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Breaking the Vicious Circle of Poverty

A Minor Field Study of Self Employed Women's Association in
Ahmedabad February-April 2009

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Master thesis 30 higher education credits,
Gender Studies, Spring 2009

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Abstract

During the last decade microfinance has become the latest trend in the development discourse, celebrated for empowering poor women to work their way out of poverty. Self-Employed Women's Associations, SEWA, was alongside Grameen Bank one of the pioneers in the microfinance sector and has developed an integrated approach based on the life cycle needs of the members that is assumed to help them break the vicious circle of poverty. The aim of this study is to analyse the material and symbolic outcomes of microfinance. At a theoretical level this study draws on insights from Marxist, feminist and postcolonial scholars, and analyses the ideological construction of 'the poor' in the western development discourse. In a field study of SEWA Bank in Ahmedabad I seek to illuminate lived experiences of microfinance in an attempt to capture the complexity of poor women's daily struggle to make ends meet. The findings of this study raise a serious doubt if microfinance serves as an adequate strategy for poverty alleviation. In terms of development microfinance fit well into the Western development 'model' – i.e. promotes market solutions and integration of local markets into national and global markets – and aims to fill the gaps between state and market politics in a globalised economy serving as a survival strategy in the process of economic globalisation. Showing only marginal improvements in terms of poverty reduction and women empowerment I suggest that microfinance should not be dismissed, but has to be understood in a new light. Microfinance, I have argued, is not to be considered as an anti-poverty strategy, but should rather be seen as a pro-poor policy that provides the poor with financial services.

Keywords: India, Gujarat, SEWA, microfinance, poverty, development, gender

Acknowledgements

This study was conducted through SIDA's (Swedish International Development Cooperation Agency) Minor Field Study Program, which gave me the opportunity to perform my field study of SEWA Bank. A lot of people have been involved in my work and I would like to express my gratitude to all of them. Without the support of family and friends this study would have been difficult to conduct. The dedicated women and men I met in my work with SEWA inspired me and there was no end to their hospitality. I never expected such a warm welcome and it is hard to express with words how grateful I am for your support.

Malmö, August 2009

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Chapter I

Introduction

“Our desire to cut poverty in half by 2015 has met with marginal success because the poor are still not our priority. The working poor are the backbone of every nation, and yet they go hungry. Where do we go wrong?”¹

In September 2008 Ela Bhatt, the founder of Self Employed Women’s Association (SEWA), was invited to UN General Assembly in order to address challenges caused by the global economic crisis that seemed to be threatening the Millennium Development Goals (MDG). Set up in the year of 2000 the objective of MDG is to cut world poverty in half by the year of 2015 through a wide range of development schemes and anti-poverty programs. In her speech to UN General Assembly, Bhatt emphasized the importance of de-victimizing ‘the poor’, seeing them as agents capable of being crucial actors in a politics of social and economic transformation. To enable for people to come out of poverty she pointed out the urgent need of a holistic approach, including economic as well as social and cultural dimensions. According to Bhatt “[...] *poor people need capital, capacity, social security and collective strength because one without the other does not yield results*”.² Poverty and deprivation includes conditions that cannot be understood as exclusively economic, but has to be seen in its complexity to ensure progress. People need a combination of economic resources, capacity training, social security and collective strength to find their way out of the vicious circle of poverty. Although the economic dimension is crucial to people’s material and social situation, none of these aspects may do any long-term progress if not understood in the complexity of life wherein it is all interlinked.

“I am of the strong opinion that the issue of decent work and the issues of hunger, mortality, disease, HIV/AIDS and powerlessness are not separate. They are closely interlinked and therefore have to be dealt with as a whole, under the basic issue of poverty.”

Ela Bhatt quoted in DNA City 25th of September 2008

1 Speech of Ela Bhatt at the High-level event on the Millennium Development Goals at UN General Assembly in New York 25th of September 2008.

2 DNA City 25th of September 2008.

The experiences of the SEWA movement reveal the need to address the complexity of poverty through a holistic approach as social and economic dimensions of poverty cannot be solved separately.

In India, the number of government programs that aspire to help the poor is quite impressive. Previously, the major focus was on highly centralized, large-scale development programs. Yet, in many cases the allocated resources were not reaching the poor as the providing agencies often failed to deliver the same because of their top-down structure.³ Nevertheless, community-based approaches that are sensitive to local conditions are being increasingly recognized as the best path to sustainable development both in India and at a global level.⁴ The fact that a top-down perspective must be changed into a participatory approach has somehow reached development experts and agencies at the global level by now, but most often a participatory approach is assumed to be equal to a grassroots' perspective. That is however not always the case as participatory anti-poverty schemes implemented 'from above' carries contradictory elements of power, control and emancipation.⁵ While international organisations are planning large-scale poverty alleviation schemes to be implemented in order to achieve pre-set internationally agreed upon goals, a member-based approach has been of major concern in SEWA's work to organise poor women. In regard to sustainable development I stress the importance of distinguishing between a from-above imposed strategy of participation following a pre-set model with fixed objectives and a member-based approach wherein participation itself is an objective and identification of needs of the participants or members is a constantly ongoing process. Too many development programs have been implemented without major concern for the people exposed to the program and local conditions.⁶ Moreover, large-scale initiatives carry the risk of turning into pure statistic measurements, leaving behind the lived realities of those concerned. Not to say that statistic progress is of no value, but to understand the sustainability of a process qualitative as well as quantitative dimensions have to be taken into consideration. When trying to measure economic and social changes in people's lives numbers and statistics might indicate ups-and-downs in development trends, but according to my opinion the 'real' story is

3 Crowell, Daniel W. *The SEWA Movement and Rural Development: The Banaskantha and Kutch Experience*. SAGE Publications (New Delhi: 2003), pp. 12.

4 Ibid., pp. 17.

5 For further reading on participatory development strategies see Bergquist, Petra and Emma Lindwall (2006) *Women – The Way Out of Poverty. Locating Women Empowerment in a Case Study of Kudumbashree*. Unpublished paper presented at Lund University, Lund, Sweden, March 2006.

6 Sainath, Palagummi. *Everybody Loves a Good Drought*. Penguin Books (New Delhi: 1996).

to be told by the people experiencing the change as they are, after all, the ones expected to be gaining from the development process.

Putting women centre stage

In recent years, the acknowledgment of women's exclusion from fundamental rights within the social, economic and politic domain has gained ground in the debate on development work. In the same way that economic progress of a country primarily tends to gain the upper strata, the trickle-down effect of programs aiming at women empowerment has shown to be rather limited.⁷ Although women are put centre stage in economic and social development work, men seems to be the main gainers of the progress made, and patriarchal structures remain unchallenged. Nevertheless, a firm belief in gender mainstreaming is now deeply rooted in the development discourse and strategies of strengthening poor communities through women are considered the most efficient way to address poverty. The MDG outlines strategies with a particular focus on women empowerment. Poverty has got the face of a woman, thus women need to be addressed in serious attempts to reduce poverty. Moreover, it is widely acknowledged that in terms of resource allocation focusing on women is a good investment. Women are considered the way out of poverty, not only because women constitute a majority of the poor, but also because women tend to use their earnings to benefit the family to a greater extent than men. While men spend about 30 percent of the income on personal expenditures, women keep less than 10 percent for their own personal needs.⁸ Thus the aim of gender sensitive development strategies is twofold; on the one hand, to strengthen women because they constitute a majority of the poor, on the other, to reach out to poor families through women. Women are the target group and, at the same time, a method for poverty eradication.

Micro credit or microfinance for women is the latest trend in development work spreading from India and Bangladesh all over Asia further on to poor communities in Africa and Latin-America. All since the economist scholar Muhammad Yunus received the Nobel Peace Prize 2006 for starting up Grameen Bank in Bangladesh, organizing over two million poor women, there has been an explosion in MFOs in development countries all around the globe. The

⁷ Eswaran, Mukesh and Ashok Kotwal, *Why Poverty Persist in India: A Framework for Understanding the Indian Economy* (1994), pp. 82-83.

⁸ Agarwal, Bina. *A Field of One's Own: Gender and Land Rights in South Asia*. Cambridge University Press (Cambridge: 1994), pp. 29.

World Bank supports the rapidly evolving field of microfinance, and focuses on building a strong microfinance sector in developing markets.⁹ Affecting the lives of about 80 million people, and women in particular, by creating a platform from where the poor are supposed to help themselves out of poverty microfinance must not be considered a goal in itself, but a method for social transformation. In this study, I analyze the process of change deriving from microfinance in terms of gender and development. Emphasizing a gender sensitive development perspective I outline the impacts of microfinance in the daily lives of poor self employed women. In a case study of Self-Employed Women's Association (SEWA) in Ahmedabad I focus on the lived experiences of poor self employed women in the microfinance sector and a contextual understanding of microfinance as a strategy for social transformation. SEWA is, alongside Grameen Bank, among the pioneers of microfinance and organizes about one million women.

Aim of the Study

This study arose out of my interest in women-oriented and community-based development strategies. The study was conducted February to April 2009 and is based on participant observations and individual interviews, putting a major focus on the grass root level of SEWA Bank. The aim of the study is to examine the practical outcome of microfinance for women in terms of gender and development. Locating this process in the discourse of poverty dominated by western hegemony, I seek to illuminate symbolic as well as material dimensions of poverty alleviation attempts. The discursive construction of 'the poor' as a homogenous group is highly problematic as it assumes unity in the group, ignoring the dynamic relations of the oppressive structures from which poverty arise. Thus, I strive to analyze the lived experiences of microfinance in the context of gendered and racialized class practices in contemporary capitalism to reveal the complexity of the context in which microfinance apply. What are the outcomes of microfinance in the daily lives of poor self employed women? Is the microfinance sector creating a platform from which agency and power emerge? Does it contribute to an inclusionary development politics?

⁹ World Bank website:

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20433592~menuPK:34480~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>, downloaded 12th of August 2009.

The study draws on experiences of poor self employed women in the SEWA movement and seeks to give voice to those who are engaged in microfinance activities at a grassroots' level.

Structure of the Study

In the following chapter I give a brief overview of women and work in India to locate microfinance within the historical context of Ahmedabad. In an attempt to reveal the complexity of women's exclusion from the formal sector I stress the interconnection between oppressive structures. Chapter III is divided into two sections, in which I present my theoretical points of departure and methodology. Drawing on insights from feminist, Marxist and postcolonial scholars I problematise the image of 'the poor' constructed in western development discourse. The theoretical perspectives thus have implications for my methodology, and the two sections are therefore not separated into different chapters. In chapter IV a brief overview of SEWA Bank is presented, followed by three thematic sections in which I analyse the material as well as the symbolic outcomes of microfinance for women. Focusing on concepts such as class, caste and gender I illuminate the forces of contemporary capitalism and the heterogeneity within 'the poor' that affect the poverty alleviating results of microfinance. Finally, chapter V summarises the study and reviews it as a whole.

Chapter II

Women and Work in India

Historically, women played an important role in the initial process of industrialization in India. By the 1920's women constituted 20 percent of the work force in the cotton textiles, 15 percent in jute productions and 38 percent in collieries. The proportion of women workers went through a dramatic decline during the century, which resulted in that only a few percent of the work force were women by the year of 1975.¹⁰ Women were pushed out of the formal sector and left to choose between managing without an income of their own or entering into an informal sector existing outside the range of any laws and regulations.¹¹ The marginalisation of women workers led to an exclusion from the progress of male dominated labour unions, and therefore women did not experience its achievements in terms of improved working conditions and increased wages. Instead women were marginalised from the collective political struggle of industrial workers, while male workers improved their positions on the cost of female workers.¹²

“It is highly plausible, however, that the discourse on ‘motherhood’ came at a convenient juncture for mill-owners who were seeking ways of ‘rationalising’ (read downsizing) the workforce. The concern with motherhood not only gave them a morally justifiable argument but also allowed them to operate within an ideological space that male workers and trade union leaders shared.”¹³

The trend towards a single male breadwinner model changed the family strategy of working class families, now aiming to achieve the new middle-class housewife ideal. Although women workers did not silently let the marginalisation from the public domain proceed, but engaged in several protests and strikes against wage reduction and retrenchment, labour unions failed to include the political strength of women workers. The exclusionary gendered practices of labour unions resulted in women workers consciously rejecting them.¹⁴ The employers

10 Jhabvala, Renana. *Closing Doors: A Study on the Decline in Women Workers in the Textile Mills of Ahmedabad*. Tej Press (New Delhi: 1985), pp. 7.

11 Ibid., pp. 13.

12 Sen, Samita “ Politics of Gender and Class: Women in Indian Industries” in Pernau, Margit, Imtiaz Ahmad and Helmut Reifeld (eds) *Family and Gender: Changing Values in Germany and India*. Sage Publications (New Delhi: 2003), pp. 298.

13 Ibid., pp. 306.

14 Ibid., pp. 314.

benefited from the enhancement of a housewife ideal, and enforced it through emphasising the need for the services of men due to heavier loads that needed to be carried. Thus retrenchment of women labour could be followed by recruitment of male workers excused by changes in work demand.¹⁵ Despite of women workers' resistance against the marginalisation, an ideological shift occurred that changed the perceptions of gender and work. Factory work was no longer seen as suitable for women, not even by the women worker themselves who would prefer 'home-based self employment' drawing on traditional skills like sewing, despite its low earnings.¹⁶ The housewife ideal was somehow attractive to working class women as factory work tended to be monotonous and heavy. Another crucial aspect is that industrial work per se did not ensure women economic independence as patriarchal structures within the family did not allow women to control their income.

“Where surplus labour is extracted from workers within the factory, unpaid domestic labour and the wages of women workers are extracted by husbands within the household.”¹⁷

Women's earnings were still collected and controlled by their husbands. Other cases however show that wage employment has led women towards some forms of autonomy and had a positive impact on reducing gendered traditions such as the practice of dowry. Although women often contributed to the family economy in times of hardship, their exclusion from the formal sector led to a diminution of women's identity as workers.¹⁸

An evolving informal sector in Ahmedabad

The textile industry was once a major force in the Ahmedabad economy, which with its 65 mills employed about 1.5 lakh workers, and indirect gave employment to even lakhs more. Until the end of the century, textile mills were practically the only industry in the city, dominating the cities economy as well as the social life. In the 1960's, however, small-scale industries started growing and were estimated to employ about 75 000 workers, i.e. one third of the industrial labour force in the year of 1971. In addition, a third sector, the unorganised informal sector, was of fundamental importance for the city, covering a wide range of

15 Sen, Samita “ Politics of Gender and Class: Women in Indian Industries” in Pernau, Margit, Imtiaz Ahmad and Helmut Reifeld (eds) *Family and Gender: Changing Values in Germany and India*. Sage Publications (New Delhi: 2003), pp. 311.

16 Ibid., pp. 315.

17 Ibid., pp. 316.

18 Ibid., pp. 318.

activities from petty traders, to home production to casual labour.¹⁹ Beginning in the 1980, the decline in the textile industry led to the closure of Ahmedabad's major mills, which rendered an enormous amount of male workers jobless. To handle the mass unemployment government training programs were set up not only to encourage ex-mill workers to get new occupational skills but also taught them how to start a micro-enterprise. In contrast to their previous status as permanent waged labour, the former mill workers were prepared to become self employed micro entrepreneurs provided with modest bank loans for starting up their business. Small-scale businesses were promoted as a solution to the evolving crisis and considered as the driving force or a new existence for these workers in the informal sector of the urban economy. Decades before women had been marginalised in the labour market and excluded from the formal sector in favour of male workers. Now also male workers had to face the unpleasant and unsecure reality outside the factories characterized by irregular and unguaranteed employment and self employment, while politicians and bureaucrats were launching programs to smoothen the transition process.²⁰

The growth of the informal sector is due to a combination of global economic policies and political solutions which basically gave no answer but adaptation to the process of de-industrialization. Though the informal sector leaves no worker with secure working conditions or regular income, the group hardest hit by the increasing competition in this already unregulated and unorganised sector are poor self employed women who experience a double exploitation as workers and women. Women have been marginalized from the formal sector and left to conduct unpaid work in the private sphere and low paid work in the 'unorganized' or informal, sector. At present day, a majority of the poor women are exposed to hard working conditions and find themselves in an extremely vulnerable situation where labour laws and regulations do not apply. The informal sector has been estimated to employ nearly 94 percent of the total female work force²¹ and contribute with 63 percent of the Gross Development Product (GDP)²². In Ahmedabad city, 46.5 percent of the work force

19 Jhabvala, Renana. *Closing Doors: A Study on the Decline in Women Workers in the Textile Mills of Ahmedabad*. Tej Press (New Delhi: 1985), pp. 5.

20 Breman, Jan and Shah, Parthiv. *Working in the mill no more*. Oxford University Press (New Delhi: 2004), pp. 85.

21 *Towards Equality: Report of the Committee on the Status on Women in India*, Government of India, Department of Social Welfare, December 1974, p. 517. The estimation is based on the fact that the organised sector in India employs only 6 percent of the female work force, leaving 94 percent in the unorganised sector.

22 Lalitha, N. "Unorganised Manufacturing and the GDP" in Jhabvala, Renana, Ratna M. Sudarshan and Jeemol Unni (eds) *Informal Economy Centrestage: New Structures of Employment*. SAGE Publications (New Delhi: 2003), pp. 160.

constituted the informal sector in 1985²³, an estimation that has been confirmed by later surveys indicating that the informal economy generated nearly 76 percent of the employment and 46 percent of the income in the city²⁴. In 1985, an interview based field study was conducted by Renana Jhabvala on women who used to work in the textile mills in Ahmedabad. The experiences of these women revealed typical characteristics of the informal sector like lack of definite employer-employee relationship, lack of job security and low, uncertain earnings. The unstable situation forces the workers to be extremely flexible taking on all different kinds of work to make ends meet.²⁵

‘I used to be a mill worker’, she says proudly. ‘But then fate turned against me and I had to put this sack on my back’.²⁶

Babuben an ex-mill worker who is now a paper picker

The change for these women were not only economic, but also a question of identity or social status. Being a mill worker included more than a regular income and work; it also provided women with the status of a worker. In contrast, paper picking offered a meagre, irregular income and was considered low status work. SEWA focuses on creating opportunity structures for these women to reclaim their status as workers and improve their capabilities to gain access to income generating activities. Through collective strength, access to capacity building and microfinance the women are encouraged to become agents of change to break the vicious circle of poverty.

23 Jhabvala, Renana. *Closing Doors: A Study on the Decline in Women Workers in the Textile Mills of Ahmedabad*. Tej Press (New Delhi: 1985), pp. 18.

24 Unni, Jeemol and Uma Rani. "Employment and income in the Informal Economy. A Micro Perspective" in Jhabvala, Renana, Ratna M. Sudarshan and Jeemol Unni (eds) *Informal Economy Centrestage: New Structures of Employment*. SAGE Publications (New Delhi: 2003), pp. 59.

25 Jhabvala, Renana. *Closing Doors: A Study on the Decline in Women Workers in the Textile Mills of Ahmedabad*. Tej Press (New Delhi: 1985), pp. 18.

26 Ibid., pp. 20.

Concepts and Methodology

Introduction

In an attempt to address the matter of economic inequalities in the world one inevitably ends up in a rather diversified political debate. In this chapter I outline how definitions of poverty reflect contesting discourses on poverty and development. By revealing underlying ideological conflicts on how to understand the fundamental elements of economic inequalities images of ‘the poor’ affects theoretical and methodological approaches to oppressive structures and people’s ability to act within these structures.²⁷ Traditionally, the concept of poverty was defined through quantitative analysis, identifying poverty as lack of material resources. In other words, poverty has primarily been measured in terms of income and assets.²⁸ Recent studies, however, reveal the need of understanding poverty as a complex phenomenon including social as well as symbolic dimensions in addition to material conditions.²⁹ Although economic indicators are still seen as crucial, an integrated perspective on poverty unveils social structures and cultural aspects that largely affect people’s ability to act and change their own situation even when given access to economic resources.

This chapter is divided into two sections in which I present my theoretical point of departure and methodology. In the following section I outline the theoretical perspectives of this study addressing the organisation of economic inequalities in capitalist economies at a structural as well as at a super-structural level to locate material and symbolic dimensions of poverty in a political discourse of conflicting ideologies. Drawing on insights from Marxist, feminist and postcolonial scholars, I argue for a multidimensional understanding of poverty and agency emerging from a dialectical relationship between material conditions and ideological representations. In the last section, I seek to further analyze the implications my theoretical perspectives have for the methodological approach. Being a white middleclass woman from the West studying ‘poor’ women in the so called ‘Third World’, I am allotted the position of an ‘outsider within’ situated in a privileged position in relation to the women whose voices I seek to make heard. Thus, the methodological approach applied in my study includes relations of power that emerge from the dominant western hegemony.

27 Lister, Ruth, *Poverty*. Blackwell/Polity Press (Cambridge 2004), pp. 186.

28 Ibid., pp. 182

29 Lister, Ruth, *Poverty*. Blackwell/Polity Press (Cambridge 2004).

Locating 'the poor' within contemporary capitalism

In order to make it possible to compare the output of economies and the welfare of their inhabitants at a global level international institutions such as the World Bank and IMF seek to construct a universal definition of the notion of poverty.³⁰ Although the importance of non-economic indicators (i.e. education, health, etc.) have been acknowledged in the discourse of poverty, the share of people below the poverty line - an indicator based on consumption (or income) levels - is frequently used separately. Poverty remains to be seen as a purely economic phenomenon when measured in numbers. The widely used 'dollar-a-day' has become an international poverty threshold.³¹ By referring to the notion of absolute poverty, stating a minimum income level of 1 USD (PPP)³² per day for covering basic material needs, the World Bank expresses rather limited ideas on the concepts of poverty and poverty alleviation.

"When estimating poverty worldwide, the same reference poverty line has to be used, and expressed in a common unit across countries. Therefore, for the purpose of global aggregation and comparison, the World Bank uses reference lines set at \$1.25 and \$2 per day (2005 Purchasing Power Parity terms). Using improved price data from the latest (2005) round of the International Comparison Program, new poverty estimates released in August 2008 show that about 1.4 billion people in the developing world (one in four) were living on less than \$1.25 a day in 2005, down from 1.9 billion (one in two) in 1981. The new international poverty line of \$1.25 a day at 2005 prices is the mean of the national poverty lines for the 10-20 poorest countries of the world. While the revised estimate is significantly higher than earlier estimates of less than a billion people living under \$1 a day in 1993 prices, the developing world as a whole remains on track to meet the first Millennium Development Goal to halve extreme poverty from its 1990 levels by 2015."³³

30 *World Bank Global Purchasing Power Parities and Real Expenditures: 2005 International Comparison Program*. International Bank for Reconstruction and Development/World Bank (Washington 2008), pp. 3.

31 *Ibid.*, pp. 5.

32 PPP means Purchasing Power Parity and defines the value of currency in relation to the Gross Domestic Product (GDP). Consequently the value of 1 PPPUSD differs between countries. In India, 1 PPPUSD is equal to 30-40 rupees. "Using a PPP basis is arguably more useful when comparing generalized differences in living standards on the whole between nations because PPP takes into account the relative cost of living and the inflation rates of the countries, rather than using just exchange rates which may distort the real differences in income."

33 World Bank website:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPA/0,,contentMDK:20153855~menuPK:435040~pagePK:148956~piPK:216618~theSitePK:430367,00.html>, downloaded 11th of August 2009.

Nevertheless, the main problem emerging from this definition, as I argue, is not the specific ‘dollar-a-day’ concept, but rather the understanding of poverty as an absolute condition. Although, the most basic right of a human being must quite naturally be the right to life itself and the means required for survival, the notion of absolute poverty includes ideological elements diminishing the meaning of economic inequalities in terms of material as well as social and cultural conditions. Moreover, a universal definition of absolute poverty ignores the structures of economic inequality in which poverty is rooted, constructing images of poverty in harmony with the theoretical conceptualisation of the interconnection between economic growth and human development.³⁴ Thus poverty alleviation strategies are disconnected from a politics of redistribution building on a liberal notion of justice that entitles every individual to a minimum level of life standard, i.e. more than 1 PPPUSD per day - that is 30 Indian rupees.

Yet, international measurements of poverty reveal contradictory elements, at the one hand, identifying poor by absolute criteria when conducting numerical measurements of people living below the poverty line, at the other, applying relative criteria when it comes to measuring development in terms of changes in economic inequalities and class divisions at a global level. By using relative criteria, measuring economic relationships in percentage, a positive correlation between economic globalisation and redistribution can be identified showing decreasing economic inequalities at a global level during the last decades.³⁵ This correlation is a theoretical construction built upon partial truth though, as its adequacy depends on the universal definition of absolute poverty based on PPP. On the contrary, if analyzed in absolute numbers, i.e. cash money, the global economic development is heading in the opposite direction resulting in increasing economic inequalities.³⁶ Nevertheless, the notion of absolute poverty itself includes relative criteria, constructing poverty in a local context. ‘The poor’ are not expected to move across state borders, but is a constructed category that can be understood merely within the domestic political and economic domain, which further strengthens the underlying ideology of disconnecting poverty from global economic structures by enhancing poverty alleviation as the achievement of a minimum level of life standard measured within nation borders, and furthermore ignores claims for redistribution between the wealthy countries in the West and the less better off countries in the Third World.

34 *World Development Report 2000/2001*, ”Growth, Inequality and Poverty”, UNDP.

35 Ibid.

36 Ankarloo, Daniel, *Marknadsmyster: En Kritisk betraktelse av Nyliberala Påståenden*. ETC (Stockholm 2008).

The concept of poverty, arising from the ‘Western discourse’ dominated by neo-liberal ideas, is constructed as ahistorical and apolitical, resulting in a normalisation of prevalent power structures.

“The onset of modern economic development opened the possibility that [economic] growth could significantly improve the living standard of poor people – and everyone else.”³⁷

Consequently, economic dimensions of poverty are seen as ‘the order of nature’, which identifies poverty as an individual rather than a structural dilemma. In this way, symbolic dimensions of poverty have consequences for the ways in which poverty is approached in development work, and at the same time, affect individuals’ perceptions and experiences of being poor. As some feminist scholars have argued, discourses of poverty include processes of ‘Othering’, creating images of ‘the poor’ as powerless and deviant.³⁸ The feminist and political science scholar Ruth Lister emphasises the discursive construction of ‘the poor’ as Other to illustrate how ‘the poor’ are marginalised and treated as different from the rest of society.³⁹ Arguing that poverty cannot be understood in purely material terms, Lister emphasizes the need of understanding poverty as a social relation between ‘the poor’ and the ‘non-poor’ – a two way relationship “[...] largely defined by the ‘non-poor’ whose discourses, attitudes and actions can have a profound impact on how poverty is experienced.”⁴⁰ Social processes such as stereotyping, stigmatization and categorization serve to portray ‘the poor’ as a homogenous group. The process of Othering distinguishes ‘us’ from ‘them’, which helps to define the self and affirm identity of the ‘non-poor’.

“As regards the relationship between ‘us’ and ‘them’, Othering legitimates ‘our’ privilege – rooted in superiority – and ‘their’ exploitation and oppression – rooted in inferiority together with the socio-economic inequalities that underlie poverty.”⁴¹

A parallel can be drawn to the feminist scholar Chandra T. Mohanty’s postcolonial critique of feminist scholarship, which she refers to as a ‘Western feminist discourse’. The west centred perspective dominating feminist writings on the Third World create images of ‘Third World

37 *World Development Report 2000/2001*, “Growth, Inequality and Poverty”, UNDP, pp. 45.

38 Lister, Ruth (2004), McClintock, Anne (1995), Mohanty, Chandra T. (2003).

39 Lister, Ruth, *Poverty*. Blackwell/Polity Press (Cambridge 2004), pp. 100.

40 *Ibid.*, pp. 100.

41 *Ibid.*, pp. 102

Women' as ignorant, uneducated, sexually oppressed, poor, victimized in contrast to the implicit self-image of women living in the West defined as educated, modern, with control over their own bodies, and independent. Locating the construction of 'Third World Women' in the context of the global hegemony of Western scholarship Mohanty focuses her critique on the dualism in western thought based on contrasting relationships and categorizations in which the self-image of a particular privileged group constitutes the norm from which subordinate groups are defined.⁴² Mohanty's critique of feminist writings provides us with tools to reveal how the dualistic way of defining power dominating the discursive construction of poverty distinguishes those who have power from those who have not. Additionally, it creates 'the poor' and 'Third World Women' as stable analytical categories, assuming an ahistoric, universal unity within the groups that derives from a general notion of subordination. Such simplified formulations are problematic and historically reductionist, and also inefficient when it comes to formulating strategies to fight oppression.⁴³ In order to locate 'the poor', i.e. 'Third World Women', within the dynamics of political and economic processes in contemporary capitalism without casting 'them' to silent objects, requires an examination of the economic inequalities wherefrom poverty emerges in relation to the symbolic dimensions that serve to reproduce the social hierarchy between the dominating and the dominated. Moreover, concepts such as class, caste, 'race' and gender have to be taken into consideration to avoid constructing 'the poor' as a homogenous group denying 'them' their complex humanity and subjectivity.⁴⁴ In line with Lister, I argue that being sensitive to symbolic dimensions of poverty and processes of Othering includes taking into consideration aspects of life that are relevant to the people studied. To liberate 'the poor' I stress the importance of locating poverty in a historical and political context, revealing the relation to oppressive structures and its ideological outcomes.

Class, race and gender in the process of Othering

Feminist scholars in 'the West' are inevitably facing the problem of diversity, certainly in the attempts to address the struggle of women in developing countries. But somehow the dilemma could be seen both at the global and the local level, as the construction of 'the Other' has been

42 Mohanty, Chandra T. "Under Western Eyes", *Feminism without Borders: Decolonizing theory, practising solidarity* (London 2003), pp. 37.

43 Ibid., pp. 46-47.

44 Lister, Ruth, *Poverty*. Blackwell/Polity Press (Cambridge 2004), pp. 102.

actively integrated in identity processes taking place in privileged capitalist societies.⁴⁵ Thus the image of the colonized as well as the present victimization of women in non-western countries are not mere constructions aiming to differentiate, using Stuart Hall's words, 'the West' from 'the Rest', but also utilized to legitimize prevailing social and economic power relations in western capitalist societies⁴⁶. Anne McClintock emphasises the intimate relations between class, gender and 'race'⁴⁷ as central to the process of Othering, illuminating how constructions of dominating identities in the colonial metropolis was legitimized and reproduced in relation to particular social groups locally as well as globally. The poor working class in colonial Britain were object of a form of 'domestic colonialism', ascribed racial characteristics and constructed as a 'species' or 'race apart'. In order to investigate and contain the threat they represented, middle-class 'explorers' and 'missionaries' entered 'alien and unknown' territory of the dangerous classes.⁴⁸ The superiority of the 'white man' was defined and reinforced through class based, gendered and racialized processes of representation, constructing people in the colonies as savages and primitives. McClintock's concepts of *panoptical time* and *anachronistic space* reveal how dominating ideas from the West incorporate ideas on development.⁴⁹ Looking at the current international political discourse in 'the West' racialized and gendered identity processes are soon to be exposed when scrutinized through the concepts of panoptical time and anachronistic space. These concepts identify a colonial rest in the political discourse on gender equality, and point out how global discourses on 'Otherness' are intrinsically integrated in local discourses aiming to legitimize prevailing social and economic structures. The concept of panoptical time reveals how history has been viewed at a glance – in a single spectacle from the old colonial powers and its' allies, which have been given the invisibility of the privileged. This perspective was given scientific legitimacy by social evolution theory on the 'Family of Man', a highly racialized and gendered construction wherein racial hierarchy and historical progress were

45 Acker, Joan, *Class Questions: Feminist Answers*. Rowman & Littlefield Publishers (Maryland 2006), pp. 6.

46 McClintock, Anne, *Imperial leather. Race, gender and sexuality in the colonial context*. Routledge (London 1995), pp.120f. For further reading see Hall, Stuart (1996) "The Problem of Ideology – Marxism Without Guarantees" in David Morley and Kuan-Hsin Chen (eds) *Stuart Hall: Critical Dialogues in Cultural Studies*.

47 The concept of 'race' is a highly problematic theoretical construction, and some scholars prefer to include questions of 'race' into the concept of 'ethnicity'. I use the concept of 'race' separately though, as I emphasise how discursive practices are linked to images of biology and evolution.

48 Lister, Ruth, *Poverty*. Blackwell/Polity Press (Cambridge 2004), pp. 106

49 McClintock, Anne, *Imperial leather. Race, gender and sexuality in the colonial context*. Routledge (London 1995), pp. 37

captured in one scientific order.⁵⁰ Defining differences between ‘races’ as time bound and linked to western development makes out the foundation of racialized discourses on different ‘people’ or ‘cultures’ in the present day. Further linking the analysis of panoptical time to discourses concerning gender equality and feminism it renders visible some of the crucial issues in the fragmented construction of ‘women’ as a political category. As well as development is measured by standards of western liberal democracy assumed to intertwine with a capitalist market economy, the matter of gender equality and women’s situation can be considered to be viewed in a single spectacle of privileged women in western countries. The situation of women in different parts of the world are repeatedly identified and measured in a single time scale based on the historical model of western societies.⁵¹ When history appears static and fixed the trope of a geological time scale offers a new understanding of time, wherein time is no longer necessarily chronological but rather dynamic and changeable, a notion which leads us to another trope – that of anachronistic space. McClintock refers to a depiction of the colonizers’ trips to the ‘undiscovered’ land of Africa wherein the traveller could be said to travel in time, exploring the past, when sailing to the primitive societies in the periphery. ‘The Other’ came to be defined as inhabiting “[...] *not simply a different geographical space but a different temporal zone, surviving anachronistically within the time of history*”.⁵² Similar associations have been articulated in postcolonial critique on western feminists’ claims on universal ideas and strategies, regarding themselves as missionaries of modern ideas and enlightenment - a position made possible by ignoring some uncomfortable questions.⁵³ These questions, I believe, have to be faced if categories such as ‘Third World Women’ and ‘the poor’ are to be understood in the context of discursive practices.

Processes of Othering legitimize and reproduce the position of dominating groups through the hegemonic ideology of the West. ‘The poor’ are reduced to passive objects – either in the form of powerless victims or lazy, work-shy, welfare dependant.⁵⁴ Although somehow conflicting images of ‘the poor’ are created, there is an underlying process of normalisation of poverty in dominating discourses seeing poverty as either a natural by-

50 Ibid., pp. 37f.

51 Hadj-Moussa, Ratiba “Arab Women: Beyond Politics” in Essed, Philomena; David Goldberg and Audrey Kobayashi (eds) *A companion to gender studies*, (2005), pp. 285.

52 McClintock, Anne, *Imperial leather. Race, gender and sexuality in the colonial context*. Routledge (London 1995), pp.40.

53 Jagger, Alison M. (2000) “Globalizing feminist ethics” in Narayan, Uma and Sandra Harding (ed) *Decentering the center: philosophy for a multicultural, postcolonial, feminist world*, p. 1-25.

Indiana University Press (Bloomington and Indianapolis 2000), pp. 18.

54 Lister, Ruth, *Poverty*. Blackwell/Polity Press (Cambridge 2004), pp. 124.

product of prevalent economic structures or a cultural heritage in poor communities. Images of ‘the poor’ have extensive implications for research and policies, and at the same time representations of ‘the poor’ inevitably enhance the construction of ‘the poor’ as a homogenous category. An additional effect of Othering is that it denies the Other the right to name and define themselves.⁵⁵ Ignoring experiences of the people studied reinforces prevalent power structures and has powerful affects on attitudes and actions. Consequently, ‘the politics of representation’ is a major concern in the politics of poverty.⁵⁶

Participatory research in the South has highlighted the internalization of the stigma of poverty, and underscored the centrality of shame and humiliation to the experience of poverty. As a result, “[...] poor people often try to conceal their poverty to avoid humiliation and shame”. Attitudes and policies towards the poor have constituted poverty as a failure, representing poverty as shameful in portraying ‘the poor’ as victimized, passive, uneducated and primitive.⁵⁷ The ‘p’ words are used by ‘us’ about ‘them’, and ignores the diversity and complexity of lived experiences and identities.⁵⁸ The process of Othering also has implications for how ‘we’ approach poverty, while ‘the poor’ are created as deprived and victimized incapable or unwilling to change their own situation. Consequently, poverty alleviation strategies emerge in the context of discourses on charity, rather than from a rights discourse. Instead of understanding poverty as a result of unequal distribution of resources caused by human actors and economic structures, leaving those who have access to economic resources with social privileges and economic power, poor people are expected to be grateful for achieving marginally betterments in terms of material living conditions. The analytical categorization of ‘the poor’ is problematic as it tends to obscure a rights perspective on economic, social and cultural inequalities. Thus dissolves political identities of oppressed groups, which have crucial implications for the political agency of people in poverty.⁵⁹ Images of ‘the poor’ are incorporated in development programs and policies, creating images of development agents as ‘saviours’. This politics of representation further justifies development strategies and tools for social transformation in harmony with a ‘Western development discourse’ dominated by neoliberal ideology. The interconnection between the

55 Ibid., pp 102.

56 Ibid., pp. 169.

57 Lister, Ruth, *Poverty*. Blackwell/Polity Press (Cambridge 2004), pp. 104

58 Ibid., pp. 113

59 Ibid., pp. 119

material and symbolic dimensions of poverty, as argued by Lister, calls for linking a politics of representation and recognition to a politics of redistribution.⁶⁰

Recognition and redistribution

“Paid work (in either the formal or informal economy) is not, as we have seen, a guaranteed passport out of hardship. It then also follows that the only way to eradicate poverty is to redistribute resources from those who have much more than they need to those who have less than they need to live with dignity.”⁶¹

Lister argues that effective poverty alleviation policies must include a notion of justice defined in terms of equality, pointing out the need to reallocate resources from those who have more than they need to those who have not enough to make ends meet. Integrating the issue of poverty into wider contemporary political and theoretical debates, Nancy Fraser “[...] roots the politics of redistribution in the struggle against socio-economic injustice and the politics of recognition in the struggle against cultural or symbolic injustice”.⁶² In an attempt to construct a theoretical framework for a progressive politics of change, Fraser combines the traditional class-based social democratic politics of redistribution with the identity politics of new social movements in a common ‘conceptual spectrum’. Seeking to overcome the polarisation between redistribution and recognition, which she identifies as politically inefficient, Fraser emphasises the complex dynamics between class, gender, race and sexuality. Although illuminating that maldistribution and misrecognition are always intertwining, Fraser argues that their structural roots are separate, placing class on the redistribution end of the spectra and sexuality at the recognition end. The notions of gender and race are identified as ‘bivalent modes of collectivity’, sharing both political economic dimensions and cultural-valuational dimensions.⁶³ On the one hand, gender structures the division between paid productive work and unpaid reproductive work including household work, wherein women are ascribed the responsibility for the latter. On the other, gender also structures the internal division in wage work between, on one side, well paid male dominated

60 Ibid., pp.123

61 Ibid., pp. 187

62 Fraser, Nancy. *Den Radikala Fantasin: Mellan Omfördelning och Erkännande*. Bokförlaget Daidalos AB (Uddevalla: 2003).

63 Ibid., pp. 189.

work in the manufacture industry and the academic professions, and on the other side, female dominated work in the service sector.⁶⁴ Distinguishing politics of recognition from identity politics Fraser highlights the structural base of inequalities based on class, gender and race, and links it to the social status subordination. The feminist Marxist scholar Joan Acker responds to Fraser's work, pointing out that the articulation of a politics of redistribution and recognition fails to analyze the interconnection between economic structures and cultural devaluations. Acker calls for a total revision of Marxist writings, arguing that previous feminist attempts to add dimensions of gender and race into class analysis in dual and multiple systems theories as separate systems of oppression must be developed into an integrated analysis of racialized and gendered class relations.⁶⁵ A major concern in Marxist class analysis is the modes of production that structure the political economy, and constitutes the material basis for class divisions. However, as women and men do not participate in the productive sphere to the same extent or on the same conditions the traditional Marxist writings narrow the analysis of class to a male dominated domain, which is defined in a dual relation to the female dominated reproductive sphere.⁶⁶ In order to integrate the analysis of gender and race into Marxist theory, Acker argues for a broadened definition of 'the economy' that includes reproductive activities. In analyzing the capitalist economic system Marxist theory has exclusively illuminated the concept of class assuming gender and race neutral structures.⁶⁷ Thus the notion of class intrinsically ignores gendered structures, certainly within the reproductive sphere presupposing family as the 'unit' to be analyzed. Consequently, the focus on inequalities between these entities to some extent obscures intra-familial relations and differences between family members.⁶⁸ In attempts to make visible structures that make women the gendered group hit hardest in economic crisis and employment shortage, as well as power structures in intra-household relations and the sexual division of labour feminist theory has challenged a gender blind view of the world contributing with new perspectives on oppressive structures within capitalist societies. Looking beyond the concept of class, Joan Acker reveals gendered and racialized processes of capitalism that are central to the maintenance of prevailing power relations and economic class divisions. The intersection between class, race and gender is relevant in understanding

64 Ibid., pp. 189-190.

65 Acker, Joan, *Class Questions: Feminist Answers*. Rowman & Littlefield Publishers (Maryland 2006), pp. 40.

66 Ibid., pp. 53.

67 Ibid., pp. 5.

68 Ibid., pp. 67.

various expressions and experiences of gendered structures and women oppression in capitalist societies.⁶⁹ A gender perspective of the world market shed light on how ‘Third World Women’ are increasingly exploited as cheap labour, and at the same time, utilized as a reserve army in the semi-private sphere of the reproductive domain.⁷⁰ Observing the social and economic progresses of white middle class women in western countries during the last decades, unfortunately, also reveals how these women are beginning to – in a more direct way – exploit other women in the global market. The success of some women is depending on the exploitation of other women. ‘Third World Women’ are moving to western countries to do reproductive work, enabling for white middle class women in these societies to enter the market and focus their energy on work mainly in the productive sphere.⁷¹

In line with other feminist scholars, I argue for the relevance of class at the beginning of the twenty-first century.⁷² From my point of view, the concept of poverty must be considered in the context of capitalist production and politics, and thus I argue that poverty is a matter of class. Discourses of poverty arise from power relations in capitalist structures, and must be understood as a dimension of the growing class divisions taking place at present date within nations, and globally, between nations.⁷³ Acker’s concept of racialized and gendered class relations is a useful tool to visualize the dynamic processes in which class practices create differing and unequal situations in access to and control over the means of provisioning and survival. Furthermore, it creates comprehension for how economic and social conditions might cause restrictions on the agency of an individual or a group. The inclusion of reproductive paid and unpaid work and informal work in the definition of economy reveals how class practices form the material basis for individuals of different gender and race. Thus, it allows us to challenge the image of the working class as a homogenous category. Revealing the diversity and conflictual relations within classes is of crucial concern in my analysis of microfinance for women located in the discourse of poverty.

69 Ibid., pp. 36.

70 Hobson, Barbara; Jane Lewis and Birte Siim, *Contested concepts in gender and social politics*. Edward Elgar Publishing (Cheltenham and Northampton 2002), pp. 157f.

71 Ibid., pp. 163.

72 Acker, Joan, *Class Questions: Feminist Answers*. Rowman & Littlefield Publishers (Maryland 2006).

73 Ibid., pp. 2.

Illuminating persons behind the numbers

“As each face becomes a person, numbers cease being an abstraction.”

- Anees Jung⁷⁴

In order to reveal the complexity of poverty recent studies emphasise the strength of qualitative methods, which enable in-depth analysis of people's life situations and their ability and opportunities to change their own situation. A qualitative approach can uncover meanings and provide us with insights on the experiences of poverty that might have crucial implications for development of policies.⁷⁵ By illuminating the lived experiences of poverty qualitative methods allow us to understand the dynamic process in which concepts such as class, caste, 'race' and gender form the daily life of 'the poor'. In order to give space and voice to the experiences of the women I met seeking to capture the wide range of economic activities practiced by SEWA I turned to the multimethod approach of fieldwork, which includes a plurality of methods such as observation, participation, interviews, documentation and archival analysis.⁷⁶ The scientific contribution of fieldwork is incorporated in the participatory approach of the method, focusing on a dynamic relation between the researcher and the researched rather than a one-way-communication. For me, as for many other feminist scholars, fieldwork constitutes an alternative, revealing the shortcomings of positivism and patriarchal bias of social science. The participatory approach of fieldwork enables the researcher to understand social life and social relations in its complexity. Nevertheless, as have been pointed out by feminist anthropologists, fieldwork has been an integrated part of the process of Othering reinforcing cultural differences and colonial representations of 'the Other'. Thus, entering the lives of 'the Other' as a feminist scholar rooted in the western discourse includes the necessity of continuous self-reflexivity throughout the research process.⁷⁷ The position held by the researcher in relation to the researched involves power structures that must be taken into consideration in the dialogue between the two as well as in the representation of the researched in the material produced.

74 Jung, Anees (1987) *Unveiling India: A Woman's Journey*. New Delhi: Penguin Books, pp 10.

75 Lister, Ruth, *Poverty*. Blackwell/Polity Press (Cambridge 2004), pp. 38.

76 Reinharz, Shulamit, *Feminist Methods in Social Research*. (New York 1992), pp.65.

77 Ibid., pp. 46.

A participatory approach

The aim of field studies is to take the research out of the office and out on the field, towards direct observation. In that way, I would argue, fieldwork quite literally brings the researcher closer to ‘reality’ than other research methods. According to my opinion, ‘reality’ is not about theoretical assumptions and statistical abstractions, but rather, it is about the day-to-day struggle of the people constituting it. Nevertheless, bringing the researcher into the field studied rather than the other way around includes several methodological dilemmas. Obviously, the ideal is to apply the variations of methods in a way that creates a dynamic research process wherein strengths and weaknesses of each method are combined. Yet, it requires for the researcher to remain open to the field and ready to enter the dynamic process of listening and learning from the situations and the people she meets.

In my opinion, the field study offers an in-depth understanding of a group or community, which cannot be achieved through quantitative studies. The field study refers to research that seek answers through investigating social phenomena in depth rather than by collecting a large amount of quantitative data. Since a major methodological concern of this study was to understand microfinance through the lived experiences of poor women, who are engaged in the economic activities of SEWA, individual interviews were considered to be the best methodological medium. Accordingly the main sources of material are individual interviews carried out at a grassroots’ level of the organisation. Nevertheless, interviews seldom cover the complexity of the lived world, thus it was felt that a multifaceted qualitative approach was required. Data collected through participant observations in the financial literacy trainings and door-to-door services of SEWA Bank and Vimo SEWA⁷⁸ provided me with a contextual understanding of the interview material. My research design was formed through the conscious choice of a participatory approach including interviews and participant observations combined with written sources such as reports published by SEWA Bank and SEWA Bank’s official website, which seeks to give knowledge, understanding and insight into the experiences and perceptions of microfinance. Seeking to answer my research question ‘from within’ through the voices of poor self-employed women was not always easily done. Seeking to enable a contextual understanding of the individual interviews I used participant observation and focus group interview. Nevertheless, the barrier of language evidently affected the focus group interview too much for it to be considered a suitable method. Thus, this method was abandoned to give room for interviews and observations.

78 i.e. SEWA Insurance.

The phenomena of reflexivity as a central character to fieldwork, illuminates that the observer is included in the subject matter itself. Thus, the observer also becomes an observed participant.⁷⁹ The dilemma of the complete observer and the complete participant roles has been thoroughly discussed within the tradition of fieldwork. The focus has been upon the problems of to what extent the researcher participates in the activities of the group studied and how aware those observed are of them being studied.⁸⁰ Consequently we should be sensitive to the ethics of qualitative research concerning using the data collected in the field by participant observation. The field studied here is, however, a clearly defined space, which makes it easier to ensure the principle of informed consent.⁸¹ In addition, the question of closeness has been a central challenge to the feminist ethnographic study striving to find a scientific balance between keeping distance to the object of study and grasping the native's point of view.⁸² However, these dilemmas are not questions to be solved, but has to be dealt with.

The participatory approach of fieldwork entails the characteristic strength of open data collection. As long as researchers are 'in the field' they cannot insulate themselves from what they see and hear. Data is not to be selected by relevance, as data that seem useless at the time of entering the field notes might be interesting later on. Thus, fieldworkers approach their field allowing themselves to become aware of things they had not anticipated which may have a bearing on their subject. In an attempt to apply the open-ended approach the starting point of my study was formed through participant observation. Participating in training sessions and visiting different activities of SEWA aimed to provide me with an overall insight on what issues that are central to these women's perceptions of microfinance and sustainability, and, consequently, the issues discussed at these places could later on be used to thematise my interview guide. By conducting the field study according to a research design that used the participant observation as platform for further discussions and interviews served two important purposes for my study. First and foremost, as I seek to give space and voice to those who are concerned their perceptions of microfinance should be expressed through their own way of relating to issues of different economic activities, not through a preset formula of questions based on theoretical assumptions. Moreover, this research design was a way to deal

79 McCall, George J. "The Fieldwork Tradition" in Hobbs, Dick and Wright, Richard (eds) *The SAGE Handbook of Fieldwork* (London 2006), pp. 4.

80 Reinharz, Shulamit, *Feminist Methods in Social Research*, (1992 New York), pp. 69.

81 Flick, Uwe, *An Introduction to Qualitative Research* (London 2006), pp. 49, 51-52.

82 Reinharz, Shulamit, *Feminist Methods in Social Research*, (1992 New York), pp. 67.

with the question of trust and access. Problems of trust are intimately related to social structures and what answers the interviewee assumes that the researcher would like to achieve. Thus the structure of the interview might affect to what extent the interviewees are let into 'the room of construction'. As trust does not naturally occur when a researcher tries to study a community 'from within' it has to be earned. To gain access to the views of a poor self-employed women in Ahmedabad, coming from a middleclass background in the Sweden the obstacles differences between the researcher and the researched constituted had to be overcome, or at least had to be carefully taken into account.⁸³ The field study entails a participatory approach striving to get a deeper understanding of lived experiences, and in this case, experiences of microfinance. Voices 'from within' the studied community might expose another 'reality'. In regard to the discourse of poverty I suggest that the participatory approach as a method that might be used to show how statistical data may be 'constructed' to serve a specific purpose rather than to describe or explain a 'real' situation.

Nevertheless, the purpose of participant observations is also to become a part of the field studied, seeking to create opportunities for spontaneous and friendly conversations to occur, which might encourage interview situations to emerge.⁸⁴ The process of entering the field is, however, something that the researcher has to reflect upon during the whole period when the study is carried out. The challenge of getting close to and gain as far as possible internal perspectives from the group studied, and at the same time manage to systematize the status of a stranger, is one of those challenges that cannot be avoided.⁸⁵ The ethnographic study therefore require reflexivity of proceeds including an acknowledgement of the 'role' of the researcher and existing power structures that might affect the social relations to the persons studied. The selection of informants and interviewees is directed by the ambition to present a more multifaceted understanding of the process of microfinance and gender. My ambition has been that the information gathered should represent interesting variations in the lived experiences of economic activities of SEWA.

Getting in

In an attempt to enter the lives of poor self employed women in Ahmedabad I left the comfortable life in Sweden. To grasp the complexity of this social, economic and political

83 Reinharz, Shulamit, *Feminist Methods in Social Research*, (1992 New York), pp. 65.

84 Flick, Uwe, *An Introduction to Qualitative Research*, (London 2006), pp. 166.

85 Ibid, pp. 223.

process I had chosen to conduct a fieldwork in Ahmedabad, Gujarat, during February to April 2009. Given the time and resource constraint for this study, the fieldwork was not performed in its traditional ethnographic meaning. Nevertheless, I did not abandon the fundamental idea of ethnography. My ambition has been to understand the process from within, where it is taking place and through the perceptions of those who it concerns. The meaning of ethnographic research is, in my opinion, broader than to be defined merely as a method, but should also be understood as an ongoing process that starts the moment the field is entered. As a researcher I had to face several unexpected situations that affected my structured research design and slightly changed the direction of the research process. Once I arrived to Ahmedabad and understood the width of the SEWA movement I decided to revise my research design through letting observations and informal conversations create the base from which the field of research was defined and informants were selected. The choice to broaden my approach to SEWA's work, from SEWA Bank to also include SEWA Federation, was made after my first week of observations. Realising that SEWA's approach to microfinance could not be entirely separated from the economic activities under SEWA Federation, I chose to include one vegetable cooperative in my study in addition to the banking activities that were the initial focus of my study. However, different divisions of the SEWA movement are closely linked to each other and thus microfinance services were equally relevant to the members of the vegetable cooperative as to the clients of Vimo SEWA and SEWA Bank. Due to the limits of this study I could not include a wider variety of activities that might have been of relevance, but I consider the selection made providing a good illustration of SEWA's integrated approach to microfinance.

The choice of method was based on my intention to understand the meaning of microfinance through the experiences of SEWA Bank's members and to make visible their voices in the development discourse. However, the collection of empirical data is an encounter with the community studied – a process that might appear less complicated in theory than when it is put in practice. Trying to scrutinize the social and material situation of an individual through interviews and observations, obviously there are limits. Studying a community 'from within' requires knowledge on cultural codes and social settings that might affect the ways in which questions are perceived and answers are given. Entering the lives of poor self employed women in Ahmedabad I was allotted the position of an 'outsider within'. Being a young woman from a western country I was often an anomaly in the lives of the women I met, which involved advantages as well as disadvantages. Although coming as a stranger to study the lives of these women I was warmly welcomed to their working places,

homes and training sessions. Sometimes met with curious gazes and sometimes with questions about why I was there, I was always met with great hospitality from the SEWA members, trainers and officials. The position of being an outsider could be seen as advantageous in some aspects, as the 'outsider' is placed in a position to ask questions about the specific situation in the group that 'insiders' would not be able to ask.⁸⁶ In the context of an interview, the 'outsider' might not be expected to have a detailed knowledge of the specific context, which might open up for the interviewee not to leave certain details unmentioned however expecting the rest of their surrounding to already possess this knowledge. The ability to identify these preconceived notions opens up possibilities to analyze prevailing discourses within the community.

In an attempt to reach out to the grassroots' level seeking to understand microfinance through lived experiences and make visible the everyday life of these women, obviously some obstacles had to be overcome. As only a few of the women I met spoke English, and particularly not the women from the poorer sections of Ahmedabad, language constituted a barrier between the interviewees and me. Although some of the interviews, essentially those with interviewees holding higher positions, were carried out in English most of the interviews however were to be held in Gujarati. Firmly convinced that the loss in communication an interpreter might cause would be gained through giving voice to the women who actually experience the strengths and weaknesses of microfinance in their daily life the grassroots' perspective were not to be abandoned. Thus, the question of working with an interpreter could not be avoided; instead, it had to be dealt with. Bringing in a second language and a third person in the dynamic process of fieldwork is a challenge, especially if one intends to be sensitive to the question of trust between the interviewer and the interviewee. Working with an interpreter is not always easy and inevitably affects the results of a study, in the sense that it causes limitations on the collected data that might not have been if the interviews were all one-to-one interviews. After all, the researcher is forced to rely on the translation and interpretation of a third interlocutor. Nevertheless, being aware of the challenges I decided to include the interpreter in my work by preparing and discussing the work together as I considered it unlikely that anyone can act as a neutral intermediary between two persons.

The women I met were not primarily concerned of the 'face' of SEWA nor were they counting numbers to construct statistical realities, rather these women were concerned about

⁸⁶ Erwér, Monica, *Challenging the Gender Paradox. Women's Collective Agency in the Transformation of Kerala Politics*, (Göteborg 2003), pp. 37.

SEWA because its activities have come to bring about changes in their lives. If one is to analyze the sustainability of microfinance in terms of development there is no one to tell the story better than those who are facing the hardships of poverty.

Giving voice – A Dilemma of Representation

Despite the participatory approach in ethnographic research and the dynamic process of fieldwork ethnographic authority always entails the problem of representation. The power of the pen, giving the researcher the last word in the knowledge production is not to be ignored. Who has the authority to speak for a group or a community? Is it at all possible to give voice to the researched? Entering the field I became an active part in the knowledge production not only through how my pure presence in the field affected the empirics as I became a part of the situation studied, but also through my preferential right of interpretation. However open-ended my approach was I had to face the delicate problem of taking field notes, writing up and constructing representations. Present day ethnography involves questioning the ethnographer's authority to objectively portray the 'other'. James Clifford criticizes the tradition of anthropological ethnography for hiding the process by which representations are constructed and for defining the reality of the people studied from a Western viewpoint, which is presented as objective. The strong tradition of objectivity still dominating some disciplines of social sciences no longer has a place neither in anthropology nor in the ethnographic research. The interpretative dimension and subjective character of fieldwork is not an obstacle for the scientific value of ethnographic research however, as the aim is not to present general knowledge claiming to be true, but to see various perspectives and offer partial knowledge. Clifford's critique is directed towards the ethnocentrism of representation of the 'other'. My ambition to understand the women I met in their social contexts and giving voice to them is somehow problematic and requires a self-critical and reflexive approach. When doing data analysis the difference between drawing on feminist theories and imposing feminist theory has been pointed out by feminist ethnographers.⁸⁷ The risk of the researcher applying his or her own ideas onto the subject studied will however be present in every ethnographic work. Paul Atkinson addresses the process of translation and transcription taking place in ethnographic work outlining the key features of the researcher's constructions of versions of social reality. The construction of field notes defined as the first stage is considered less problematic than the second phase in which the production of the

⁸⁷ Reinharz, Shulamit, *Feminist Methods in Social Research* (1992 New York), pp. 74.

ethnographic texts is carried out. While the former is focused on documenting scenes and settings that have been observed, the latter carries stronger connotations of interpretation and construction. In fact, the rhetorical dimension of science is shown to have strong implications for the ethnographic text.⁸⁸ Accordingly, as pointed out by Mohanty, the rhetoric of science constitutes a central element, including both the question of representation of the subject studied and the consumption of the text. Furthermore, the reluctance in feminist theory to think beyond the west centred concept of gender results in a lack of theoretical as well as methodological instruments to acknowledge feminist strategies in different contexts. The colonial inheritance of panoptical time forces feminist scholars from ‘the West’ into the trap of universalism, not allowing contextual understandings of women’s lives. In an attempt to deal with the problem of giving voice aiming to construct representations from the point of view of the studied subject I have chosen to structure the analysis in a way that allows direct quotations and distinguishes between statements of the studied subject and my interpretations.

88 Atkinson, Paul, (2001), “Ethnography and the Representation of Reality”. In, Robert. E. Emerson (ed), *Contemporary Field Research: Perspectives and Formulations*, Second edition. Long Grove: Waveland Press, pp.89-101.

Chapter III

Microfinance and Development

Introduction

“Traditionally, microfinance focused on providing very small loans (microcredit) to the poor to help them engage in productive activities. But a much broader range of financial services—deposit services, money transfer services, and micro-insurance—can help poor people to build assets, increase their income and reduce their vulnerability to all types of risks. Microfinance allows poor people to manage their financial lives and plan for their own futures.”⁸⁹

Microfinance programs have been widely celebrated for opening the doors to inclusive development, stressing the capacity of the poor and poor women in particular, to work their way out of poverty. Economic empowerment of women through access to financial services is seen as the key to sustainable and gender sensitive development – as women tend to invest in the family rather than in personal expenditures. Emphasising the importance of economic participation, microfinance aims to provide the poor with the means needed to break the vicious circle of poverty. Without denying the importance of microfinance as a fundamental human right in contemporary capitalist society, I argue that with regard to poverty eradication the oppressive structures and economic inequalities from which poverty arises must be taken into consideration. The member-based strategy of SEWA Bank has drawn international attention as it includes an integrated understanding of economic, social and cultural dimensions of poverty. On the basis of the needs of poor self employed women SEWA Bank – in cooperation with other parts of the SEWA movement – struggles to formalize the informal sector seeking to create a platform for agency and strengthen the voices of women workers. Drawing on experiences of SEWA members, organisers, trainers and leaders I seek to illuminate what microfinance means in the daily life of poor women. In an attempt to reflect on the sustainability of microfinance as a development strategy I locate structural as well as ideological outcomes of SEWA Bank’s work, taking into account gendered and caste-based class practices.

⁸⁹ World Bank website:

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20433592~menuPK:34480~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>, downloaded 12th of August 2009.

Forming a collective strength

“Women did not need to come together *against anyone*, they just needed to come together *for themselves*. By forming a union – a bond - they affirmed their status as workers, and as a result of coming together, they had a voice.”⁹⁰

Inspired by the Gandhian movement and convinced by the fact that poverty is wrong because it violates the life of a person, does not respect human labour and takes away her freedom; a young lawyer named Ela Bhatt opened her eyes to the day-to-day struggle of poor women in Ahmedabad.⁹¹ As a junior lawyer in the legal department of the Textile Labour Association (TLA) during the time when the textile industry in the country was on decline Bhatt was assigned to perform a survey on families affected by the closure of two major textile mills in Ahmedabad leaving thousands of workers jobless. Visiting the homes of ex-mill workers, Bhatt realized that in the shadows of unemployment of their husbands the burden of running the family had fallen to the women. Engaged in all kinds of income generating activities these women were struggling to make ends meet while their husbands were out fighting to get their jobs back. In contrast to the male workers however these women performed home-based jobs operated outside of any labour laws and regulations.⁹² Excluded from the formal sector, women were forced to work in the unorganised informal sector where they faced irregular income and insecure working conditions. Although many of them, through their income generating activities, managed to keep the family economy running their status as workers was not acknowledge either by the labour union or by the male workers – i.e. husbands, brothers and fathers of the women themselves. Thus there was an urgent need for these women to organize, and come together to get a voice. Although there were no formal employers as such, the collective strength provided an opportunity to decrease the exploitation of traders and middlemen who often made use of the vulnerable position of poor self employed women in order to increase the profit. The formation of SEWA was a response to the marginalisation of women in the labour market, aiming to reclaim their status as workers. In 1972, thus the SEWA movement started as a trade union for women, but since the very beginning new ideas and projects emerged in the organization. The member-based structure of SEWA aims to strengthen women socially and economically through themselves, and the

90 Bhatt, Ela R. *We Are Poor, but So Many: A Story of Self-Employed Women in India*. Oxford University Press (New Delhi 2006), pp. 9.

91 Ibid., pp. 8.

92 Ibid., pp. 9.

members are central to the organization as such. Today the SEWA movement includes a wide range of activities, such as health care, childcare, education and microfinance, and has become an important actor in the civil society of Gujarat, where a majority of its members are located. The organization is also internationally known and has been invited to UN conferences because of its expertise on antipoverty strategies. The model SEWA has developed is based on local conditions and provides women working in the informal sector with a network of social security that has never been available to them before. The social security, in which is included health care, childcare, housing, insurance and education, are seen as fundamental elements for improving women's possibilities to income generating activities. A crucial part of SEWA's work is the microfinance performed by SEWA Bank that enables poor self employed women to access saving accounts, insurance schemes and micro credit for starting up or expand their small-scale business. In this sense SEWA constitutes a platform from which a micro economy emerges. The integrated perspective applied by SEWA derives from a member-based organization structure; in which identifying the needs of self employed women through continuous research and evaluation is of central concern.⁹³

'We are poor, but we are so many'

“We are poor, but we are so many. Why don't we start a bank of our own? Our own women's bank, where we are treated with respect and service that we deserve.”

Chandaben, old clothes seller, Founder – member, SEWA Bank

SEWA Bank was formed in 1974, by 6,287 members and bank shares of ten rupees each, on an initial share capital of 71,320 rupees - enough to achieve the required amount for starting their own cooperative bank. The confidence of SEWA's members had grown with the awareness of a collective strength. Being poor but economically active women they were in urgent need of financial services. Almost all the women were in debt to private moneylenders, touts, pawnshops, grocers or landlords who charged interest rates ranging from 10 percent per day to 25 percent per month.⁹⁴ However, realizing that they could not change the attitudes of middleclass bureaucrats working in the banking sector, the women of SEWA decided to start a bank of their own that should be sensitive to the life conditions of poor women. In the

⁹³ Interview at SEWA Academy, 27th of March 2009.

⁹⁴ Bhatt, Ela R. *We Are Poor, but So Many: A Story of Self-Employed Women in India*. Oxford University Press (New Delhi 2006), pp. 99.

beginning SEWA had an ambition to be an intermediary between the banks and self-employed women as all banks in India are obliged to set aside 1 percent of their loanable funds for 'the poor'.⁹⁵ In 1969, when the formal banking system in India was nationalized the central government stated that the local banks should 'serve the poor'.⁹⁶ Nevertheless, when SEWA approached the banks on behalf of its members, although the banks were keen to use SEWA as an intermediary, they met with a lot of obstacles. Banks were neither accessible to illiterate women nor could they think of lending to anyone without collateral. Furthermore, SEWA members came from a different socio-economic context than the average bank official who was often from an upper caste, middleclass setting. The average SEWA member was a self employed woman who seldom went out of her house for other purposes than work or for visiting friends and relatives. Thus, when SEWA members entered bank offices their social behaviour challenged the professional atmosphere of the bank offices.

“The women felt intimidated by the formal office atmosphere, and not without reason. The bank tellers rolled their eyes at their loud, uncultured speech or their body odours, and they turned their noses up at the crumpled pile of small-denomination notes the women produced from their *cholis*.”⁹⁷

In addition to strict formality and lack of awareness among bank officials, inflexible open hours and the location of offices made banks inaccessible and excluding for 'the poor' who they were actually bound to assist due to government policies. While the regular banks rejected self employed women as clients due to lack of economic, social and cultural capital, treating them as deviant and different-from-the-norm, i.e. non-clients, SEWA Bank valued the small amounts of money that these women were able to save and provided door-to-door services and daily collecting schedules that made banking accessible to self employed women, who had not much time to travel to far away bank offices to ask for a loan or open an account. Moreover, SEWA Bank treated the women with dignity, respecting the needs of its clients instead of trying to make them fit into the prevalent framework of the banking sector. In that way, SEWA Bank grew out of “[...] *the needs of working-class women from the informal,*

95 Crowell, Daniel W. *The SEWA Movement and Rural Development: The Banaskantha and Kutch Experience*. SAGE Publications (New Delhi 2003), pp. 99.

96 Bhatt, Ela R. *We Are Poor, but So Many: A Story of Self-Employed Women in India*. Oxford University Press (New Delhi 2006), pp. 99.

97 Ibid., pp. 100. Cholis means short Indian blouse.

self-employed sector, where their needs are not met by the country's banking services at large".⁹⁸

Creating social security through collective risk sharing

In 1992, Vimo SEWA - a micro insurance division - was initiated as a part of SEWA's social security division that was working on social health and childcare. As health and life risks created major problems for SEWA members there was an evident need and demand for insurance services. Crises due to illness, accident, widowhood, fire, etc. result in loss of work, income and assets, which might be devastating for the economic situation of poor working class families. To cover the life cycle needs and the various risks SEWA members face in their lives Vimo SEWA was formed as an integrated insurance program aiming to provide social protection and ensure financial stability in the lives of poor self employed women.⁹⁹ Starting with life and health insurances, which had shown to be most urgent, money was collected from the members to create a common risk pool. The principle of SEWA's insurance programs was to collectively share the risks of life. But in 2001, the funds were wiped out by the devastating earthquake that affected the lives of millions of people throughout Gujarat. In order to manage the insurance programs without funds Vimo SEWA shifted to a partner-agents model. At present date, Vimo SEWA operates essentially through collecting money from the members, using the collective strength to negotiate rates with insurance companies that can make insurances affordable for poor women. Building on a gender sensitive understanding Vimo SEWA offers family insurance schemes exclusively based on the woman of the family.¹⁰⁰

“And our policy is that we only insure a family if, and only if, the woman is insured. We can also give her independent policies - like for one seventy-five rupees we can give the policy with full coverage for woman alone. If she is not interested in getting her husband and children insured she can at least get herself insured. [...] And we also have a policy that only if the woman is insured we can get the children and the husband insured. We found that a woman tends to leave herself out

98 Ibid., pp. 105.

99 SEWA website:

http://www.sewa.org/Movements_Federations_Insurance.asp downloaded 090806

100 Interview at Vimo SEWA, 4th of March 2009.

and would just get her husband and children insured. To overcome that issue we have the policy that if - the woman has to be insured first – and if she is not insured we don't cover.”¹⁰¹

The tendency of putting family first also when it comes to insurances is a gendered process in which the woman's care for the family is materialised and her contribution to the family is devaluated. By recognising the importance of the woman's health and life for a family, Vimo SEWA highlights the importance of women's contribution to the welfare of the family.

Beyond micro credit

By distinguishing micro credit from microfinance SEWA Bank emphasizes the importance of the ability to manage the finances beyond micro loans. Savings, safety deposits, health insurance and pension schemes, in combination with training is the way in which to build a sustainable change in terms of economic empowerment. While several quite well recognized micro credit programs both in India and elsewhere consider micro credit alone as sufficient for economic empowerment of poor women, SEWA has identified the need of integrating financial services with other development initiatives in order to overcome the obstacles of poverty.¹⁰² Stressing employment as the key to liberate the poor from poverty SEWA approaches all aspects of life that affect poor women's ability to work. Moreover, SEWA Bank differs from most other MFOs by rejecting outside grants or subsidized loans to be used as capital for loans to members. Financial sustainability and autonomy is considered the only way to stay independent from outside institutions.¹⁰³ Many NGOs seek funding from local governments, creating relations of dependency that might result in modifications of programs to accommodate to government priorities. Consequently NGOs have to tone down political and social agendas to ensure continued funding.¹⁰⁴ Thus in terms of financial sustainability MFOs face the challenge of finding suitable and regular donors to run profitable – that is being self-sustainable.¹⁰⁵ Although this is evidently the very basis of sustainable MFOs I argue that sustainability must also be understood in terms of the outcome of micro financial

101 Interview at Vimo SEWA, 4th of March 2009 , Interview at Vimo SEWA, 14th of April 2009.

102 Crowell, Daniel W. *The SEWA Movement and Rural Development: The Banaskantha and Kutch Experience*. SAGE Publications (New Delhi 2003), pp. 183.

103 Ibid., pp. 115.

104 Ridell, R. and M. Robinson *Non-governmental organizations and rural poverty alleviation* (1995), pp. 144.

105 Fisher, Thomas and M. S. Sriram (eds). *Beyond Micro-Credit: Putting Development Back Into Micro-finance*. Oxfam (Oxford: 2002), pp. 181.

services, putting developmental outcomes in focus. SEWA Bank emphasises financial self-sustainability in order to ensure authenticity and sustainability. Charity or governmental funding involves “[...] *the necessity for more charity from the same or other donors later on*”.¹⁰⁶ The importance of financial self-sustainability became evident to NGOs working in Gujarat after the communal violence in 2002, which invoked an extremely polarized political atmosphere in the State. In order to be able to cooperate with any government that comes into power SEWA strives to stay out of political involvement.

Breaking the vicious circle of poverty

“SEWA is like a god! Even if you only have one rupee it is worth saving.”

Gitaben, banksathi SEWA Bank

In 2002, SEWA Bank initiated financial literacy training programs to make poor women understand the concept and importance of financial planning. Seeking to break the vicious circle of poverty SEWA Bank identified a need to educate the members in long-term economic planning. With emphasis on a holistic life cycle approach the aim is to make the clients aware of the value of saving and planning. To avoid private moneylenders and debt traps, women are encouraged to think about the ups-and-downs of life when considering planning for future financial needs. It might seem impossible to save when income is meagre, but in case of illness or accident in the family costs for hospital bills or loss of income can be devastating for a poor family if they stand without savings and insurance. Then there might be no other choice than to rely on whomever that can supply instant cash money, without having much time to consider either loan conditions or interest rate. The concept of financial literacy training is that the less you have the more precautions you need to take. If the economic status of the family is extremely vulnerable to external factors, i.e. unexpected expenditures due to illness or accidents, then the risk of falling into a debt trap is high, and marginal improvements in income might be insufficient to cover the costs and losses of such changes in life. Thus, thinking about the future, including the risks and challenges of life, is a necessary part of financial management also at a micro level.

106 Crowell, Daniel W. *The SEWA Movement and Rural Development: The Banaskantha and Kutch Experience*. SAGE Publications (New Delhi 2003), pp. 185.

“[...] to make them think about their tomorrow, because the women are living on day-to-day wages. They are earning on day-to-day basis. So with the help of the financial training we have to give them a thought like start thinking about the future financial needs, make planning and then start saving accounts. So that is actually like how systematically they can achieve their future financial needs. We have several different kinds of sessions, conducted classroom training as well as a mobile van which is moving in different areas to conduct training. [...] they don't have any idea of any planning like nothing in a systematic plan. After training, you know, they have a thought, a vision on how to plan their future financial needs and making plans then they face it.”¹⁰⁷

Financial literacy training motivates poor women to plan for the future. In an attempt to assure the members of a secure tomorrow SEWA Bank strives to bring out a change in the mind sets of women by raising awareness about the fact that the future is very uncertain and anything could happen. Decisions of the present will determine the outcome of how we manage future challenges.¹⁰⁸ The financial literacy program is an outcome of SEWA's integrated understanding of microfinance, allowing the bank to identify and be sensitive to the life conditions of its clients. Savings play an important role in the microfinance services of SEWA Bank, and loans are given on the basis of the balance of the saving account. The financial literacy training aims to provide women with tools to manage their finances in a wise manner. Members needed to acquire saving habits and the self-discipline that comes with such a habit, before exploring other options.¹⁰⁹ Savings programs and strategies are thus given a major priority.

SEWA Bank offers its members saving schemes for a wide range of life cycle needs, and educates poor women in how to distinguish productive investments (i.e. education, housing, business) from unproductive investments (i.e. marriage). For example, children's education is considered a good investment for the future, and as the house is often the workplace of a self employed woman housing loans might improve the productivity of her business. In contrast, wedding expenses are unproductive, and thus should be reduced as far as possible. Nevertheless, marriage expenses and dowry costs are part of a vast majority of the Indian families' realities. SEWA Bank encourages women to save for their daughters' weddings instead of taking unproductive loans or high risk loans from private moneylenders. The saving

107 Interview at SEWA Bank, 25th of February 2009.

108 SEWA Bank website:

<http://www.sewabank.com/financial-counseling-campaign.htm>, downloaded 090806.

109 Crowell, Daniel W. *The SEWA Movement and Rural Development: The Banaskantha and Kutch Experience*. SAGE Publications (New Delhi 2003), pp.102.

scheme for a daughter's wedding expenses should start at the age of 4 already. Then seven rupees per day is enough to achieve more than 30,000 rupees at the age of 18 years old, i.e. the minimum age for marriage.¹¹⁰ Although not covering the total amount, which might reach well above one lakh rupees even for poor families, such savings provide a solid base and ensure a loan with an affordable interest rate at SEWA Bank instead of looking for other solutions.¹¹¹

"How did you manage the cost for your daughter's marriage?"

I borrowed Rs60,000. In addition, my husband invested Rs40,000 for our daughter's marriage."¹¹²

"Do you have any other loan?"

I am thinking about another loan for my daughter's marriage. 1,5 lakh loan we need for our daughter's marriage. Rs40,000 as gold should be given as dowry."¹¹³

Several of the women I met struggled to ensure a good future for their daughters and as dowry is a social custom practiced in almost all Indian communities, it is also a way to give the daughter a social status in her husband's family. Wedding expenses of daughters and the social custom of dowry that cross-cut social divisions such as religion, caste and class are major expenditures for poor families. This is also recognized by some of the women I met, and some of them were critical about the practice of dowry. Nevertheless, it is difficult to stand up against the community and break such a deeply rooted gendered and caste-based practice. Despite of the passing of The Prohibition of Dowry Act in 1961 the practice of dowry is still wide spread in Indian communities cross-cutting social as well as economic divisions such as religions, caste and class. The requested amount differs widely, but might be as much as 1,5 lakhs even in poor communities.¹¹⁴ Dowry and marriage traditions add to the burden of poor families and reinforce gendered perceptions of sons and daughters, as the son symbolises future economic security while daughters are associated with huge expenditures. By providing loans for wedding expenses SEWA Bank helps the clients to manage such expenses, but does not take on the issue of counteracting such practises. In 2006, SEWA Bank

110 Participant observation at financial literacy training, SEWA Bank, 25th of February 2009.

111 Interview no 6 at Vimo SEWA, 8th of April 2009.

112 Interview no 7 at Vimo SEWA, 8th of April 2009.

113 Interview no 6 at Vimo SEWA, 8th of April 2009.

114 Srinivas, M. N. *Village, Caste, Gender and Method: Essays in Indian Social Anthropology*. Oxford University Press (New Delhi 1996), pp. 154-155.

also initiated a pension scheme for women in cooperation with UTI Fund. Women can join between the age of 18-55 years and monthly instalments of 50 rupees are required.¹¹⁵

“I don’t like to depend on my son or my husband, and now after the training I think about the tomorrow and the old age. So I joined with the micro-pension scheme at Rs200 per month. Suppose this time is the good, but time is going very fast so for the future we have to do some planning – financial planning.”¹¹⁶

The pension scheme provides social security for the old days and breaks the economic dependency on sons and daughters in times of retirement. The financial literacy training encourages poor self employed women to take control over their economy to become agents of change seeking to break the vicious circle of poverty. By realising the needs and challenges of life they attain the capability to make long-term planning, and to avoid debt traps and dependence on private moneylenders.

“If one woman has low and irregular income and her life is like she sometimes gets money from the moneylender for high interest rates then again she falls into the debt trap, and it is SEWA Bank’s main objective to come out of the vicious debt trap. So first she cuts down their wasteful expenditures and joins with the SEWA Bank as microfinance. SEWA Bank is a microfinance bank. You can also join with the small amount and then gradually cut down your wasteful expenditures and put your money in a savings account and from savings account you also get a loan for the productive purpose to get more income and also repay your debt from the moneylenders.”¹¹⁷

Initially, however, the participants of the financial literacy training expressed concerns about a poor woman’s limited possibilities to set money aside for savings.¹¹⁸ Nevertheless, the training seeks to change the mindsets of the members through giving them insight in the value of systematic planning. Although the economic resources are scarce and savings include only small amounts, planning can make a crucial difference. It is not a matter of how big amount of money the clients possess, but rather a matter of adequately managing the financial provision that makes a difference and distinguish helpless victims from agents of change.

115 Interview at SEWA Bank, 25th of February 2009.

116 Interview no 3 at SEWA Bank, 30th of March 2009.

117 Interview no 1 at SEWA Bank, 31st of March 2009.

118 Group Interview No 2 at SEWA Bank, 21st of March 2009.

“Before joining the SEWA Bank and before taking the training I didn’t know about savings, but after this training I work more and from this more income we save in our account.”¹¹⁹

The financial literacy training identifies two ways of making savings possible despite a low income. First of all, any spare time can be used for work. A poor woman realizing the potential of her capacities and making use of the resources available to her can be an important contribution to the family economy. Secondly, wasteful expenditures can be reduced through careful evaluation of daily expenses. Even if only one or two rupees are set aside for daily savings, it will slowly grow to a decent amount of money that provides the family with some security for the future.¹²⁰ While the formal banking sector never cared to value the efforts of poor women, SEWA Bank emphasises the value of every rupee set aside for capital building.

Agency and the politics of recognition

Through providing savings and credit services in combination with financial management training SEWA Bank creates a platform from which poor women can build capital and increase their assets. SEWA Bank recognises the clients as active and capable, de-victimising poor women through awareness raising and access to banking services on their conditions. Being exposed to oppressive structures and exploitation is not equal to helplessness. SEWA Bank recognises the agency and ambitions of poor women, challenging the image of victimised and powerless Third World Women. In the member-based approach women are identified as workers, clients and participants. By valuing their economic participation and independency, seeking to provide services according to their needs and priorities SEWA Bank de-victimises poor women highlighting the excluding mechanisms in the labour market and national welfare policies. ‘The poor’ are not paralysed by the hard conditions under which they live, neither are they sitting idle waiting for help to arrive. On the contrary, these women are hard working, struggling to make use of the means and resources that are available to improve their situation. By starting a bank of their own, ‘a women’s bank’, poor self employed women used their collective strength to overcome the intimidation and feeling of humiliation that they faced in the banking sector. The women behind SEWA Bank recognised their economic disempowerment in terms of poverty, but formed a political force through

119 Interview no 2 SEWA Bank, 30th of March 2009.

120 Group Interview No 1 at SEWA Bank, 21st of March 2009.

stressing their identity as working class women. By putting in focus their identity as workers SEWA Bank creates a political identity among poor self employed women, which allows them to name themselves as active agents leaving the helpless stage of poverty behind. This does not however automatically involve a material change, but a symbolic transformation of the self image. They are joining together not because they are deprived and victimized, but to claim their rights as workers and citizens.

The discourse of poverty includes an ideological polarization in the debate on agency wherein individuals either are portrayed with an innate ‘power to choose’ or paralysed by oppression and exploitation. The member-based strategy of economic empowerment through an integrated approach to microfinance emphasises the ability of ‘the poor’ to become active agents of change if given access to capital, capacity building and social security. Thus, identifies disempowerment as an outcome of economic exploitation and social exclusion. In an attempt to eliminate exploitation SEWA Bank uses microfinance to overcome the excluding mechanisms in society. At the same time, the recognition of these women as agents is to some extent based on an assumption that structural oppression is to be faced with individual strategies. Despite of the strong emphasis on collective strength, individual strategies are defined as the ultimate way to social transformation. In other words, collective strength forms the platform from which individual strategies can evolve. Yet, the SEWA movement has identified the need to use the collective strength to be able to meet with the competition in the market, and has through the SEWA Federation started a number of cooperative businesses forming a chain from the raw material producer to the sales women operating in the market.¹²¹ The cooperative businesses form a direct link to the open market, which in combination with SEWA Bank’s financial services undermine the position of exploitative middlemen and private moneylenders.

The philosophy of SEWA does not however challenge the structural divisions of contemporary capitalism, but strive to include the margins into the mainstream. The idea of adaptation as an inclusionary strategy is incorporated in the financial literacy training as well as in the services provided by the bank.

“When I go to the market and see some nice sarees, now I don’t think about buying. And when I am going to buy some vegetables I don’t go only to the same vendor but to other places also and where they have the cheap and good quality so I will buy the vegetables from there. Now I think about this

¹²¹ Interview at SEWA Federation, 18th of March 2009.

and I also used to have a habit of taking some fast food in the market, but I have reduced these expenses also.”¹²²

Financial discipline and planning bring prosperity to the family, and SEWA Bank encourages women to work harder and ‘cut down their wasteful expenditures’ to enable savings. Although this is an outcome of the philosophy of adaptation and empowerment within existing structures, I argue that it might reinforce symbolic dimensions of poverty as an individual matter. The implicit result of this ideology, identifying a need of financial discipline, indicates that the present condition of poverty is somehow due to irresponsible and improper use of money or inefficiency. Nevertheless, the access to financial services enables self employed women to avoid the exploitation of middlemen and moneylenders, and challenges the division of formal and informal employment. In that way, the formalisation of informal work includes a structural change in the labour market by undermining the platform for the gatekeepers of a fragmentation and defining the margins as the mainstream.

Approaching the Mainstream

Initiated to create a collective strength among poor self employed women, SEWA has struggled for the past thirty years for the recognition and voice of women workers. Using collective bargaining power to put an end to the marginalisation of women in the labour market SEWA has always favoured entering the mainstream.

“For us it is important to be a part of the mainstream, for we firmly believe that we are the mainstream, because we represent the mass of people in this country who are poor, working people, the poorest being women. We want to move from the periphery to the centre, where we believe women workers belong.”¹²³

In the process of strengthening poor self employed women microfinance definitely play a major role. Not particularly because it helps women out of poverty, because from what we have seen so far the extent to which microfinance breaks the vicious circle of poverty is yet to be proved. Success stories emerge parallel to failures, and some of the women end up in multiple debt traps instead of emancipating themselves from the dependence on private

¹²² Interview no 1 SEWA Bank, 31st of March 2009.

¹²³ SEWA Bank website:

<http://www.sewabank.com/insurance.htm> downloaded 090806.

moneylenders.¹²⁴ Yet, the microfinance provided by SEWA Bank gives poor self employed women access to banking services on their own conditions by making it available and designed according to their needs. Thus I argue that microfinance should not be considered in terms of development strategies, but rather in terms of a being fundamental human right in contemporary capitalism. In the nationalization of the banking sectors, the Government of India stated that loanable fund should be set aside for ‘the poor’, indicating a politics of recognition through identifying the right of Indian citizens to access financial services independent of the economic situation. Due to lack of interest from the banks and lack of awareness about the living conditions of ‘the poor’ among middleclass, upper caste banking officials the implementation of this policy failed and most banks enter it into account as profit loss. When the majority of the population belongs to the category of ‘the poor’, a country cannot afford to deny these people the facilities required to properly manage their finances. Member-based organisations, like SEWA, form a bridge between the state and the civil society, which by putting the margins centre stage that ensure an inclusionary politics having “[...] *the potential capacity to fill the void left by the disenfranchisement of the state in the liberalization process.*”¹²⁵ Thus microfinance can be seen as a politics of recognition, providing ‘the poor’ with services that the state has failed to do.

“SEWA is like a life partner.”¹²⁶

The membership in SEWA Bank gives women a feeling of belonging and security, which encourages them to fight everyday oppression and exploitation. SEWA is described as a *life partner* and referred to as ‘our family’¹²⁷, which indicates symbolic dimensions of SEWA’s inclusionary politics. The holistic life cycle approach applied by SEWA is however necessary to fully meet the needs of working women. While savings, insurances and capital building might open the door for economic empowerment the need for childcare, education and collective bargaining power in terms of a strong union and cooperative businesses are factors that have the potential of challenging prevalent structures beyond the range of microfinance.

124 Chowdhury, Farooque (ed) *Micro credit: Myth Manufactured. Unveiling Appropriation of Surplus Value and an Icon.* (2007)

125 Crowell, Daniel W. *The SEWA Movement and Rural Development: The Banaskantha and Kutch Experience.* SAGE Publications (New Delhi 2003), pp.204.

126 Group interview no 1 at SEWA Bank, 21st of March 2009.

127 Ibid.

SEWA does not however challenge the division between the public and the private, but locates the struggle for emancipation in the productive sphere with an implicit assumption that intra-household relations are altered through a trickle down effect. When women become active agents and increase their economic contribution to the family their social status and decision-making power are assumed to increase as a result. Although, the definition of the productive sphere is broadened to cover the informal sector and the margins of the labour market gendered practices such as for example dowry and marriage traditions and caste based division of labour remain unchallenged. Thus, the belief that economic and social empowerment of women in relation to the public sphere will trickle down to the private sphere leading to social transformation of intra-household relationships and a restructuring of the labour market hierarchy is still a theoretical construction.

Gendered outcomes of microfinance

“I wake up early morning at five or six o’clock and do the routine work. My son goes to school at seven o’clock in the morning so some preparation for the snacks and something like this. After the routine – the household duties – I go to the parlour two times. Eleven to one thirty in the morning and one thirty to four it is closed, and then after four to eight o’clock at night – the two times in between there is leisure, a break. At one thirty I come back at home and my son go to early morning seven o’clock and at twelve o’clock he comes back from the school. And my husband goes to the supermarket at two o’clock. Two to at night time ten o’clock. My daughter goes to school at twelve o’clock and comes back at five thirty at home. And eight o’clock I come back from the parlour and then I cook because my husband also comes home at ten thirty. So just then I manage my things.”¹²⁸

The experiences of SEWA Bank members highlight the importance of combining a politics of recognition with a politics of redistribution as pointed out by Fraser. The daily lives of poor self employed women in Ahmedabad are profoundly affected by gendered structures that distinguish reproductive unpaid work from productive paid work, giving women a triple burden when entering into or increasing their economic participation in the productive sphere. SEWA members have long working hours, often as much as in the formal sector or more. In addition, they carry the responsibility of household work and childcare which add several hours of unpaid caring work every day, and as much as 91 percent of the members work six to seven days a week. Self employed women, though empowered to work, have very less or no

128 Interview no 2 at SEWA Bank, 31st of March 2009.

leisure time at all.¹²⁹ These gendered practices are left unchallenged by SEWA Bank, and the division between the public and the private remain being considered as a normal condition.¹³⁰ Furthermore, gender and caste hierarchies structure the internal division in wage work between low paid work in the informal sector and the regulated work in the formal sector. As the majority of SEWA's members belong to dalit/adivasi communities and other backward castes, the economic empowerment of poor self employed women includes an upgrading of the economic situation of marginalised communities. The work conducted by self employed women however remains low status and low paid though there are indications that the income increases after joining SEWA. Yet, 88 percent still earn less than 600 rupees per month, and out of these 52 percent earn less than 300 rupees per month - i.e. below the minimum wage set by the State Government.¹³¹ The formalisation of the informal sector seeks to redistribute economic resources from the centre to the margins of the market by recognising the value and economic contribution of the informal sector to the economy at a macro as well as at a micro level. In an attempt to broaden the understanding of the economy SEWA struggles to achieve recognition of women workers. Yet, the gendered and caste based structures of the labour market are not challenged in this process. Women are encouraged to use their skills and manage their time in a productive manner, not to break into the formal sector. Thus the majority of SEWA's members stay in home-based work and small-scale business with marginal profit.¹³²

The impact of microfinance differs widely between organisations in India. In 1998 and 2000 a survey was conducted on 786 households in Ahmedabad, including both SEWA members and a test group of non-members, showing that the SEWA members who were active in microfinance activities experienced an increase in income of 13,9 percent at a household level during the two survey rounds.¹³³ However, the increase in income was only 5,4 percent for the women members of the families, which actually meant that their contributions to the household decreased by about 1-2 percent.¹³⁴ Although women get access

129 Jhabvala, Renana and Namrata Bali. *My Life, My Work: Sociological study of SEWA's urban members*, SEWA Paper Series, Working Paper No 2, SEWA Academy (Ahmedabad 1993), pp. 21-22.

130 Interview no 2 at SEWA Bank, 31th of March, 2009.

131 Jhabvala, Renana and Namrata Bali. *My Life, My Work: Sociological study of SEWA's urban members*, SEWA Paper Series, Working Paper No 2, SEWA Academy (Ahmedabad 1993), pp. 29.

132 Ibid., pp. 20.

133 Chen, Martha A. and Donald Snodgrass, *Managing Resources, Activities, and Risk in Urban India: the impact of microfinance*. (AIM Harvard University: Final Report July 2001), pp. 73.

134 Ibid., pp. 75.

to microfinance it does not automatically involve a social transformation of intra-household relationships. The women might as well use loans and savings for what they consider to be most profitable for the family, and their priorities might not accommodate the intentions of the organisation. When loans are taken for business purpose it is not rare that it is used for the husband's business or family business.

“For what purpose did you take the loan?”

For the education loan and for the autorishaw loan, because when my husband's business grows so indirectly also my financial condition grows.”¹³⁵

“The first loan was Rs10,000 for my husband's vehicle. He is a salesman and uses the vehicle for transportation of their products. The second loan was Rs20,000 also for business purpose. I am producing what he sells so it is like a family business.”¹³⁶

“My elder son was engaged in the diamond market, which has totally collapsed. Now he is unemployed. I have taken a loan for him to start up a business. We had to deposit about Rs10,000 in SEWA to take a loan of Rs50,000. The loan was taken in the name of my daughter-in-law.”¹³⁷

“One loan was for the fridge, one was for my husband's bike and the third was for repairing the roof.”¹³⁸

“[...] and then after from the savings I took a loan for the autorishaw for my husband.”¹³⁹

The conception of a family economy with a male head of the household is deeply rooted in social structures of the Gujarati society, and some of the women I met considered it as good to invest in their husband's business and children's education as well as in their own. Loans are sometimes taken in the names of the women for the purpose of the husband's business, which means that the woman takes the risk of her husband's business.¹⁴⁰ Economically it strengthens the dependence on the husband and his income, as his failure might put the woman into deep trouble. However, socially the husband gets economic support through his wife and thus her role in the family is recognised and upgraded, an experience that was shared by some of the

135 Interview no 2 at SEWA Bank, 30th of March 2009.

136 Interview no 8 at Vimo SEWA, 8th of April 2009.

137 Interview no 7 at Vimo SEWA, 8th of April 2009.

138 Interview no 6 at Vimo SEWA, 8th of April 2009.

139 Interview no 3 at SEWA Bank, 30th of March 2009.

140 Group Interview no 1 at SEWA Bank, 21st of March 2009.

interviewees. Yet, a woman's dedication to the family combined with microfinance encouraging her to manage the restricted resources available to a poor family tends to affect her more than the rest of the family. As women are ascribed a caring role in the family, she often consider it her responsibility to save for the future of her children. She does not ask for more money from her husband, but is encouraged to cut down what is considered to be wasteful expenditures. The savings are thus provided by the women alone, but meant for the family as a whole.¹⁴¹ In that way, gendered practices are the channel through which wealth might reach the working class and the marginalised communities of India.

Economic outcomes of microfinance

“Only work, a steady source of income, and asset ownership can break one's fall.”¹⁴²

Measured by World Bank Standard (i.e. 1 PPPUSD and 2 PPPUSD)¹⁴³ the increase in yearly income of the families included in the survey found the poverty alleviating effect to be marginal. The percentage of households living under 1 PPPUSD per individual and day decreased by about 1 percent during the two survey rounds. Moreover, the percentage of households finding themselves over the 2 PPPUSD per individual and day increased by 1 percent.¹⁴⁴ Additionally, an in-depth case study of twelve SEWA households showed that one fourth experienced an increase in income; while half of the households saw no change and the remaining fourth actually experienced a decrease in income.¹⁴⁵ Such findings indicate that microfinance might not be the ultimate mean for poverty alleviation, and in terms of development microfinance carries the risk of institutionalising the Otherness of poor self employed women. Fraser outlines the dilemma emerging from the bivalent character of gender, wherein the politics of recognition and redistribution include contradictory political approaches. While the politics of redistribution aims to eliminate the meaning of gender, the

141 Interview no 1 and 2 at SEWA Bank, 30th of March 2009.

142 Bhatt, Ela R. *We Are Poor, but So Many: A Story of Self-Employed Women in India*. Oxford University Press (New Delhi 2006), pp.23.

143 World Bank defines 1 PPPUSD the poverty line for extreme poverty, while 2 PPPUSD defines the group living just above the poverty line, i.e. high risk group for falling back into poverty.

144 Chen, Martha A. and Donald Snodgrass, *Managing Resources, Activities, and Risk in Urban India: the impact of microfinance*. (AIM Harvard University: Final Report July 2001), pp.79.

145 Ibid., pp.161.

politics of recognition emphasises an upgrading of the specific character of gender.¹⁴⁶ This dilemma is one of crucial concern to SEWA. While seeking to reduce the meaning of gender in the productive sphere through a politics of redistribution of economic resources, the economic empowerment of women includes a process of reproducing the caring responsibilities of a woman in the family. Thus the major focus is not on her economic independence, but the welfare of the family. The criticism presented by Acker is most relevant in understanding the reproduction of gendered, caste based class practices in the economy that goes beyond the range of microfinance. The identity which is enforced by SEWA is that of poor women as self employed workers, in an attempt to overcome differences within the group (i.e. religion, caste) and create unity. Although stressing the need to acquire a worker status of self employed women, the understanding of poverty is not class based thus, according to SEWA Bank, liberating strategies need not challenge the oppressive structures incorporated in the capitalist market. SEWA's experience has been celebrated for indicating that "[...] *there are ways to bring increased infrastructure, capital, skills, information and independence to the people's sector in a way that is in complete harmony with the liberalization process.*"¹⁴⁷ This is reflected in SEWA's ideology of change, wherein the provision of tools to meet with the competitive market and avoid the marginalising exploitation is assumed to lead to prosperity. The structural change is thus expected at a micro level, i.e. of the informal sector, not of the mainstream itself. The bivalent character of gender calls for a more dynamic understanding of processes in which gendered and caste-based practises construct class relations as pointed out by Acker. In line with this I argue that avoiding uncomfortable questions of class, caste and gender results in reproduction poverty as it does not challenge economic and social inequalities from which poverty arise.

The main challenges to SEWA's work of empowering self employed women lie in the market itself. The nature of work conducted in micro enterprises and small-scale businesses is difficult to change, and the possible increase in production is limited. The competitive force of micro and small-scale businesses thus remain weak and vulnerable to changes in the market structure. At present date, Ahmedabad is going through a process of becoming a 'mall city' and supermarkets are emerging at the market, wiping out local traders in vegetable vending, and other small-scale businesses. The vegetable vendors I met experienced a hard

146 Fraser, Nancy. *Den Radikala Fantasin: Mellan Omfördelning och Erkännande*. Bokförlaget Daidalos AB (Uddevalla 2003), pp. 191.

147 Crowell, Daniel W. *The SEWA Movement and Rural Development: The Banaskantha and Kutch Experience*. SAGE Publications (New Delhi 2003), pp.201.

time; meeting with the competition from large-scale enterprises such Reliance Fresh¹⁴⁸, offering a variety of vegetables that cannot be supplied by the local vendors. SEWA has however identified the problem and started a vegetable cooperative under the SEWA Federation. The cooperative involves 800 farmers from 24 villages, and aims to eliminate middlemen through forming a chain from the local market into the urban market of Ahmedabad. The threat from the Reliance industry is however still present and the huge amounts large-scale enterprises can invest immediately to make a market fast is far from the reality of SEWA vegetable cooperative; shop no 40, at APMC market in Ahmedabad. In 2007, when Reliance Fresh entered the Ahmedabad market the women were hesitant to go on with their vegetable business. They did however and the business is still running, but they face difficulties to expand the business to increase the profit.¹⁴⁹ Cooperative activities are launched by SEWA Federation to meet with the increasing competition in the market in the process of economic globalization, which integrates the local markets in the national and global markets.

148 A subsidiary of Reliance Industries of India that is headed by Mukesh Ambani, Reliance Fresh is primarily a supermarket that strives to provide all the essential household commodities under one roof. In addition to fresh fruits and vegetables, the store also sells staple food items, dairy products, packaged food products, baby products, electrical goods, and the like. The chief objective of Reliance Fresh stores is to provide customers first-rate household products at affordable rates. At the same time, the company spares no effort to safeguard the interest of the farmers and manufacturers.

149 Interview at APMC Market, 25th of March 2009.

Concluding remarks

In this study I seek to locate microfinance for women in the context of contemporary capitalism and development discourse. The topic was chosen because of a growing recognition of microfinance as an answer to increasing inequalities in the world. The experiences of SEWA Bank's members suggest that micro financial services must be integrated into wider strategies and systems to achieve developmental outcomes. By focusing on the four basic needs of the poor; capital formation at the household level, capacity building, social security, and collective strength through organization, SEWA Bank emphasises that these needs are interdependent for self-sustainability. One does not yield result without the other. Through the SEWA movement 'the poor' are redefined as members, clients and workers, a process that challenges the western image of 'the poor' as helpless victims. In an attempt to address the needs of poor self employed women, SEWA Bank strives to make these women become active agents of change. Through encouraging self employed women to take control over their economic situation and plan for the future financial needs poor women are given a sense of self-worthiness and dignity. The philosophy of change is based on the idea of inclusionary politics of recognition of women as workers and redistribution from the hands of middlemen and private moneylenders to women working in the informal sector. Yet, the study of SEWA Bank indicates that the outcome of microfinance is restricted by oppressive structures incorporated in the exploitative forces of the capitalist economy. Despite efforts to put development back into microfinance through looking beyond micro credit, microfinance in general does not reach the poorest of the poor neither does it serve to empower women to work their way out of poverty.

The findings of this study raise a serious doubt if microfinance serves as an adequate strategy for poverty alleviation. In terms of development, I have argued that, microfinance fit well into the Western development 'model' – i.e. promotes market solutions and integration of local markets into national and global markets – and aims to fill the gaps between state and market politics in a globalised economy serving as a survival strategy in the process of economic globalisation. Nevertheless, the result in regard to poverty alleviation is limited and microfinance seems not to be an efficient strategy to achieve the MDG. Showing only marginal improvements in terms of poverty reduction and women empowerment I suggest

that microfinance should not be dismissed, but has to be understood in a new light. Microfinance, I have argued, is not to be considered as an anti-poverty strategy, but should rather be seen as a pro-poor policy that provides the poor with financial services. The self-help approach includes a complex process of liberating 'the poor' from exploitation and disempowerment. Yet, I argue that the ahistorical and apolitical image of poverty dominating western development discourse obscures the oppressive structures and economic inequalities wherefrom poverty arise. As SEWA's approach does not address either economic inequalities or gendered and caste based practices, poverty as a material condition is reproduced though poor self employed women are given a voice and a platform from which they can act within the framework of a capitalist market. Thus I suggest a revision of the understanding of microfinance stressing its ideological connection to gendered and 'racialized'/caste-based class division in contemporary capitalism. Microfinance is therefore not to be presented as a key to poverty alleviation, but as an inclusionary politics of adaptability and recognition. By establishing small-scale business as the driving force of economic transition in the process of liberalization microfinance serve as a substitute for welfare politics in times when international development policies undermine national governments' positions in relation to the market. Yet the reproduction of existing divisions between low paid work in the informal sector and the relatively well paid work in the male dominated formal sector reinforces gender and caste divisions in the labour market, creating a fragmentation of the mainstream instead of altering the path of capital allocation. Thus 'the poor' remain at the bottom of the economic hierarchy, although their living conditions might improve slightly. The efforts to upgrade the status of self employment preserves the idea that those who work as home-based and casual labourer chose to do so, while the reality is that the flexibility and adaptability to market changes reproduce work insecurity and income irregularities, phenomena that have been identified as major problems of the informal sector. The majorities of the self employed women in SEWA Bank is by no means their own bosses, but are depending on the market demand. Previous studies have shown that ex-mill workers who were forced to take up jobs in the informal sector when the textile industry in Ahmedabad collapsed would much prefer regular and waged employment to being forced to perform all kinds of casual jobs to make ends meet. The work in the mills also gave women the status of a worker, which included feelings of dignity and self-worthiness. This study indicates that poor self employed women struggling to combine work, child care and household responsibilities, have internalised the gender segregation between informal and the formal sector considering home-based work and flexible working hours as necessary to enable them to fulfil their duties as mothers and wives.

Thus the gendered outcomes of microfinance increase the working hours for women as the empowerment to not automatically trickle down in the private sphere of the household.

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