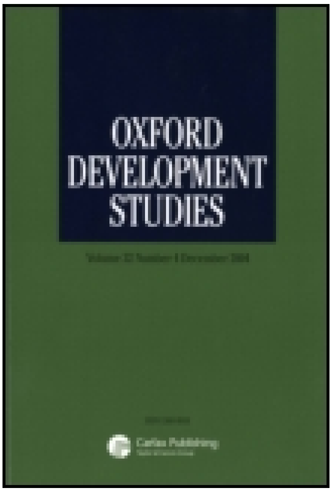

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Microcredit and Women's Empowerment: Have We Been Looking at the Wrong Indicators?

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Microcredit and Women's Empowerment: Have We Been Looking at the Wrong Indicators?

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ABSTRACT *The impact that microcredit has on women's empowerment has been much debated in the literature. Some studies find negative effects; some find positive effects and others no effect. A reconciliation of these discrepancies has been attempted by attributing them to the usage of different measures of empowerment. In particular, it has been argued that those studies that view empowerment as outcomes for women associated with their access to loans, find positive effects, and those studies that focus on processes of loan use find negative effects. These different ways of measuring empowerment are the focus of this study. Using data collected from 397 women participants in a microcredit programme in rural India, it is evident that measuring empowerment in terms of outcomes alone—as most impact assessments do—is not only insufficient but can actually be misleading as well. The findings of this study suggest that a more robust understanding of the linkages between lending to women and their empowerment can be achieved by focusing on the processes surrounding loan use and repayment. The findings of this study also caution against the excessive focus on outcomes as a measure of women's empowerment.*

1. Introduction

Group lending or microcredit programmes have become a prominent poverty alleviation strategy all over the developing world. Estimates suggest that over 80% of all microcredit clients worldwide are women (Daley-Harris, 2006). Lending to women is considered a win–win solution to the dual problems of financial sustainability and poverty. From the viewpoint of lenders, women are perceived to carry a low credit risk because they are more likely to cooperate and repay loans on time (Cheston & Kuhn, 2002). From a development perspective, they are more inclined to share benefits with others in their households, especially their children (Chant, 1997; Kabeer, 1999). Furthermore, women's increased role in the household economy is expected to lead to an improvement in their agency and result in their empowerment (Malhotra & Schuler, 2005). This emblematic pathway that took women from the simple act of borrowing money to their emancipation was so

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fundamental to the early credit interventions that the possibility that this might not happen was simply not considered (see Ackerly, 1995). However, when the relationship between lending to women and their empowerment began to be studied in earnest, it spawned an intense polarisation among researchers on the positive and negative sides of the debate.

On the one hand, positive evaluations found that microcredit helps women improve their ability to earn monetary incomes, leading to greater confidence and the ability to overcome cultural asymmetries (Rahman, 1986; Hashemi *et al.*, 1996; Pitt & Khandker, 1998; Kabeer, 2001; Pitt *et al.*, 2006). On the other hand, the negative evaluations claim that loans made to women are typically controlled by their husbands, deepening their dependence on their husbands for repayments, which in extreme situations results in domestic dissension and violence (Goetz & Gupta, 1996; Rahman, 1999; Leach & Sitaram, 2002).

Although there is little understanding of these discrepancies, some effort has been made to reconcile them. Most noteworthy is the work by Kabeer (2001), who argues that the different findings are largely due to the differences in the way women's empowerment has been viewed. Broadly speaking, studies that examine the impact of credit on women's empowerment view empowerment either as *outcomes* for women that are attributed to their access to loans, or as *processes* surrounding loan use (on this point see also Johnson, 2005). In this context, *outcomes* are understood to be measurable factors, which reflect the ways in which women live their lives—such as their contribution to the household economy, their access to spending money, their say in household matters, how much freedom and leisure they enjoy, and so on. The *processes* of loan use, on the other hand, concern how women use their loans, how they manage their businesses and loan repayments. The idea here is that if women have a significant role in these processes then this is likely to result in their empowerment. Kabeer finds that, by and large, studies that focus on *outcomes* for women as a measure of their empowerment find a positive impact, while studies that focus on *processes* of loan use find a negative impact, in that women's role in these *processes* is found to be rather limited. For instance, Hashemi *et al.* (1996), who explore the impact of credit on a number of proxy indicators of empowerment such as the reported magnitude of women's economic contribution and their mobility in the public domain, find a positive impact, and Goetz & Gupta (1996), who use a five-point index of "managerial control" over loans as their indicator of empowerment, give a negative verdict.

This study examines the dichotomy in the way in which empowerment is measured within the microfinance literature. The intention is to comment on the suitability of *outcomes* versus *processes* as measures of women's empowerment. We use primary data, collected from 397 participants in India's Self-Help-Group (SHG) programme in 2002–2003, to closely examine the impact that credit-programme participation has had on the women concerned. In addition, we use testimonial evidence from select participants to help contextualise some of our main findings.

Our findings suggest that viewing empowerment as the study of *outcomes* alone is insufficient and can in fact be misleading. This is mainly because empowerment is context-specific and depends on existing gender relations, mainly within the household, but also within the community (such as women's status in the labour market, women's relations with credit-group members and so on). For instance, increased mobility in the market place for women, generally regarded as a positive outcome, may in fact simply be a compulsion imposed by poverty conditions, and may be viewed unfavourably both by the women and the society concerned.

Furthermore, we find that studying the *processes* surrounding the use of loans and their repayment can help understand the actual impact of credit on women's empowerment. This is mainly because it is these *processes* that lead to an increase or decrease in women's agency—which signifies their ability to use resources effectively and to make choices that affect their lives and situations (Kabeer, 1999; Malhotra & Schuler, 2005). The study of *processes* reveals that, in several cases, what may seem like positive changes in an individual's situation are actually either neutral or negative. Moreover, an appreciation of the *processes* leading to the *outcomes* is essential to understand how empowerment comes about and when it does not, it is likely to provide guidance on what went wrong, and what can be done to rectify the situation. In other words, an understanding of the *processes* can inform an understanding of the reasons for the observed empowerment *outcomes*—both positive and negative. For instance, if a woman has experienced an increase in her monetary income, the loan use *processes* that led to this *outcome* can throw light on whether this is an empowering experience for her or not. If she has used her loan effectively to increase her earnings (say, by starting a small business)—then we can conclude that the loan has been beneficial; however, if we find that she has lost control over her loan and is compelled to join the labour market to repay her loan then we will have to view her increased earnings differently.

Our findings also suggest that examining *processes* related to loan use and repayment can help generate an understanding of microcredit's impact on women in a way that is relevant from a policy viewpoint. Observing the impact of credit on *outcomes* alone is unlikely to give us sufficient insight into policy. For example, if we find that credit programme membership does not increase the value of women's work time, then all we can say is that as a policy tool, microcredit failed to attain one of the intended development objectives. We are unable to comment on why this may have happened or what else needs to be done to enable a positive outcome for the women concerned. The same is the case when *outcomes* are positive—little can be said about why they are so. We highlight the policy implications of our findings in a separate section.

The article is organised as follows. Section 2 briefly outlines the issues surrounding the measurement of women's empowerment with a focus on the impact evaluation of credit programmes. Section 3 provides a short description of India's main microcredit scheme. Section 4 briefly describes the fieldwork and introduces the data used in this study. Section 5 examines the relationship between loan use, repayment and women's empowerment. Section 6 consolidates some of the main findings regarding the experiences of the women concerned and discusses policy implications. Section 7 closes with some concluding comments.

2. Measuring Women's Empowerment: A Note

It is widely accepted that empowering women is not only good for them but that it is likely to lead to other developmental externalities. Empowered women are considered to be more likely to bargain for better health and educational outcomes for their children and to rise against social and cultural asymmetries and help build more equitable communities. This collective view about how empowered women are likely to behave has resulted in greater demand for development funding dedicated to schemes with the specific objective of empowering women (UNDP, 2008). Empowering women is also one of the top Millennium Development Goals agreed by all the world's countries and its leading development institutions in 2000 (UN, 2012). Given the scarcity of resources, however, it is important to measure the impact of these schemes against some benchmarks. It is in this context that measuring women's empowerment in a way that is methodologically robust becomes necessary.

Finding a robust measure of empowerment, however, is tricky. The difficulty is that empowerment is not only a multifaceted concept but it is also extremely sensitive to the social and cultural context within which it is measured. The existing gender relations in particular play a crucial role in determining the context-specific indicators of empowerment. So although achieving a consensus on measuring women's empowerment may be impossible, some broad understanding of what it entails has emerged, mainly within the feminist literature.

Over time, feminist discourses have given us a fairly robust conceptual understanding of women's empowerment. Broadly speaking, empowerment is understood to be a set of *processes* that result in the expansion of woman's agency—where agency refers to the woman's ability to use resources at her disposal in a way that allows her to make choices that affect her life and circumstances (Kabeer, 1999; Malhotra & Schuler, 2005). Some examples of *processes* that affect a woman's agency are the *processes* surrounding the buying and selling of produce and assets, and the *processes* relating to the use of a woman's work time and her ability to access credit.

Certain preconditions that characterise a woman's past and current environment, such as cultural constraints, parental education, asset ownership and access to credit, are expected to facilitate *processes* that lead to an increase in her agency (Kabeer, 1999; Kishor, 2000). Expanding a woman's agency is further expected to affect her life *outcomes* or the fulfilment of her personal preferences (Kabeer, 1999). These personal preferences can be understood as goals that lead to her greater well-being. Some examples are: having a greater say in household decisions; more access to personal money; and a lighter domestic burden. Empowerment can thus be conceptualised as comprising both the *processes* that increase a woman's agency and the *outcomes* that embody this agency. In this study, we follow this notion when describing women's empowerment.

Despite this robust understanding of women's empowerment, studies evaluating the impact of microcredit typically measure it by using proxy indicators that detail *outcomes* in various aspects of women's lives without examining in any detail the events or *processes* leading up to them. The most common approaches involve identifying *outcomes* indicative of empowerment and measuring them directly (Holvoet, 2005), or using these measures to construct composite variables (Hashemi *et al.*, 1996; Pitt & Khandker, 1998; Garikipati, 2008a; Swain & Wallentin, 2009). Some of the *outcomes* routinely studied are: the extent of women's economic contribution; the extent of their domestic burden; freedom from domestic domination; the extent of their participation in minor and major financial decisions; their access to personal spending money; and their mobility in the public domain (Hashemi *et al.*, 1996; Pitt & Khandker, 1998). It is important to note, however, that some studies make an attempt to capture context-relevant empowerment *outcomes* by making use of participatory approaches to evaluation. These help to generate localised definitions of empowerment based on the views of local stakeholders and can also involve the analyses of some of the *processes* related to loan use (Holvoet, 2005; Garikipati, 2008a).

The reason why evaluation studies rely heavily on *outcomes* alone is perhaps because of the difficulties surrounding the study of *processes*. Unlike *outcomes*, *processes* cannot be studied by examining a single indicator such as a woman's economic contribution or her role in household decisions. The study of *processes* demands a commitment far beyond the "cheap and cheerful" data-collection techniques that conventional questionnaires provide, which are sufficient for recording *outcomes*. It is likely to require a much more time-consuming approach where participatory methods may need to be employed to unravel the details of women's role and the extent of their participation in the processes under study. Furthermore, even before such a task can be undertaken, it is important to acquire a prior understanding of the specific processes so that the full extent of their impact on women's empowerment is appreciated. Not only are the data on *processes* difficult to collect, but their analysis and interpretation is also time-consuming and fraught with interpretational ambiguity. *Processes*, unlike *outcomes*, cannot generally be "measured" in a way that is suitable for rigorous statistical analysis. This implies that unless assessors have the time and resources to undertake ethnographic fieldwork, and policy-makers have the time and inclination to examine detailed evidence of this sort, the study of *processes* is difficult to undertake. In some sense the problem with *processes* is that they are burdened with information that is difficult to collect, analyse and use. Indeed the attraction of studying *outcomes* for women is that data on them are relatively simple to collect and interpret.

Considering *outcomes* alone, however, without examining surrounding linkages, is deeply problematic. For instance, women's ability to share domestic chores with others in their households as a result of participation in a credit programme is generally regarded as a positive outcome. Little attention is paid to secondary linkages that may emerge as a consequence. Less housework for the woman may mean a greater burden for her daughter-in-law, which may denote inter-generational transmission of women's dual burden. Another commonly used example of a *positive* outcome of credit intervention is an increase in woman's contribution to the household income—however, this outcome alone is insufficient to conclude that the woman is now empowered—it is important to study the reasons that caused her to hire out her labour. It is now well accepted that entering the labour market under conditions of duress may not be empowering. Inequitable division of labour obtained in the family and a weak claim over the family's productive assets may considerably diminish women's power to bargain for better wages and working conditions (see Kapadia, 1993; Kabeer, 1994; Kalpagam, 1994; Rogaly, 1997; Garikipati, 2008b). In this context, greater employment may get re-channelled into intensifying gender inequalities and result in perpetuating both individual and systemic exploitations of women. Equally, a woman who does not observe *purdha*[1] in a society where it is widely prevalent may not necessarily be emancipated. She may not be able to observe *purdha* because of constraints such as poverty and responsibility to provide food for the household (Kabeer, 1999). A measure of empowerment that examines *outcomes* without an appreciation of the gendered context may make erroneous conclusions about the impact that credit has had on the women concerned.

Furthermore, empowerment *outcomes* when considered in isolation tend implicitly to assume that households are sites of conflicts—the focus is usually on the conflicting interests between husbands and wives. Indeed, some of the most commonly cited empowerment *outcomes* have emerged from this assumption. For instance, a woman earning monetary income as a result of the credit programme is considered to be a positive outcome—the assumption being that she may have difficulty in accessing the money that her husband earns. Household relationships, however, are far more complex than this, and a great deal has been written about them within the feminist literature and beyond.

It is well accepted that there is "conflict" of course—conflict over resources, agency and power—but there are also certain forms of "cooperation", even in highly patriarchal contexts (Folbre, 1990; Sen, 1990; Kabeer, 1994). Patriarchy or male dominance works differently in different contexts, and hence women's accommodation of patriarchy also means different things. In Foucault's words, "every form of power and domination engenders its own forms of resistance". Kandioty (1988) refers to this as "bargaining with patriarchy". In the context of a marriage, it can take the form of "compromise" or "resistance" (Agarwal, 1997). For instance, the wife may accept the entire burden of "inside" chores such as cooking and cleaning in return for husband doing "outside" chores such as fetching water and cattle fodder. A form of "unequal interdependence" is likely to develop between the man and wife—there is inequality for sure but there are some forms of interdependence. The basis for this interdependence is material, but also emotional. When households have been sharing adversity, facing the humiliation of poverty together, they may work together towards common goals and in the process are likely to develop ties of affection and loyalty towards each other. If the common goal is sending their child to school, husband and wife may jointly agree to use the wife's personal spending money for this end, as this may be seen as the household's only source of surplus funds. This change in outcomes may have no impact on a woman's overall agency. Such forms of cooperation are likely to be visible only if one carefully examines the reasons for changes in a woman's agency.

This study makes an attempt to study the processes surrounding women's loan use and repayment in a way that reduces the "burden" usually associated with the study of *processes*. We use a method that simplifies the collection and analysis of data on *processes* such that it becomes a useful tool in measuring and understanding how lending to women influences their empowerment and also provides a platform to reflect on policy. We do this by dividing a process into distinct stages, and collecting data specific to each stage. In this way, for each process, we present an "unfolding of events" by examining what happens at each stage of the process. We then examine the implications of each of these events for women's empowerment. Specifically, we examine the process relating to woman's loan use by asking three distinct questions: What is the woman's role in procurement? What is her role in loan use? What is her role in its repayment? We show that a study of these questions allows a better understanding of both the positive and the negative effects that credit can have on *outcomes* for women. From a policy perspective, several important lessons emerge from the findings of this study.

3. Microcredit in India

India's rural financial institutions have come a long way since the days of the rural cooperatives more than a hundred years ago in 1904. The biggest change was the nationalisation of India's 14 major commercial banks in 1969, which meant that rural-sector institutions became more joined up. Since then, state intervention has become the hallmark of rural credit initiatives. This has resulted in an extensive rural banking network, but also made it easier for politicians to use subsidised credit and credit waivers for their own political gains (Meyer & Nagarajan, 2000).

Nationalisation saw the average rural population served by one bank branch decline from 65 000 in 1969 to 12 800 in 2003, which meant that about 51 million people living below the poverty line could now access credit (Basu & Srivastava, 2005).[2] However, rural financial institutions came under severe criticism mainly on account of a high proportion of non-performing loans (Narasimham Committee, 1991). Loan repayment obligations in the priority sectors—agriculture and cottage industries—were frequently waived, especially during the times of elections. This eroded borrower discipline as subsequent borrowers expected loan waivers and did not repay even when they could (Mahajan & Ramola, 1996). The formation of the National Bank for Agriculture and Rural Development (NABARD) in 1982—an apex-refinancing and capacity-building institution—did little to mitigate the inherent weakness that had crept into the system. The loan recovery rate, measured as a percentage of loans collected to total amount due, was down to 50–60% throughout the 1980s to the mid-1990s (NABARD, 1999). By the early 1990s it became clear that refinancing a large number of loss-making units was unsustainable and that monitoring and enforcing repayments could not continue using conventional banking methods.

Inspired by the global success of the microcredit movement, the Indian state launched its own version of a grassroots credit intervention in 1992—the SHG programme (Karmakar, 1999). An SHG typically consists of around 10–15 women from poor communities who come together to save and access credit. While group formation is facilitated by non-governmental organisations or government agencies, the primary focus is on credit, with little attempt at capacity building. A group begins its credit activity with each member saving 1 rupee per day. These savings are collectively used as a revolving fund to provide loans to individual members. After six months of regular saving, the SHG is eligible to enhance its revolving fund by obtaining loans from private and public financial institutions. These institutions are in turn 100% re-financed by NABARD.

In this way, the existing institutional structure is linked to individual SHGs—popularly referred to as the SHG–bank linkage programme. It uses the extensive state banking apparatus to provide credit to the rural poor, alongside innovations such as joint-liability and peer-monitoring to cultivate borrower discipline. With over 40 million clients and an average annual growth rate of 112.2% between 1999 and 2007, it is the biggest and the fastest growing microcredit scheme in the world (Garikipati, 2008a). This phenomenal growth rate has spurred several studies to examine the impact of India's microcredit, especially in relation to women's empowerment. In common with studies from elsewhere, there is some debate among researchers about how beneficial microcredit has been for women in India.[3] The source of this debate seems to be related to the way women's empowerment is measured. Studies that use *outcomes* for women as indicators of their empowerment generally draw positive conclusions (see Puhazhendi, 2000; Puhazhendi & Satyassi, 2000; Puhazhendi & Badatya, 2002; Swain & Wallentin, 2009). Studies that examine *processes* surrounding women's decision-making and transformation in gender relations, however, report no effect or negative results, and conclude that credit alone is insufficient to impact on women's empowerment (see Hunt & Kasynathan, 2001; Leach & Sitaram, 2002; EDA, 2005; Holvoet, 2005; Garikipati, 2008a).

4. Fieldwork and Data

Fieldwork for this study was carried out between 2002 and 2003 in villages participating in the SHG programme in the Mahabubnagar district in the Telangana region of Andhra Pradesh (AP), India. With over 45% of its rural households living below the poverty line, Mahabubnagar is one of the poorest districts of AP (Government of AP, 1996). The state government has resolutely pursued the SHG program as part of its poverty-alleviation strategy. As a result, Mahabubnagar has one of the more mature and sizeable SHG operations in India (NABARD, 2003).

Before we delve into the details of the fieldwork, it is useful to contextualise this within the realities of the gender relations in households and the wider community of rural AP. In general, women here control few productive assets and have little say in major household decisions. They are, however, not expected to follow the norms of *purdah*, and they face few mobility restrictions within their village and local markets. Most women also contribute substantially to family incomes. They work as wage labourers or on family farms, or manage small businesses, and in some cases even undertake seasonal migration for better paid work. Where possible, women prefer working on family farms or within their own households because wage labouring is arduous and badly paid and is also associated with lower social status (on this see also da Corta & Venkateshwarlu, 1999; Garikipati, 2008b). Despite the fact that women make a substantial contribution to family incomes, they have not been able to challenge the underlying cultural norms that, among other things, expect women to attend to all the household chores and care for family members without much assistance from their husbands or in-laws. Several of these households are also grappling with extreme poverty. The average monthly net per capita income of the SHG-households surveyed was 219.61 rupees, which is considerably below the monthly per capita poverty threshold of 262.90 rupees for rural Andhra Pradesh.[4] Around 52.1% of the survey SHG-households fall below this threshold. It is in this context that credit is being brought into the household via the women. The primary interest of our investigation is to understand whether women who bring in credit are able to use it as a leverage to improve their status within and outside their households.

A total of 397 women belonging to 27 SHGs were interviewed as part of this study.[5] The sample included members of all the SHGs in the villages that had completed at least one loan cycle (loan terms varied from 6 to 24 months). The survey included questions on changes in women's situation after they accessed credit; the details of their most recent loan; the extent of control over the loan; its use; and the processes surrounding its repayment. Several individual and focus group interviews were also carried out with some of the SHG women. For these interviews, participants were randomly selected from four loan-use groups—each group consisted of women who used their loan in one of the four broadly defined categories that we were able to identify from our data (more on this below). These interviews were typically unstructured and were designed to capture the nuances behind several distinguishable experiences within the borrower groups. These interviews were used to contextualise the findings of the survey data.

On average, groups comprised 14.7 members and had completed an average of 3.8 loan cycles, ranging from a minimum of one to a maximum of six. The average loan amount received by a group was 26 138 rupees (US$545) and ranged from 18 000 rupees (US$375) to 91 500 rupees (US$1908). Only occasionally did loan amounts vary from cycle to cycle. SHGs generally divided the loan equally among members. In just two cases SHG members had pooled their loans to start a joint business.

The 397 SHG women used their loans in four different ways: (1) 82 women (21%) used it in enterprises they own and manage or help manage; (2) 227 women (57%) used it as working capital for family farms or businesses that are owned and managed by another family member (in the vast majority of cases the husband); (3) 40 women (10%) used it to purchase or improve family land that is owned by someone else in the family, again, usually the husband[6]; and (4) 48 women (12%) used it in household consumption needs, some of them quite urgent. This suggests three things. First, it is only a small minority of the women (around 20%) who are able to use their loans for their own business, and in the majority of cases (nearly 80%) women's loans are diverted to the household's needs (both production and consumption). Second, the fact that over 65% of women's loans get diverted into household production (family farms or businesses) implies that the loans received by women are mainly used to enhance or procure assets controlled primarily by their husbands. This indicates that lending to women may have the perverse effect of further amplifying the existing gender gap in ownership of productive resources between men and women.[7] Finally, in cases where loans are used to meet the consumption needs of the household, microcredit seems to be playing the role of social security. We return to this point later.

Table 1 provides descriptive statistics of some of the relevant variables for the 82 women who use their loan for their own enterprise [loan use (1) as listed above] and the 315 women who use it to meet household needs [loan uses (2) + (3) + (4)].

With respect to programme-related variables, the first section of Table 1 shows significant differences for *Years in Programme* and *Control*. For these variables, the

Table 1. Descriptive statistics of variables by women's loan use

Variable	Own enterprise ($N = 82$)		Household needs ($N = 315$)		
	Mean	SD	Mean	SD	t-Statistic[a]
Credit programme-related variables					
Years in programme	4.26	1.76	5.26	3.68	−3.51**
Control[b]	2.55	0.63	1.67	0.94	8.00***
Woman's personal characteristics					
Age	34.20	10.86	30.30	9.46	2.97**
Education[c]	0.96	0.55	0.88	0.61	1.17
No. of male children	1.28	0.93	1.18	0.72	1.07
Household characteristics					
Female-headed[d]	0.11	0.31	0.04	0.21	2.26*
No. in household	7.02	2.68	7.55	2.40	−1.74
Income in rupees	3508	6.74	1586	1.46	2.56*
Caste[e]	0.29	0.46	0.28	0.45	0.24
Market[f]	0.49	0.50	0.44	0.50	0.80

Source: Author's calculations based on fieldwork interviews.
[a] t-Statistic refers to comparing mean values of variables for women who use loans for their own enterprise and those who use their loans for household purposes. Where * denotes significance at the 10% level, ** at the 5% level and *** at the 1% level.
[b] A categorical variable where 0 = no role in loan procurement or use; 1 = role in one of the three aspects of loan use: joining the SHG; deciding on loan use; managing loan accounts; 2 = role in two of these aspects and 3 = role in all three. For more details see Section 5.
[c] A categorical variable where 0 = illiterate, 1 = secondary school or less and 2 = high school or more.
[d] A dummy variable, coded as 1 if the head of the household is female and 0 otherwise.
[e] A dummy variable, coded as 1 if the household is from the lower castes (Scheduled Castes or Scheduled Tribes) and 0 otherwise.
[f] A village-level dummy indicating the distance from the main market. Coded as 1 if the household is from a village that is less than 10 km from the main market and 0 if more.

t-statistic of comparing the mean of the women who use loans for their own enterprise versus others differs significantly. Women who use their loans for their own business have been members of the credit programme for a shorter period of time, and have greater control over their loans when compared to the averages of these variables for other women. With respect to personal characteristics, the only significant difference we find is for *age*, which implies that women using loans for their own enterprise are somewhat older when compared to the average age of other women. Finally, with respect to household characteristics, we find significant differences for the variables *female-headed* and *income*. This means that women who use loans for their own business are more likely to belong to female-headed households and to economically better-off households as compared to the averages of these variables for other women.

5. Processes Surrounding Loan Use and Repayment: Implications for Empowerment

This section examines the *processes* surrounding different loan uses to understand the linkages between loan use and empowerment. As mentioned earlier, there are three interlinked steps to this enquiry. First, we examine women's control over the loan, with specific reference to their role in loan procurement. Second, we examine the relationship between women's control over the loan and its use. Finally, we examine whether the way women use their loans has any bearing on their repayment. At each step in this enquiry, we explore the relationship between the process surrounding loan use and women's empowerment by examining some of the common experiences among the women concerned.

5.1 Women's Control over Loans and Loan Use

In this section, we examine the relationship between women's control over loans and loan use in greater detail. For this purpose, it is important that the variable measuring women's control over loans is devised in a way that is independent of the purpose for which the loan is used. Given this, the degree or extent of a woman's control over the loan is measured by how she relates to three distinct processes surrounding loan procurement and use. These are whether she had a say in the decision to join the SHG, whether she had a say in the use of the loan and whether she participated in managing the loan accounts. Depending on the extent of her participation, a woman received a score between 0 and 3 for her participation in loan procurement and use. For each process, a score of 0 is given if a woman could not or did not participate in the process and a score of 1 is given if she actively participated in the process either jointly (with others in her household or SHG) or individually. Women who took decisions jointly with others mainly relied on other family members when it came to deciding to procure a loan, and on other members of their SHG when it came to loan use and managing accounts. In some cases, women also relied on their social networks beyond the SHG. There are several cases in which there is a significant overlap in these processes—which means that women may have actively consulted several people (a combination of household and SHG members, but also outsiders) in reaching a decision. The point to stress here is that women played an active role in reaching these decisions or carrying out the tasks. In cases where the woman tried to participate but failed to do so—either because her husband or/and other family member(s) took a decision with no regard for her view, or opposite to her view—we gave the woman a score of 0 for that particular process. This was because this indicator was being constructed to capture the extent to which women controlled loans, and if a woman's participation did not count then it is correct to assume that she had lost control over the specific process of loan procurement and use. The minimum score of 0 signifies a complete loss of control over the processes surrounding loan procurement and use and the maximum score of 3 is given if the woman actively participated in all three stages of loan use and is therefore assumed to be in full control of her loan. Note that the way control over the loan is calculated, in principle, allows a woman to remain in full control of the loan irrespective of the purpose for which it is used.

The first section in Table 2 shows women's loan use by the extent of control they exert over their loans. It shows that fewer than 7% or 27 of 397 women exert absolutely no control over their loans (scoring 0); around 61% are in partial control of their loans (scoring 1 or 2); and over 32% retain full control (scoring 3). Of the women who retain full control, nearly 15% belong to female-headed households.[8] Table 2 also shows that over 62% of the 82 women who use loans to start or enhance their own businesses are in full control of their loans (scoring 3). The remaining women retain partial control over their loans (scoring 1 or 2). In contrast, it also shows that just over 24% of the 315 women who use loans to meet their household's production or consumption needs are in full control of their loans. We also find that all 27 women who exert no control over their loans see their loans used to meet household needs. This suggests that as women's control over their loans weakens, they are less likely to be able to invest in their own businesses and more likely to see the loans diverted to family needs. This may mean further erosion of their control over loans. It may also leave them in a weaker position with respect to repayments, and may jeopardise their access to future credit. Indeed, when we examine the data on sources of loan repayments, these consequences become apparent.

The relationship between loan use and control becomes clearer when we focus on one dimension of women's control over their loans: their role in deciding how to use the loan. The second section in Table 2 shows loan use by the nature of women's participation in the decision on how to use the loan. According to this, all 82 women who invest in their own businesses actively engage in deciding how to use their loans. The experiences of women who use their loans for their own businesses can cast light on the reasons for this. Each of these women perceived a positive change in their statuses as a result of running their own businesses. They spoke about their newly found confidence in their ability to earn incomes independent of their husbands and without recourse to wage labouring. They felt a change not only in the attitudes of their family members but also society at large. In such cases, there is little doubt that credit has had a positive impact on the women concerned. Here is what some of them told us.

> *Mahalaxmi* (name of the SHG, but also the name of the Hindu Goddess of Wealth) has made me what I am today. I manage not one but two businesses now. In the morning, I cook meals for the *aganwadi* (pre-school group) and in the afternoon I manage a tea-shop. I could not even imagine that one day I will own a mobile phone—but I need it for my businesses. The *aganwadi* teacher has to call me every morning to tell me how much food to prepare. (V7W1—this number is an identifier given to interviewees to preserve their anonymity)

Table 2. Loan use by woman's control over loan and woman's role in decision on loan use (% of total number of cases)

	Loan use					
	Own enterprise (1)	Family farm/enterprise (2)	Buy or improve land[a] (3)	Consume (4)	Household needs (2 + 3 + 4)	Total (1 + 2 + 3 + 4)
Control over loan						
Control = 0	0.0%	8.4%	20.0%	0.0%	8.6%	6.8%
Control = 1	7.3%	39.2%	45.0%	41.7%	40.3%	33.5%
Control = 2	30.5%	27.3%	17.5%	31.3%	26.7%	27.5%
Control = 3	62.2%	25.1%	17.5%	27.1%	24.4%	32.2%
Total no. of cases	82	227	40	48	315	397
Role in decision on loan use						
No role	0.0%	36.6%	7.5%	12.5%	29.2%	23.2%
Opposed	0.0%	11.5%	0.0%	2.1%	8.6%	8.8%
Jointly with others	31.7%	48.0%	85.0%	52.1%	53.3%	46.9%
Entirely hers	68.3%	4.0%	7.5%	33.3%	8.9%	21.2%
Total no. of cases	82	227	40	48	315	397

Source: Author's calculations based on fieldwork interviews.
[a]Includes the purchase of gold jewellery in one case.

> I have changed, everyone around me has changed. We are now business-women. We have to deal with all sorts of people in our fertilizer business. At first, people only saw us as women—but now they are used to us. They know we run a good business—they respect us for this. My son wants to start a business of his own. He comes to me for advice. (G9W1)

The preference for investing in their own business was so strong among the women that in some cases they were prepared even to put up a physical fight in opposition to the way their loans were going to be used. Here is the experience of one such woman.

> When I returned from our group meeting, my husband was hiding behind the door. He knew I was going to get my loan money. As soon as I entered the house, he pounced on me and snatched it away. He wanted to invest in his barber shop. But I knew that if I let him take it, then I am never going to see a *naya paisa* (a single penny). I fought him and took away half the money to buy some goats. (V1W8)

The reasons why women who exert full control over their loans prefer to invest in their own business are clear enough. Women who run their own businesses experience positive changes in various facets of their lives and hence when deciding how to invest their loans, women are likely to prefer using it for their own business.

However, the second section of Table 2 also shows that a substantial number of women who exert full control over their loans use their loans on household production or consumption needs. It shows that 53% of the 315 women whose loans were used in household needs played some role in this decision and that in nearly 9% of these cases this was entirely the woman's decision. If using loans for their own businesses is associated with clear benefits, what motivates these women to use their loans to meet household needs?

The experiences of the women interviewed suggest that women take this decision very deliberately. Many take this decision because they believe this is the best use of their loans, and that giving up their loans will not matter in terms of their status within the family—indeed, as a consequence they may enjoy a better status than before. In this case women seem to be optimising the return on their loans—in monetary terms, but also in terms of how they are perceived. For instance, from our evidence it was clear that women gave up their loans in exchange for family goodwill and in the hope of negotiating for better outcomes elsewhere. In our sample, G2W8 is one such woman who gave her loan to her husband and father-in-law to invest in their family business because she considered herself well looked after by them and was not confident about using it herself as she had no previous experience or training. Similar evidence is reported by other studies such as Kabeer (2001) for Bangladesh and Johnson (2005) for Malawi. In such cases, examining *outcomes* alone would indicate an improved status for women, but would fail to identify the lack of training and other auxiliary support mechanisms that are essential for microcredit to be an effective public policy tool. Here is the experience of G2W8.

> My husband and father-in-law have a *kalu* (local liquor) business. I have given them the money. They know how to do business and (know) money matters … What will I do with the money—if I do some business and fail, who will give money (for the repayments)? (G2W8)

> G2W8 has a good relationship with her in-laws. Why should she spoil it by doing something on her own? After all it's her family and in family we have to *kalasi melasi undali* (live together in harmony). (G2W1—the group leader of G2, talking about G2W8's loan use)

On the other hand, some women may be compelled to give up their loans in times of family emergencies—in such cases, even though women may seem to be deciding on loan use, they have little choice in the matter. In our sample, over 85% of 48 women whose loans have been put towards family consumption agreed with this decision. G7W2, V4W9 and G5W12 are some of the women who actively agreed to use their loans to avert a household crisis. Their experiences suggest that faced with household crisis, they had little choice in the matter—mainly due to poverty and the urgency of the situation. In G7W2 and V4W9's cases it was due to food shortages and in G5W12's case it was her husband's ill health. In such cases, having access to credit did save these families from entering an exploitative debt relationship and/or avoid a catastrophic outcome. However, it is also apparent that the absence of any security net or insurance can greatly diminish the effectiveness of microcredit as a tool for development and women's empowerment. In such cases, examining *outcomes* alone would have indicated no improvement or a fall in women's status, but without any insight into the causal mechanisms, and as such, would have been of little use as far as policy is concerned. G7W2 summarises the experience of this group in the following words.

> When we formed *Anapurna* (the name of the SHG), we were full of hope. But now we are dashed, we have nothing to look forward to except the misery of loan repayments. My loan came when part of our crops had failed due to the drought and there was nothing to be done other than use it to buy food for the children. What choice did I have? (G7W2)

There is little doubt that where women use loans to finance their own businesses, they seem to benefit from the experience. Not only is there a financial benefit to themselves, but their increased self-reliance seems to boost their confidence and give them value within their communities. Women clearly value these benefits. However, when loans are diverted into family needs, the linkages between microcredit and women's empowerment weaken. Women may still continue to participate in the decisions on loan procurement and use—but they may not directly benefit from it. In instances where women's loans are used for household productivity purposes, there might be an indirect benefit accruing to the women via the fact that their households benefit. In these cases, women are perhaps mere "loan-getters" for the household. They do not or do not want to drive the agenda for change. They assume the role of passive spectators. In cases where women's loans go into meeting urgent household consumption needs, microcredit in fact is merely a replacement for social security and its development agenda is lost.

5.2 Loan Use and Repayment

This section examines the relationship between loan use and sources of repayment in order to establish the various ways in which loan use links up with women's empowerment. Table 3 presents women's loan use by responsibility for repayment and source of

Table 3. Loan use and repayment (% of total number of cases)

	Loan use					
	Self-managed enterprise (1)	Family farm/ enterprise (2)	Buy or improve land (3)	Consume (4)	Household needs (2 + 3 + 4)	Total (1 + 2 + 3 + 4)
Ultimate responsibility for repayment						
Entirely husband's/others in household	0.0%	15.9%	0.0%	0.0%	11.4%	9.1%
Shared by woman and husband/others in household	0.0%	36.6%	15.0%	25%	32.1%	31.2%
Entirely woman's	100%	47.6%	85.0%	75%	56.5%	59.7%
No. of cases	82	227	40	48	315	397
Source of repayment						
Self-managed enterprise	85.4%	0.0%	0.0%	0.0%	0.0%	17.6%
Family farm/enterprise	13.4%	9.3%	17.5%	4.2%	9.5%	10.3%
Own wages	1.2%	87.7%	82.5%	87.5%	87.0%	69.3%
Sale of assets	0.0%	3.1%	0.0%	8.3%	3.5%	2.8%
No. of cases	82	227	40	48	315	397

Source: Author's calculations based on fieldwork interviews.

repayment. Reported repayment rates in our sample are 100%, but as seen here, this single figure may camouflage the various problems women encounter in repaying loans (see also Mayoux, 2005).

The first section of Table 3 shows that all the women who used loans for their own enterprise were solely responsible for repayments. However, it also shows that over 32% of the 315 women whose loans are used to meet household needs are jointly responsible for repayments and that nearly 57% of them bear this responsibility alone. So how do women go about making repayments in these cases?

The second section of Table 3 answers this question. It shows that 87% of the 315 women who used loans to meet household needs had to rely on their own labour wages for repayments. Even where women's loans were used to enhance a household's productive assets, the picture looks grim. A little over 67% of all 397 loans were used for household productive assets (loan uses 2 + 3); however, in just 10% of these 267 cases were women able to access the incomes from these sources for repayments. This suggests that women lack co-ownership of household's productive assets even when their loans are invested in improving the productivity of these assets and they have had to rely on their own labour for repayments. Several women had to start working in the labour market only to make repayments. Increased monetary contribution to the household is usually construed as a positive outcome of microcredit; however, the experiences of these women suggest that this was not the case. Testimonial evidence gathered through individual and focus group discussions allows us to throw further light on this seemingly paradoxical result.

The interviews with women who have their loans diverted to meet family needs suggest that credit can have a detrimental effect on the women concerned in terms of constraining their livelihood options and their influence over household decisions. G3W7, G3W11, V2W6 and V11W3 are women whose loans were used as working capital in family farms, and G5W12, G7W2 and V4W9 are women whose loans were used to avert a household crisis. The experiences of these women indicate that they retained little influence over the assets and incomes created from their loans. Before obtaining SHG loans, many of them worked on family farms or within their households, but now they work as wage labourers mainly to meet repayments (many of them compelled to do so). Measuring women's empowerment in terms of *outcomes* alone would have indicated an improvement in their status as they are now employed in the market economy. However, interviews with these women indicate that a shift from home to market economy was perceived as a fall in status and several were resentful about this. Here are some of their testimonies.[9]

> I was happy working in my home and on the farm (before joining the group), but now I have to go for *kulie pani* (wage work) everyday. Sometimes I think I should leave the group, so I can stop this *chakiri* (drudgery). I know I have to clear all my debts before I can talk like this. (G3W11)

> I gave my loan to my husband to buy a motor for the farm, but this was a mistake. He does not discuss anything with me nowadays. He feels that if he tells me anything, I will pester him for money. Instead of helping me with repayments, he asked me to go for *kulie pani* (to repay the loan). (V11W3)

> My husband is actually a good man, but lack of money is an evil thing—it can change people. He used to hand over every *paisa* to me ... But after he got TB and

> I had to use the SHG loan to pay his hospital bills—things have changed. He does not give me all his money—only what I need for the house—he thinks I will use it to repay the loan. He even goes to the *zamindar* (landlord) and collects my wages. (G5W12)

Among the women who used their loans on family farms or businesses, G3W7 and V11W3 were explicitly told by their husbands to take up agricultural wage labouring to repay their loans. Agricultural-waged work in rural India is associated with bad pay and working conditions and is also considered socially inferior to work on one's own assets (on this see Chowdhry, 1994; da Corta & Venkateshwarlu, 1999; Garikipati, 2008b). In addition, the women found that their need to make repayments had severely eroded their bargaining positions in the labour market, and several of them had to exchange their labour for very low wages. It is not surprising then that G3W11 expressed the desire to discontinue SHG membership so that she could stop working as a wage labourer. Not only is women's bargaining power in the labour market diminished but their household status is also threatened. For example, V11W3 finds that her husband, who used to discuss household finances with her, is now secretive about income from crop sales and remittances for fear that she may ask him to make repayments. These interviews reveal a deep resentment among women for having to withdraw their labour from their own farms and homes and work for wages instead.

Among the women whose loans were used to meet the consumption needs of the household, G5W12, G7W2 and V4W9 had voluntarily used their loans to avert a household crisis. G5W12 and V4W9 also exerted full control over their loans (score 3). All three women were involved in wage labouring prior to joining the SHG but now had to divert their wages into repayments. In addition, as a result of peer pressure, hostile at times, G5W12 had to sell her copper vessels and V4W9 her goat. Their families did not consent to these sales and both women are suffering the consequences. For instance, G5W12 is not allowed to keep money from sale of crops or her husband's wages, both of which she controlled prior to the incident. She has even lost control over her own wages, which her husband now collects directly from her employer to stop her from using it to repay the loan. This was also the experience of several other women we interviewed, such as G3W5, V4W9 and V10W2.

Although not common, women were also actively punished for what was seen as acts of defiance. For instance G7W2 and V4W9 experienced deliberate negligence from their families with respect to their food consumption during particularly lean periods. Testimonies suggest that, prior to procuring loans, these women had a greater say over household decisions and incomes, which then diminished lest they try to divert resources away from the household. Some women also experienced abuse and coercion in their struggle to repay loans.

6. Loan Use and Repayment: Implications for Policy

Having considered the varied experiences with loan use and repayments, we can identify three broad points that have implications for public policy.

First, we find that families are by and large able to divert women's loans into household needs. If the loans were not available, many households would be worse off in terms of their incomes, while substantial numbers could have plunged into a consumption crisis.

Consumption crises were usually related to the food intake of the households. This indicates the possibility that microcredit may not be the right intervention for very poor households. Given that the basic consumption needs of these households are not fulfilled, it may be useful to address this need before providing credit intended to have a positive developmental impact. A good example of such a social security programme is the intervention offered by Bangladesh Rural Advancement Committee (BRAC). Its "Income Generating Vulnerable Group Development Program" provides monthly food rations to the very poor for a length of time after which they become eligible for credit (see Ahmed *et al.*, 2007). Such schemes may not only mitigate the repayment burdens that poor women and their families face when loans are used to meet consumption needs, but also give them the opportunity to prepare better for future credit interventions. These cases also highlight a more general point: that there is a need to take a more holistic view of the financial needs of the poor—the poor not only require access to credit but also to savings and insurance (see also World Bank, 2006).

Second, our findings show that even where women's loans have been used in households' productive activities, women have not been able to use income from these sources to repay loans. This is mainly because women lack co-ownership of household assets. In these cases women have had to rely on the limited means available to them to repay loans, such as wage labouring and sale of smaller belongings. This has had an adverse impact on the allocation of women's work time and on their say over how family resources are used. In some instances, the situation also resulted in active hostility towards the women. These experiences reveal some of the difficulties women face in repaying loans that are misleadingly obscured by high repayment rates. High repayment rates may in fact be a sign of social pressures that compel women to access credit for others in the household. In the light of such experiences, it may be useful for the microfinance industry and credit agencies to look for other ways of measuring the success of financial products offered to poor women. One way of doing this would be to rank success in terms of how the loan has been used and whether the source of repayment corresponds with loan use. Furthermore, ensuring women's joint ownership of household assets emerges as an important step towards empowerment. One way to challenge the patriarchal hold on a family's productive assets is to make credit conditional on asset transfers in favour of the women concerned. This is likely to be most effectively achieved where assets are acquired using women's loan money.

Finally, our findings suggest that credit given to women may paradoxically cause the asset divide between men and women to widen. If loans given to women continue to be diverted into enhancing household productive activities over which women have little control, then this can widen the existing resource divide between men as owners and women as labourers. Over time, this may result in depreciating women's relative powers in domestic relations and be a disempowering experience for them. These findings suggest that, from the viewpoint of enhancing women's empowerment, a useful intervention may be to monitor the processes around loan use. For instance, asking women loanees three simple questions as part of a follow-up exercise may help: Who uses the loan? Who owns the investments made from the loan? And who controls the incomes earned from these investments? Gender relations, mainly within the household, play an important role in determining the extent to which microcredit may benefit the women concerned (see also Hunt & Kasynathan, 2001; Johnson, 2005). For credit programmes to support empowerment there must be a greater emphasis on strategies that transform gender relations. Helping women establish property rights over the assets supported by their loans may enhance women's agency that can in turn transform these relations.

7. Concluding Comments

For over three decades, studies evaluating the impact of microcredit on women's empowerment have engaged in an intense debate (see Garikipati, 2008a). Some argue that lending to women empowers them and some claim the opposite. Attempts have been made to reconcile these contradictory findings. Notable among these, Kabeer's (2001) argument is that the positive and negative findings on empowerment are largely determined by how the studies choose to measure or view women's empowerment. Specifically, those using women's life *outcomes* as a measure of empowerment generally find a positive impact and those focusing on *processes* of loan use find negative results. The focus of this article has been to examine the suitability of *outcomes* versus *processes* as measures of women's empowerment within the context of microcredit evaluations.

Evaluation studies often rely on *outcomes* alone as a means to understand the impact of microcredit on women's empowerment mainly because these are easier to record using conventional survey techniques compared with *processes*. In this study, we argue that measuring empowerment solely according to the *outcomes* for women is not only insufficient but can also be misleading. This is mainly because *outcomes*, by and large, ignore the contextual setting, including the existing gender relations that are central to women's well-being. Moreover, because the conclusions drawn from a study of *outcomes* alone are typically binary in nature, this is not likely to help design better policies. We further propose that the linkages between lending to women and their empowerment are better understood by examining the *processes* relating to loan use. Significantly, a study of *processes* may throw light on the reasons behind the observed *outcomes*—both positive and negative. This robust understanding of linkages between microcredit and empowerment in turn is likely to be useful in policy formulation.

To substantiate these arguments empirically, we analysed data collected from 397 rural women participating in the SHG programme—India's pivotal state-run microcredit scheme. The focus was on collecting information on the *processes* surrounding loan use in a way that is conducive to ordinal ranking. This is done by dividing the *process* around loan use into three distinct stages: who decides on loan use; what is the loan used for; and who is responsible for repayments.

Analysing loan use in this way reveals that the vast majority of the women have full or partial control over their loans, with just 7% having no control whatsoever. Despite this, only around 20% of the women are able to use their loans in business they own and manage. In these cases, our findings suggest that most women do experience a significant improvement in their statuses—within both their households and communities. They also gain in confidence and are able to run successful businesses and make repayments from this source in most cases.

In a large majority of the cases (around 80%), however, we find that women's loans get diverted into fulfilling household needs. While loans are typically used for productive purposes, using loans for consumption is not uncommon, and in some cases they are also used to avert family crisis. Examining the *processes* that lead to women's loans being diverted into household purposes is useful to appreciate the circumstances under which credit alone may not be sufficient to ensure women's empowerment.

We find that in cases where women's loans are used to meet the needs of the family, the household does benefit—either in terms of enhanced means of livelihood or in terms of having a coping strategy in times of emergency. In some of these cases the women also benefit, but more often they find themselves struggling with difficult situations mainly because they are ultimately responsible for loan repayments without a dedicated source of income.

Our findings suggest that even when women's loans have been used to create or enhance a household's productive assets, they are unable to access the income from them to make repayments. This is mainly because women lack co-ownership of a household's productive assets. Most women whose loans have been used to meet family needs have to rely on their wages to make repayments. Before becoming a member of the SHG many of these women worked only in their own homes and farms. Women associate working for wages as a fall in their earlier statuses. Some also find that their husbands have become severe in terms of their control over incomes to stop women from diverting them into repayments. Women also face intense peer pressure from their group members for repayments, which at times can turn quite unpleasant.

These factors not only affect women's status in the household but also have a cumulative negative effect on women's bargaining position in the labour market, and several of them end up pledging their labour for very low wages. So even though their households may have benefited, many women find their situations to have deteriorated after having obtained credit. The *processes* surrounding "loan use" rather than "loan procurement" alone emerge as having a strong influence on women's empowerment.

The circumstances that cause microcredit to benefit loanee households but not the women concerned became apparent because we examined the *processes* relating to loan use that are likely ultimately to lead to a change in women's agency. Studies that only examine *outcomes* for women would encounter a paradoxical result, without being able to appreciate the reasons behind it. This is not likely to help design better policies. A failure to incorporate an understanding of the *processes* surrounding loan use means that opportunities to enhance microcredit's impact on empowerment are lost. There is a real need to move away from assessing the benefits of microcredit through the lens of *outcomes* alone.

Notes

[1] *Purdha* is the practice of veiling and secluding women from society by restricting their personal, social and economic activities outside their homes. A woman in *purdha* is expected to remain mainly at home and if she comes out, she does so only under strict stipulations regarding what she wears, where she goes and who she meets (see also Heitzman & Worden, 1997).

[2] The Rural Finance Access Survey for 2003, however, indicates that poorer households in rural India still have very little access to formal finance. For instance, 70% of marginal/landless farmers do not have a bank account and 87% have no access to institutional credit (Basu & Srivastava, 2005).

[3] The microfinance crisis in India, which broke out in the autumn of 2010 is marked as a particularly low point in India's microfinance industry when several women were reported to have committed suicides due to repayment pressure from commercial credit agencies in the state of Andhra Pradesh (Arunachalam, 2011). This crisis resulted in new legislation by the state government that criminalises the coercive recovery practices employed by some lenders. Reports suggest that some commercial lenders have responded by withdrawing their business interest from rural Andhra Pradesh.

[4] Planning Commission press release, 22 February 2001. The correctness of the official poverty figures is intensely debated (see Deaton & Drèze, 2002). Income is net of costs but not of loan repayments.

[5] The data for this study were collected as part of a larger study that investigated female labour market participation and issues surrounding pro-poor growth (for details see Horrell *et al.*, 2008). Interviews were carried out by six enumerators, three men and three women, who were at least graduates and trained by the author in basic survey techniques. At least two enumerators, one male and one female, were present at every interview. The author, fluent in the local dialect, randomly participated in over one-third of all interviews and carried out all the focus group interviews.

[6] This includes one case where gold was purchased. In all other cases, the land bought or improved was in the husband's name.

[7] An accompanying study carried out in the same villages surveyed 291 randomly selected households. According to this survey, households on average own 2.85 acres of land, and women on average control a mere 0.09 acres, or just 3% of the household land (Garikipati, 2008a).

[8] This compares with Goetz & Gupta's (1996) findings for BRAC, Bangladesh. If we classify all women scoring two or more points as in significant control of their loans then our data suggest that 60% or 237 of 397 women exert a significant degree of control. This compares with findings from studies for Bangladesh's Grameen Bank (Goetz & Gupta, 1996; Hashemi *et al.*, 1996; Rahman, 1986). To some extent, this exercise reflects the drawback in using a binary variable (taking values 1 or 0) to indicate a woman's control over her loan. Researchers can define a cut-off point to signify control over a loan in a way that suits their argument.

[9] Note that the testimonies presented are from a mix of individual and focus group interviews. Here, it is important to note that if women are sitting with other members of their SHG, who may all be exerting pressure to repay, there is a risk that they might need to implicate husbands in not enabling them to repay when in fact this might be a strategic default in which the woman is complicit because repaying the SHG is not a priority. We are grateful to an anonymous referee for making this point. However, two additional points need to be mentioned. First, we do not have any "actual" default in our sample and second, focus groups were selected because of the similarity of experiences, so the likelihood that women from a focus group belonged to the same SHG was relatively small.

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