous 2007-04-18). The shared profit from the SHG, she planned to spend on the education of the children, which was a common standpoint of the respondents.

### 5.1.2 The role of the bank

Another important aspect in the understanding of the impacts of women involved in micro credit programs is the role of the banks. There are criticisms that banks operating with micro credit charge too high interest rates. As other commercial agencies, banks must survive and gain a certain profit (Ledgerwood 1999:138, Yunus 2003:204ff.) Moreover, the work of banks and/or microfinance institutes (MFIs) suffers elevated transactions costs due to small loans and they are therefore obliged to have an augmented interest fee. The total profit does not, however, normally lie higher than around 1%, and the rates are also normally lower than the rates of local moneylenders (Taiski, Research Associate at CMF 2007-04-24).

On the other hand, there appeared to be differences amongst the banks operating in the region of Tamil Nadu. Some were more proactive and keen on facilitating for the SHGs than others. For instance, the bank of Bharathi SHG, Dena Bank, provides professional bank officers and annual courses about how to improve and make women's businesses more efficient (Parvathi and Kamala 2007-04-19). This engagement is contrasted with the passivity of the local bank of Dharamalingeswarar SHG, where women are not trusted with loans yet, but must demand financial help from Hand in Hand (Rose and Maragadham 2007-04-19).

A greater engagement and enthusiasm of the banks is assumed to encourage the women of SHGs to develop their businesses, and likewise the empowerment in other spheres. If a respected institution as a bank believes in women, this will assist the expansion of their self-confidence. Consequently, along with the growing self-belief, it is likely to suppose that confident women more eagerly will

challenge other male dominated areas and start to question their traditional role as women.

### 5.1.3 The importance of skill training

Not only have certain banks provided the SHGs with financial training, but also Hand in Hand. Initially women learn about what kind of opportunities there are for realizing an enterprise of their own or how they can develop already existing businesses. Thereafter business proposals are made under the supervision of HiH, and when a serious and detailed plan has been set up the commerce can be started. While discussing these questions with the interviewees, there was not a single woman who did not plan to develop her business further. For some it was necessary in order to improve the quality of life and ensuring a good growth of their children, whereas for other their sense for business had been stimulated and triggered.

Mrs. Munrathiman wished to expand her shop of ice-cream and cold drinks with supplementary sales of milk and fresh fruit juice. For that she needed, among other things, to purchase a fruit press (Munrathiman 2007-04-18). This might for a Westerner be perceived as a minor expansion, but for this elderly widow, who for the first time of her life had a business and had become a significant contributor to the family household, this was an important decision. Another example of business development is the successful Crisp Bakery Unit, led and created by Mrs. Magesh. The bakery is in need of a greater expansion since the demand has become too big to handle in the facility where the group currently operates. The choice is between engaging more employees and stay in present building, or establishing another bakery unit. The women have managed to repay the bank of the original borrowed loan and expect to earn profit from next year (Magesh 2007-04-21). Their local bank manager is very interested in their business activity and in 2006 the group received a prize for “Best Micro-Enterprise”, offered by the former President of India, Dr. A. P. J. Abdul Kalam.

These two examples illustrate different outcomes of micro credit, and it is important to understand the different needs of people. At the same time, I believe it is also essential to be aware of the risk that poor may remain poor despite micro credit. As Mr. Taiski at CMF points out, many people borrow the same amount over and over again and manage therefore not to improve their economic situation. Moreover, it is difficult to reach out to the very poorest since they often lack required capacity to operate a business of their own. In these cases Taiski proposes subsidized help from the government in order to help the poorest to pass the first threshold to thereafter offer them a micro loan (Taiski, Research Associate at CMF 2007-04-24).

The economic space is widely understood to be the base of empowerment of women and it is therefore vital that the SHGs learn the importance of savings, accountability and efficient business. Besides, Hand in Hand also informs about the importance of being cost effective in everyday life. In order to manage the household funds more efficiently, women are being taught to spend wisely and on

“right” things such as nutritional food. This also encourages them to a healthier life for themselves and the family (Rose and Maragadham 2007-04-19). Thus, micro credit programs seem to contribute to improve the economic independence of women as it facilitates the empowering of other spheres in the life of Indian women. Hand in Hand believes that when loans are given to women for asset creation and income generation, it increases their status and strengthens their position in the family (HiH II 2007). Consequently, as women are empowered, household poverty reduces and the health and education standards in the family increases. Further, with the creation of enterprises, women migrate from poorly paid work or unpaid household work, to self-employment and entrepreneurship.

## 5.2 Socio-cultural space

Of the total female population in India, 77 % live in rural areas where the resistance to change can be very manifested (Tesoriero 2006:324). Moreover, people in villages often live by an accepted code of behavior and the negative patterns of those codes affecting women are particularly strong (Fredland 1992:195). Although women’s work varies by culture, region, caste, and type of burden of work, the daily life of most women is very difficult. The workdays become extremely intense and as women serve multiple roles as wife, mother, and workers/field-hand. For that reason, the changes that come with micro credit are assumed to affect poor women markedly in the domestic sphere, where social and cultural aspects matter.

### 5.2.1 Rise of Indian ‘sisterhood’

In a Hindu family, the girl’s role is clearly defined. According to Fredland, Manu, the codifier of ancient Hindu Law, referred to the proper role of woman in society as one “that in childhood is subject to her father, in youth to her husband and when her lord is dead, to her sons. A woman must never be independent” (Fredland 1992:197). She is taught early that she is responsible for winning over the family into which she marries and for making a place for herself in her new family. Although India of today has turned into a more modernized country, this conservative perception of women still exists in many parts of the nation (Roshan, CEO at TNVRC 2007-05-09).

The women’s position in the family is regarded to be the lowest and she must adapt to the family of her husband. For instance, it is not uncommon with joint families, i.e. husband, wife, children and the family of the husband live together. This may implicate negative power relations on the behalf of the woman, who must adapt to her husband, parents in law and brothers in law. Therefore, to strengthen women’s power within the domestic sphere, Hand in Hand has widened the micro credit perspective by engaging SHGs in different types of training (Swaminatan, Training Director at HiH 2007-04-26). Local cluster

coordinators are trained by the NGO to monitor SHGs in discussions about their lives. For instance, the women share thoughts about the status of women, their actual situation, and difference of girl- and boy child in order to augment the awareness and consciousness about these problems.

One of these possible problems is gender oppression which manifests itself in many forms, including social stereotyping and violence at the domestic and societal levels (Tesoriero 2006:324). During the interviews with the local Indian women no one mentioned being badly treated, neither at home or elsewhere. Evidentially, this should not be taken as evident truth, as an oppressive treatment may be apprehended in different ways. Furthermore, there may be cultural differences which make my comprehension of unfair conduct unlike to the view of the interviewed women. However, the questions are discussed within the SHGs and women support and help each other (Ilayarani 2007-04-19). A progress in itself, since women before joining SHGs did not really spend time with each other, even though they were living in the same neighborhoods. Earlier they were only engaged in the occupation in the home without understanding the value of meeting women outside the family. As one woman in the Pudumaipennal SHG said that "poor people do not have time to socialize" (Anonymous II 2007-04-19). Thus, this new sisterhood should be concerned as another effect from the micro credit program implied Hand in Hand. Hereby, the Indian woman finds force and support amongst women in equal situation as herself. They may discuss and question the injustices they face daily which accordingly results in further personal empowerment.

### 5.2.2 Increasing mobility

Moreover, poor women often live in small villages isolated from each other by rough roads and the lack of public transportation (Fredland 1992:195). This isolation of villages contributes to the continuation of traditional social patterns where women remain restricted to the household. However, the accounting books must be regularly updated and the savings must be stored in the bank. There are always two responsible and rotating women in each self-help group who take care of the errands at the bank. These women learn how to speak, to whom to speak to and what to demand while meeting bank officers, as well as governmental people in general. For instance, Mrs. Rajendran, General Manager at Tamil Nadu Corporation for Development of Women Ltd. (TNCDW), remembers how rural women in the past stepped quickly aside if being confronted with governmental employees, whilst women of today may knock on the door of an official car to ask if they can get a ride to next village (Rajendran, GM at TNCDW 2007-05-09). Women of today have a more comfortable attitude towards public people and this demonstrates a huge progress compared with some ten years ago; when such comportments were not considered appropriate for women.

The problem of isolated villages remains however. Mrs. Swaminathan at Madras Institute of Development Studies (MIDS) highlights that a change must be promoted from governmental sections. Often in remote areas, within a reasonable

distance from the home, there are no other schools than primary schools available. Therefore poor families cannot afford to send their children at school, in better cases perhaps one child may be sent by bus every day and in these families the oldest son is normally chosen (Swaminathan, Professor and Director at MIDS 2007-04-19). She persists that poor families are victims that must be helped by governmental regulations. Also information is crucial and poor cannot be blamed for being ignoring or reluctant to change if they do not get opportunities to change. This opinion seems correct after interviewing women where they all wished to offer their children a good education. I did not get the perception that the respondents, regardless economic class or caste, neglected girls' education in favor of their sons', but it should not be taken as veritable truth.

### 5.2.3 Female fellowship

Another sign of female cooperation is how women divide the work burden amongst them. Several of the interviewed women shared a business, such as Mrs. Meenakshi and Mrs. Selvi who operated a clothing store together (Meenakshi and Selvi 2007-04-18). Contrary to the criticism that micro credit results in double burden for women, due multiple roles as wife, mother and worker, Mrs. Meenakshi and Mrs. Selvi were proud to explain how they had solved the dilemma. One of them stayed in the shop and the other one took care of house and children. They admitted though that household work has become less prioritized and that all laundry now was saved until Sunday afternoon. Mrs Selvi was further happy to share that her husband helped her with the children and other household tasks. He was himself a travelling salesman, but after the opening of his wife's clothing shop, he could now stay home under longer periods. Not all of the women I spoke with had the same support from their husbands, but most of them had family or neighbors to ask for help with e.g. babysitting. In some villages there were also kindergartens sponsored by governments.

Rather often men were engaged in the micro businesses, especially in family-based enterprises. Mrs. Revathi runs a tea and coffee shop together with her husband, Mrs. Andal produces religious masks with her family and Mrs. Lakshmi has her husband involved in the cleaning powder production in their house (Revathi 2007-04-18, Andal 2007-04-19, Lakshmi, 2007-04-19). In all cases the extra income from the wife's business was more than welcomed. The woman became important since she was the only one authorized a crucial micro loan. From this point of view, the women have gained certain signification and status. Meanwhile, the husband remains the head of the family. This was especially obvious when both husband and wife were in the same room. In these circumstances the husband answered all the questions, and he focused on the male interpreter even though I (female) asked the questions. To speak to the women, something that the husbands never rejected, we had to go outside or to another part of the house.

Merited to micro credit, women play a more respected and active role within the family composition. Although she remains submitted to the will of her



husband, she has become a contributive and important part in the domestic area. Like everywhere, some men are more open-minded than others and it might also be a question of generation. Children of SHG member will grow up with a working mother, get better educated than his or her parents and hopefully a more equalized domestic division between female and male members of the family.

## 5.3 Mental space

Economic space is considered to be fundamental for any further empowerment of women. First after an improved economic situation, poor women will have the strength to take another step in the complex process of empowerment. Socio-cultural space has showed some examples of how this empowerment, as impacts of micro credit, can be manifested and to conclude the analysis chapter the impacts in women's mental space will hereby be discussed. If we are to redress the imbalance of gender power and contribute to women's development we need to challenge existing structures and contribute to change and transformation (Tesoriero 2006:323).

### 5.3.1 Empowerment through collectivity and information

It has been found that when women operate through collectives, maximum empowerment takes place (Deshmukh-Ranadive and Murthy 2005:50). The collectivity allows the woman to press the injustices she faces and the expansion of mental spaces that allows for action on the part of women is most often facilitated by her membership in a group that is addressed to a similar problem (Eudards 2005:16). Hand in Hand organizes the SHGs so that they gather women with comparable economic and social situation, in order to create homogeneity and mutual understanding (Sankar and Sharan 2005:23). Groups who share experiences often gain in strength and solidarity (Holvoet 2005:96) and this is something HiH and other NGOs strive for.

A second factor that leads to an expansion of mental spaces is information. Lukes defines Indian women's dependence on males as the outcome of "lifelong socialization and absence of information" (Lukes 2005:137). Therefore, information is a very important source of power as well as an instrument. While more people are receiving education, women are still behind men (Fredland 1992:196). Most often women also remain oppressed because they are illiterate and do not have access to knowledge. According to Deshmukh-Ranadive and Murthy, the most critical information to unleash a process of empowerment is the knowledge of the structures of power within which lives are placed. Such knowledge changes self-perception and brings about an awareness of the implication of oppression (Deshmukh-Ranadive and Murthy:51f). In addition information of rights and duties both as citizens of civic society but also as members within families is vital.

Both Hand in Hand and governmental organizations work intense with these crucial issues. For example, Tamilnadu State Non Governmental Organizations and Volunteers Resource Centre (TNVRC) supports NGOs such as HiH, and puts a lot of effort into training of SHGs. Mrs. Roshan at TNVRC demonstrated some of the material applied and accentuated how important it is that the awareness of these questions arrive from the women themselves. The knowledge cannot be imposed from somebody superior and thereby the importance of competent monitors arriving from same community as the women. For instance, questions as domestic violence, child abuse (violent and sexual), martial relations and HIV are discussed through games and illustrated stories (Roshan, CEO at TNVRC 2007-05-09). Since it is difficult to solve these problems, attitudes about education and sex roles must conform to expectations which are quite different from the past (Fredland 1992:197). According to Roshan however, positive changes do occur, and TNVRC has received very good response from trained SHGs where women allow themselves to talk about their own experiences. Through discussions and mind-sharing, women learn about other's situation and also acknowledge the injustice they live (Roshan, CEO at TNVRC 2007-05-09).

On the other hand, the general attitude of the interviewed women about the role of a married woman and mother was still traditional. For instance I spoke to one young woman that told me that she, despite a university diploma in engineering and an appealing job, found it natural to abandon her career at the birth of her daughter. She said that her place now was at home, close to her child (Anonymous II 2007-04-19). The fact that girls attend at university level is obviously a progress, but for a Westerner it remains a shame that this competence returns so soon to the household. However, for this woman this choice was unmistakable and the other women in the self-help group agreed. There were, however, also women working outside the home, such as the women of the Crisp Bakery Unit. It should though be underlined that a large part of the micro enterprises were family-based and thereby connected to the home.

I find it difficult to judge these women from an Occidental perspective, since their way of living is so extremely different in many ways. Of course we may object to the fact that women are bound to the houses, but we must also understand the social and cultural context in which they live. At the same time, change takes time and a lot has been achieved up until today. For instance, some ten, fifteen years ago men were very reluctant to SHGs and micro credit programs directed to women, while today men encourage their wife and sometimes even request activities for the male population as well (Roshan, CEO at TNVRC 2007-05-09). Yet, we must remember that still a woman without consent from her husband will not likely join a micro credit program at all.

### 5.3.2 Social and political mobilization

Thus, it has been stated that information is a very important factor in the empowerment of women. It is generally assumed that integrated packages have an advantage over minimal credit, while financial and social group intermediation is

thought to have more empowering effects than the direct bank-borrower individual lending (Holvoet 2005:96). The programs of Hand in Hand are holistic with financial and social group intermediation and strive strongly to empower women in several aspects (HiH II 2007). Women's survival and persistence to continue under enduring, oppressive circumstances is evidence of great inner strength and HiH's SHG projects highlight some ways in which they have enabled women to utilize these strengths to challenge oppression. This includes as well social and political mobilization as SHGs are enabling women to participate in democratic processes and to play central citizenship roles in their communities.

Of the interviewed women, several SHG members witnessed a participation in social action programs in their neighborhoods. The Bharathi SHG educated for instance illiterates, cleaned up around school and in the general surrounding (Parvathi and Kamala 2007-04-19). Thanks to training programs offered by HiH, women are now socially aware about their community and informed about how they can contribute for a cleaner and more welcoming environment. Also the Thenmalar SHG was engaged in social activities and they had even got their husbands motivated to assist them (Ilayarani 2007-04-19). After communicating with all these women, I got the feeling that the traditional caste society has somehow been loosening up a bit. Now, people from higher caste help persons from lower castes, such as Thenmalar SHG educating the very poor from most backward caste. Despite the fact that the interaction is strictly limited, this is a beginning and a progress compared to ancient days.

However, at Panchayat level, "the local elected village council and the most local unit of democracy in India" (Tesoriero 2005:327), the attention from the interviewed women was lower. The interviewees did not seem to find politics very interesting or appealing although several husbands were engaged. Nonetheless, several of HiH activities are taking place at Panchayat meetings (Skandan, Project Coordinator Health 2007-04-26). One aspect is the question of health. Still, in comparison to males women suffer poorer health. India has one of the highest percentages of anemia cases in the world and this due to malnutrition (Fredland 1992:195). Major causes of female ill health are inadequate food intake, lack of protected water supply, chronic infections, and the aftermath of chronic debilitating diseases. Within the family women eat meals last, ensuring that men and children have access to nutritional food first (Tesoriero 2006:324). Health problems are compounded by the lack of education and availability of basic information to enable people to change their conditions. These are major obstacles to improve the status of women. HiH inform of the importance of eating nutritional food which besides often can be cultivated in the small garden next to the house, the vitality of being extra careful when pregnant, hygienic and sanitary behaviors and other issues related to health and well-being (Skandan, Project Coordinator Health at HiH 2007-04-26).

These are mainly issues connected to the female concerns, since it concerns the domestic sphere. The Panchayat meetings involve though both men and women and it is essential that even the male population get an expanded mental space. Otherwise it will be very difficult for the women to implement the changes.

## 6 Conclusion

Micro credit has become a buzzword and leaders all over the world have accepted it as a tool in the fight against poverty, but also to empower women. Today there are many different kinds of microfinance institutes and one is the Indian non-governmental organization Hand in Hand, located in the South-eastern state of Tamil Nadu. HiH works with a holistic program of five integrated pillars, where micro credit channeled to marginalized women through SHGs is one of them. The organization applies a hybrid model, which consists, according to the NGO itself, of the best parts of the Grameen Bank Approach and the Self-help Group Approach (HiH III 2007).

My case study in Tamil Nadu, with the assistance of Hand in Hand, resulted in 24 semi-structured interviews, with a majority of local women. On the basis of this data, the aim has been to critically discuss the question: *How does micro credit affect marginalized women in traditional patriarchal societies?* The analysis has been conducted through three main spheres, the economic/the socio-cultural/ and the mental space. I have not had the intention to keep these spheres strictly separated; contrary the three affect and transcend each other.

The first conclusion is that an economic engagement is a premier step for poor women in the process of empowerment. Micro loans are given to women for asset creation and income generation, and it increases their status and strengthens their position in the family. As women are empowered, poverty reduces and the health- and education standards in the family increase. There are though risks that women remain in poverty due to un-progressing businesses, as well as the loans go to consumption instead of production. Also, it is important to accentuate that men still are in charge of the family income and women are dependent on the husband's will.

Concerning the socio-cultural space, women engaged in micro credit programs are today more aware about their situation and the extended gender oppression in the traditional Indian society. Women have customarily the lowest rank in an Indian family but thanks to savings and income via micro credit engagement, they have now received some higher status. Also the mobility of women has increased and women are less anxious of handling official people. Women are overall more confident, tougher and stronger. Nevertheless, the isolation of rural villages remains and the husband is still the head of family. However, it takes time for changes to have effect and only the fact that a woman has a bank account in the name of her SHGs is revolutionary. Moreover, the resistance of SHGs is less today and more husbands support their wives' decision to join a SHG. This must though be contrasted of the woman being the single possible loan taker in the family. Many businesses need the money in order to repay already existing debts to moneylenders and/or to develop the enterprise. Nevertheless, the impression I

got from the women interviewed was that they were very proud over what they had achieved and they believed in themselves.

Perhaps the most important impacts take place in the mental space of women and men. Women are able to break out of powerlessness and passivity and become active on their own part (Eduards 2005:139). Through collectivity and information women get knowledge of structures and of power, which thereby contributes to changes and development. HiH and other agencies work actively with these issues and via monitored discussions women start to question their traditional situation and status in the patriarchal society. The interviewed women witnessed a social awareness and they are now engaged in community matters as well as environment aspects. However, the traditional notion of motherhood remains strong and the respondents thought it for instance to be natural to resign a career for taking care of the children.

In spite of the positive experiences of women involved in micro credit programs and SHGs, the impacts valued from a Western perspective are likely to be seen as rather marginal. We must though recall that progresses are very slow and the Indian people must find their way for a durable development which does not disregard cultural values. It is also crucial, that if the empowerment is to succeed, it must derive from the women themselves. It is only at a local and familiar level that women in SHGs feel comfortable enough to learn and speak out loud.

The meetings with the local Indian women gave me hope that India is directing towards a way out of poverty and gender oppression. I am aware about many persisting problems and the great existing differences in the immense country. Though, I cannot ignore the confident and strength in the eyes of the interviewed women. Meanwhile, there is not enough research of micro credit. One problem is the many different approaches and courses of actions related to the phenomena, which naturally leads to different processes and outcomes. This must be discussed further and I wish to see more attention drawn to the concept of micro credit. It is already a popular tool in the fight against poverty and in the empowerment of women, and if being conducted correctly I believe it to have a great potential all over the world.

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