

# Microcredit for Women: Kerala-style

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## ABSTRACT

The paper presents a case study of microcredit for women in the state of Kerala, India. Although the microcredit movement has been challenged by the left for its adoption of a banking model, in Kerala, banking practices have not generally been adopted and, contrary to the model, local government plays a major role in delivery. However, with regard to feminist questioning of the ability of microcredit to meaningfully empower women, it is the case in Kerala that women's empowerment, although accepted as a goal in microcredit projects, does not extend to what we may call "gender empowerment."

## RÉSUMÉ

Cet article présente une étude de cas du micro-crédit pour les femmes dans l'état de Kerala, en Inde. Quoique que le mouvement de micro-crédit ait été mis en question par la gauche pour avoir adopté un modèle de service bancaire à Kerala, les pratiques bancaires n'ont généralement pas été adoptées, et, contrairement au modèle, le gouvernement local joue un rôle important à sa mise en œuvre. Cependant, en ce qui concerne le questionnement féministe de la capacité du micro-crédit à donner plus de pouvoir aux femmes, il est dans le cas au Kerala l'émancipation des femmes, quoiqu' accepté comme un objectif dans les projets de micro-crédit, il ne s'étend pas à ce que nous pouvons appeler l'émancipation des sexes.

Microcredit, defined as "the process of making financial services such as savings and credit available to the poor who lack access to formal banking institutions" (Rajasekhar 2000, 76), has spread everywhere.<sup>1</sup> A recent World Bank report (1999) stated that 30 million micro-loans were being distributed worldwide every year and increasing at a rate of 30-40% per year (Blackstock 1999, 1). The Microcredit Summit Campaign claims that, by the end of 2002, 2572 microcredit institutions had made loans to 67,606,080 clients (2003, 16). The Campaign's goal, endorsed by the United Nations General Assembly in 1997, is to reach the level of 100 million micro-loans by the year 2005 (Microcredit Summit 1997, 5).

The pioneers of microcredit are: the Self-employed Women of India (SEWA), Women's World Banking and the Grameen Bank, formed in the 1970s (Rose 1992; Williams 1987; Yunus 2000). In the Grameen Bank model, small groups of women meet weekly to collect savings and loan payments and the group itself acts as collateral for loans. This has become the most popularized version of microcredit.

Microcredit goes almost exclusively to women because it has been shown that women have nearly perfect payback rates and that they spend any money gained on family needs, which has not always been the case with loans to men (Goetz and Sen Gupta 1996, 46). It is because of this record of women's performance that microcredit has been adopted by the Microcredit Summit, the World Bank, the United Nations and others as a major tool for the elimination of world poverty (Microcredit Summit 2002, 2).

However, microcredit is not without its critics. The microcredit movement has adopted a "banking model" or what are called "best practices" in order for projects to become self-financing and self-sustaining (Issac *et al* 2002, 6-7; Morduch 2000, 620). Hence, with microcredit, no subsidies are given, high interest rates are charged and minimal support services are provided. Furthermore, microcredit projects must achieve scale. For example, the World Bank's microcredit body, The Consultative Group to Assist the Poorest (CGAP), will not lend to projects with less than 5000 beneficiaries.<sup>2</sup> That the model is a private sector one with government kept at arm's length is also of significance. For all of these reasons, the adoption of a banking model by the movement has led to charges of private profit-making on the backs of the poor (Issac *et al* 2002, 7; Scully nd, 2; Singh *et al* 1997, 1).

The involvement of the World Bank in microcredit through CGAP and the Microcredit Summits which it sponsors has led to the further charge that microcredit may just be an "addition to the arsenal" in the Bank's Structural Adjustment Policies (SAPs) (Aslam 1996, 2; Singh *et al* 1997, 2). The evidence cited includes policy reforms advocated by CGAP such as the privatization of micro-lending institutions, stronger debt collection laws specifically regarding collateral, and the call for the repeal of usury laws to allow the higher rates of interest that the advocates of "best practices" recommend. It is pointed out that microcredit, by its very nature, will not lead to structural change (Mayoux 2001, 264); in fact, the case is quite the reverse. With its market principles as represented in "best practices" and its privatization of assistance to the

poor, it acts to further advance the corporate globalization model (Morduch 2000, 624; Scully nd, 2; Singh *et al* 1997, 2).

Feminist critics focus attention on whether microcredit does anything for the empowerment of women or whether it just adds to women's already heavy work burden (Murthy nd, 2-3; Scully nd, 2). They ask how minimalist programs without support services can possibly lead to women's empowerment (Mayoux 2001, 266; Milgram 2002, 109). Further, they question whether a woman would always be able to retain control over a loan without it being appropriated by male members of the family (Goetz and Sen Gupta 1996, 52). Moreover, it is noted that microcredit programs were originally designed by men, led by men in a top-down fashion and have been executed largely by male field workers - at least in the Grameen Bank model. Finally, feminist critics remind us that few resources, in relative terms, are being spent on microcredit. For example, the \$30 million contribution by the World Bank to CGAP's core fund is less than two-tenths of one percent of the amount that the Bank disbursed to developing countries in 1996 (Aslam 1997, 3). Feminists charge that the loans going to women are small in individual and overall amounts, while men still get the mega funds.<sup>3</sup> Even the funds being devoted to microcredit may be just a diversion of funds away from other programs that would meet more of women's needs and hence lead to their greater empowerment (Mayoux 2001, 245).

To explore these issues, I turn to Kerala, a state in southwest India, where I visited women and development projects in November-December 2001. Using material I gathered and evidence from other studies, I discuss the form that microcredit is taking in the state, where the spread of microcredit is certainly evident. However, the banking model has only been adopted by a minority of projects. Empowerment of various types is emphasized - but not gender empowerment. The local government plays a central role in microcredit in Kerala, which presents both unique possibilities and unique challenges.

#### **MICROCREDIT IN KERALA: A CASE STUDY**

Perhaps the most unique aspect about Kerala is the government. In 1957, Kerala was the first state anywhere in the world to have a democratically elected communist government. The government only lasted one year, but since that time a number of leftist coalition governments have been in power. In recent years, partly in response to India's Ninth National Plan (1997-2002) and partly on its own initiative, Kerala's left coalition government has launched a decentralizing "People's Campaign." While the national government increased the percentage of its state development grants going to local government bodies (*panchayats*) from 5% to 40%, in Kerala, 10% of that was set aside for women's programs

(Eapen 2001, 13-16) .

With an emphasis on social welfare, Kerala takes pride in high levels of education and health for women.<sup>4</sup> For example, female literacy rates in Kerala are 86% compared to 39% in India as a whole. Kerala's female life expectancy is 74 years compared to 59 years for India as a whole. In addition, Kerala is the only state in India where the ratio of females to males in the population is greater than one. In Kerala there are 104 females in the population for every 100 males, while in India as a whole the ratio is 93 to 100 ("Comparative data" 2000, 1).

However, while these gains have been achieved for women, Kerala society is still a very conservative one in gender terms. For example, it is culturally prohibited for women to be out on their own after around six in the evening. Though unwritten, the rule is strictly observed and results in disrespectful if not abusive treatment for women, even foreigners, who ignore it. Such restrictions present an almost insurmountable barrier for female field workers. One New Delhi woman working in a NGO in Kerala whom I interviewed was transferring to another state for just this reason. She had run into problems when she tried to do her fieldwork, yet she could not do her job without being able to travel.

In India, microcredit groups are called self-help groups or SHGs. SHGs came onto the scene in Kerala in the 1990s. The three main types of SHGs in Kerala, depending on the sponsoring body, are church-based (Christian), NGO-based (non-government organizations) and *panchayat*-based (local government).<sup>5</sup> Ninety-eight percent of the participants in the SHGs are women (Anand 2002, 8). During the 1980s and early 1990s, some church-based and NGO-based agencies were already providing credit through credit unions but, in the mid-nineties, the mode of delivery was converted to SHGs. Most of the new NGO-based SHGs were also formed in the mid-nineties. They are mostly local although some of them have international backing. The *panchayat*-based SHGs have several origins. They emerged from neighbourhood groups (NHGs) formed in 1993 under the Community Development Society (CDS) model, originally partly funded by UNICEF and implemented in one district of Kerala (Alappuzha). Almost all of the women's NHGs became microcredit groups. Under the People's Plan, the state decentralization plan of 1996-2001, and the state's poverty elimination plan called Kudumbashree - both based on the CDS model - the number of women's NHGs has multiplied and the plan is to extend the model to the whole state over a ten year period. Another type of *panchayat*-based SHG emerged in the late 1990s with the introduction of the 10% Women's Component Plan (WCP) funding mentioned earlier.

#### **MICROCREDIT PROJECTS I VISITED<sup>6</sup>**

Two of the microcredit projects I visited are church-based, both part of the Syrian Christian church. One covers several districts in the south of Kerala and the other in the central western part. Formerly, the lending had been through credit unions but now it is through SHGs. They use the small group style with staff trained in social work. The programs are large. By 2001, the southern-based one had organized 1,200 SHGs while the centrally-based one had organized 325. Each group has 10-20 members, which represents a total of 12,000-24,000 and 3,250-6,500 women respectively. The women, drawn from other religions as well as Christianity, are mostly married women previously neither employed nor self-employed. Funding for the projects is through the church and other donors and, in the case of the centrally located one, bilateral aid as well.

A third microcredit project I visited, located in a rural area in the central eastern part of the state, is sponsored by a locally-based NGO and modelled directly on the Grameen Bank of Bangladesh. Founded in 1996 by a professor returning home after many years in the United States, the project had organized, by the end of 2001, over 1000 women. The women meet weekly in Grameen-style groups. However, the meetings are not "formal" and "ritualistic" like the Grameen Bank meetings, since the founder judges that aspect to be "inappropriate" in the Kerala context.<sup>7</sup> All of the loans made to the women must be for income-generating activities - the purchase of a cow to produce milk both for the family and for sale being the most popular choice for such an activity. Initial funding for the project was provided by the founder, who is now director of the project. Subsequent funding has come from the Grameen Foundation, Women's World Banking, SIDBI (an Indian government funder) and, in small amounts, from private donors, mainly in Germany and the United States. Virtually all of the funding is obtained on a loan basis.

#### FINDINGS FROM KERALA

In discussing the Keralan case, I draw both from my own observations and from findings in several other studies. The studies include one by Jaya S. Anand which provides a detailed analysis of three projects: a church-based one, an NGO-based one, and a CDS *panchayat*-based one, and another which is a proposal for a new *panchayat*-based project called "The Mararikulam Experiment" by T.M. Thomas Issac *et al* (Anand 2002; Issac *et al* 2002). I will discuss, in turn, evidence on the spread of microcredit in Kerala, the use of a "non-banking" model, the goal of women's empowerment as it is interpreted in Kerala, the unique aspects of the Kerala case because of the central role of local government in microcredit and, finally, the important question of the sustainability of Kerala's microcredit projects.

#### SPREAD

The spread of SHGs in Kerala is attributed by Anand to the fact that SHGs are seen as a sure remedy: "There is a general tendency to consider SHGs a panacea for all ills of the rural community. This is evident from the mushroom growth of self-help groups in the State" (2002, 8). The growth of bank-linked SHGs in Kerala, where the eligibility for bank-linkage is on thrift criteria, is one kind of evidence on microcredit's spread (Anand 2002, 18-19). Between 1994-95 and 1999-2000, the number of SHGs, represented by 47 agencies and almost all NGO-based, increased from 352 to 2434, a seven-fold increase, and the funds dispersed from Rs. 3.02 lakh to Rs. 565.48 lakh (lakh=100,000). This growth made Kerala, in 1999-2000, the third largest state in the country in terms of number of banked-linked groups and meant that Kerala held 13% of the country's total of such groups.

There is also documentation on the size and growth of women's NHGs in the Malappuram district. In September 2000, there were 4645 in 96 *panchayats* (Anand 2002, 26). In 2002, there were 1500 in just eight of the *panchayats*. Of these, only 7% were in existence during June 2000, 40% were formed between June and December 2000 - immediately after the *panchayats* were included in the Kudumbashree program, another 27% between January and June 2001, and the rest, 27%, in the next twelve month period or so (Issac *et al*, 2002, 14-15).

#### A NON-BANKING MODEL

Anand downplays the banking version of microcredit. He takes the position that SHGs are more about empowerment than microcredit (2002, 51). Further, he argues that where microcredit *per se* is involved, it is the thrift component, not the income generating activity aspect, which is important. He calls the former "the most striking advantage of SHGs" (2002, 65). In his March 2000 survey, fewer than 50% of the participants interviewed had taken up income generating activities: specifically this included only 33% of the church-based project participants, 55% of the NGO-based project participants, and 42% of the *panchayat*-based groups' participants. Anand presents the further evidence that in September 2000, of the 4645 NHGs in the Malappuram district, only 986, or 21.2%, had received bank-linked microcredit funding.

A survey of office bearers in the Kudumbashree women's NHGs done at the end of 2001 provides a similar picture. Only 7% of respondents named "credit" as the primary motivation for the formation of their groups. "Poverty eradication," "co-operation," "area development" and "women's empowerment" were all ranked above "credit" as motivating factors (Issac *et al* 2002, 15).

In addition, Anand finds that in Kerala, unlike in the Grameen Bank groups in Bangladesh or in Myrada groups in the Indian state of Karnataka, banking norms are only followed in a limited way (2002, 47). For example, he

found that subsidies are given despite the fact that the women are told that none are available (37). Further, he observed that CDS groups, in the case of a default on loan repayment, took no legal action: "They [the group leaders] feel that this may push them [the defaulters] into deep financial crisis and ultimately [in]to the hands of moneylenders. So fresh loans are given (in extreme cases) for repaying the old loan" (57). However, that is not to say that the banking model might not be adopted in the future. Anand claims that attitudes are changing and women are realizing "that subsidies cannot, by themselves, make any permanent change in their lifestyles" (68).

Given the vision of the church-based groups "to create a more humane and just society based on gospel values, empowerment and grassroots participation" (Rajasekhar 2000, 79), it is hardly surprising that they would also be following a "non-banking" model. In their projects, there is little lending for income generating projects. The savings aspect is stronger and those savings are being used mostly for consumption and other purposes. At one meeting I attended, the women announced the use of their pooled savings to purchase new saris.

There are some interesting examples of resistance by the women themselves to the banking model. Some groups did not take any external financing because they felt that "the money they raised should not be lost in the form of payment on external borrowings" (Anand 2002, 41). In another instance, some of the CDS and church-based participants who were labourers rejected the income generating activities proposed in their groups, saying that "they couldn't afford to give up their work and wages" (Anand 2002, 53).

There are exceptions, however, to the general non-banking pattern. The local NGO-based project I visited, modelled on the Grameen Bank, is one of these. In that project, following the Grameen Bank model, all of the funds that the women receive are loans and all of the loans must be used for income generating projects. There are, literally, no subsidies. The local NGO that Anand studied would also be an exception, although perhaps to a lesser extent.

Although most Kerala SHGs do not follow a strict banking model, in the proposal for "The Mararikulum Experiment," such non-adoption is taken a step further. The banking model - at least the World Bank one - is explicitly rejected. The aim is to find an alternative to "the SHGs espoused by the World Bank in their profit oriented and NGO-led model" (Issac *et al* 2002, 14). The authors present a devastating critique of that model but conclude that the adoption of microcredit is probably "inevitable" given that it has penetrated everywhere (2002, 1). Their proposal for the Mararikulum Experiment, to run from 2002-2005, calls for a microcredit model that is far different from the World Bank one. In their model, emphasis is on group, not individual, income generating activities (Anand 2002, 18, 28ff, 67), and "credit would just play a facilitating role"

(Issac *et al* 2002, 19-20).<sup>8</sup> The emphasis would be to combine SHGs with strong backward and forward linkages into the community (2002, 10).

## EMPOWERMENT

Empowerment is a goal in Kerala's SHGs but the term has various interpretations. The range includes access to credit, leadership, and social and political empowerment; however, the interpretation does not seem to include a feminist definition of empowerment nor what we might call "gender empowerment."<sup>9</sup>

A study based on 1996 fieldwork in Kerala by D. Rajasekhar links empowerment with access to credit (Rajasekhar 2000). The study compares two projects, one church-based and one NGO-based. The church-based one, at the time, was using a credit union form of delivery. The NGO-based one, however, was using the SHG form. Since the ratio of loans to savings was much greater in the NGO-based SHG project, the author concludes that it is the "more successful" in "poverty alleviation and women's empowerment" (2000, 92). He concludes that it was the form of the project - the SHG form - leading to better participation and hence better savings and credit that was responsible for the former's greater success.

It should be noted that the author was not concerned about whether the loans were used for income generating activities, consumption or other purposes in his evaluation of the empowerment potential of the credit. One of his findings of note is that, in the church-based project, some of the women were actually being "disempowered" in that they were losing control of their loans to other family members (Rajasekhar 2000, 86). This may have been due to the project's credit union model of delivery, or it may have been related to the greater size of the project - the church-based one being very large as opposed to the NGO-based one which was quite small (2000, 92).

Leadership training as a form of empowerment is stressed in a number of the projects. I noted this in the three big projects that I visited. In the church-based projects, activity seemed to be most lively and intense in the monthly SHG leaders' workshops, several of which I observed. In addition, one of the church-based projects organizes a region-wide convention for women leaders yearly in which some 1250 women had participated the previous year. In the Grameen Bank-style project I visited, it was not only SHG members who were being groomed for leadership but also young, rural women staff members. The latter were being sent off to Grameen Bank and Women's World Banking workshops, in Bangladesh and Chennai, India respectively.

Anand reports on instances of social empowerment but notes a lack of gender empowerment or the questioning of traditional gender roles. The women showed their social empowerment by organizing a mass rally to express concern about the distance they were

having to travel for maternity services (2002, 62). After raising the matter in their SHGs, the rally was organized and they were successful in having the situation addressed. Some groups had also initiated public campaigns against illicit liquor and gambling (2002, 62). However, when it came to challenging traditional gender roles, Anand found that:

They continued to adhere to the traditional culture and values. To the question whether [they] preferred male dominance in the family and society 48 percent answered in the affirmative. A few opted for "gender balance" rather than "gender equality." When asked about gender equity and equality many of them opted to remain neutral (38 percent).

(Anand 2002, 62-63)

The Mararikulum Experiment proposal is harshly critical of the "NGO approach" (e.g. the Grameen Bank model approach) to empowerment, calling it "a conduit for credit to the family" and a way of "re-enforc(ing) the traditional gender division of labour while at the same time increas(ing) the burden and workload of women" (Issac *et al* 2002, 7). The "alternative model" is designed to transform women's NHGs into "genuine instruments of women's empowerment" (2002, 19). It adopts not only the goal of women's political empowerment which serves to "help provide a basis from which women can actively participate in the public realm"(2002, 14), but also uses women's groups as a catalyst for the greater political participation of the whole community "to solve the problem of the sustainability of popular participation" (2002, 19-20). To accomplish this last goal, "a gender awareness program for women and men" that is "linked to their daily life experience" (2002, 20) is proposed, as well as a plan to have general NHGs expanded into a form of women's NHGs because of the greater success of the latter (2002, 19-20).

### POLITICIZATION

One very positive aspect of the CDS *panchayat*-based NHGs is that *all* of their members are from "high risk" (for poverty) families whereas members of other microcredit projects need not be (Anand 2002, 17). *Panchayat*-based SHGs, however, do face challenges. Important among these is that they are seen as "politicized," a concern that has been raised by sociologists in Kerala, according to Anand (2002, 18), as well as by politicians and the press.<sup>10</sup>

Such "politicization" does seem to have been a serious problem in the distribution of Women's Component Plan funds. The director of the Grameen Bank model project that I visited brought up the matter with me. He saw the allocation of Women's Component Plan funds as

"politicized" and excluding those "not in the Party." His project received no *panchayat*-based financial support. Anand found that the church-based project he studied could not get Women's Component Plan funding because the agency in question was seen as being "promoted by a particular community" (2002, 34). Even within CDS groups, some felt that the major share of *panchayat* funds went to politically affiliated persons (Anand 2002, 60).

Besides the problem of access to funds, Anand shows, in reference to the WCP-funded SHGs, how "politics could kill a group": "Some of these groups are formed without the thrift component...which itself is so essential for the successful functioning of the SHG. These groups have been formed even without conceptualizing the essence of SHGs, merely for availing the funds made available from the *panchayat*" (2002, 18).

Despite the problems that have arisen around the allocation of Women's Component Plan funds, the Mararikulum Experiment proposal goes further in terms of the role of the *panchayat*. It calls for all SHGs, whether from the NGO sector, the church sector or any other sector, to come under CDS *panchayat* co-ordination (Issac *et al* 2002, 18-19). If the ratio of SHGs to NHGs in Mararikulum is anything like that in Malappuram, then one-fourth of SHGs (500 out of 2000 in Malappuram) would be non-*panchayat*-based and thus affected by the change. Efficiency, for example to avoid duplication and ensure universal coverage, is the reason given for such integration, but it is also admitted that there is "severe resistance" to this plan from among the organizations supporting the non-*panchayat*-based SHGs (Issac *et al*, 2002, 18).

### SUSTAINABILITY

The sustainability of Kerala's SHGs is an important question. Since they are not following the banking model, the SHGs do not, for the most part, have financial sustainability. They are dependent on outside funding, either state or non-state, for their continued viability. In addition, there is the question of structural sustainability. Anand found aspects of leadership to be among the most serious problems in the SHGs he studied (2002, 41). Not only was there an over-dependence on successful leaders but also "second-line" leadership was not being developed, with the same leaders being elected and re-elected. Furthermore, there was a mistrust of leaders based on a lack of transparency and an autocratic leadership style (2002, 67).

The sustainability of the project based on the Grameen Bank model that I visited is dependent upon the superhuman effort and devotion of its present director who founded it, runs it, fundraises for it, monitors it and publicizes it. Currently he is trying to get 5000 participants to meet the requirements for CGAP funding and has been persuaded, by experience and by the literature, to offer more support services to the women. Both of these

initiatives stretch the project's resources even further. Although he is trying to groom others to take over from him someday, from my observation, he may be irreplaceable.

A great deal of the credit for the success of the CDS projects in the Kudumbashree phase (1999 and following) is given to the 20,000 volunteers - formerly volunteers in the Literacy Mission of the early 1990s - who assisted in their development (Anand 2002, 26). Hence the sustainability of these projects, and possibly those in the Mararikulum Experiment also, may be dependent on such remarkable support from volunteers.

In terms of barriers to success of SHGs in Kerala, infrastructure, resources and support services have been identified. The women in a survey of SHG participants named "poor infrastructure" in the form of roads, bus and ferry service, bridges and electricity as the main factors preventing their success (Anand 2002, 48). The fact that NGOs have inadequate resources to carry out their monitoring functions is another major barrier (Anand 2002, 28). Finally, as noted in Anand's conclusion, the provision of more support services to SHGs is crucial: "It has been clearly established that delivering credit alone may not produce the desired impact. The supporting services and structures through which credit is delivered, ranging from group formation and training to awareness-raising and a wide range of other supporting measures are critical to make the impact of group activity strong and sustainable" (2002, 69-70).

## CONCLUSION

Thus the Kerala case follows the world microcredit pattern in some ways and is unique in others. The spread of microcredit in the state has been dramatic. Some parts of the Grameen Bank model such as the small group organizational structure, are followed. However, the presence of the World Bank and the Microcredit Summit Campaign is not evident in Kerala. In terms of the banking model, the "no subsidy" aspect has, in general, not been adopted. Support services for the SHGs are lacking but this may be based more on the lack of resources than on principle. Women's empowerment through SHGs is a stated goal, but its achievement is limited by the absence of the societal changes that would be needed. As for the amount of aid spending on microcredit, "small change" seems an apt description. For example, the Canadian International Development Agency (CIDA) funds only one program that offers microcredit in Kerala, while it has spent millions on a power station in the district of Idukki and is currently spending millions building a cancer hospital in the north of the state.

What is truly unique about the Kerala case is the major role of local government in microcredit. This is in stark contrast to the banking model which shuns any government involvement. Local government-based SHGs have mushroomed in Kerala. The Mararikulum Experiment, in explicitly rejecting the banking model and proposing an alternative emphasizing co-operative group income generating activities and political participation, is taking Kerala's SHGs in a direction which is new not only for the state but also for the larger microcredit community. Whether such a plan can overcome the many challenges facing it remains to be seen.

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## ENDNOTES

1. In this paper, the terms microcredit and micro-finance will be used synonymously. As far as I can see, this is the case in the literature although there might be a slight preference, although not consistently, for the banking community to use micro-finance and the development community to use microcredit.
2. The number is based on information from the director of the NGO-based project that I visited in Kerala. He was given it by CGAP officials when he was in New York City hoping to participate in the 2002 Microcredit Summit. In the end, he was not even able to attend the Summit due to the prohibitive cost of registration, and of accommodation at the Hilton Hotel. Another formidable barrier to his participation was the requirement placed on NGO participants for the submission of a detailed Institutional Action Plan (IAP).
3. This was being said among feminists at the UN Conference on Women in Beijing in 1995.
4. There has been considerable debate over the merits of "welfare versus growth" with regard to Kerala as a development model for poor countries. There are those, such as Richard W. Franke and Barbara H. Chasin (1990, 1998), who have put forward Kerala as such a model - one that "indicates that economic growth is not a prerequisite for progress" (42) while others, such as Joseph Tharamangalam (1998a,

1998b), describe "the development debacle of Kerala" (1998a, 23) and point out what they see as the implications of Kerala's stagnation, even deceleration of growth.

5. Kerala is 24% Christian, 50% Hindu and 24% Muslim and is the state with the highest percentage of Christians in India. All of the church-based SHGs I came across were Christian.

6. I did visit other women and development projects in Kerala including a women's centre, a Gandhi inspired community, an environmental NGO very active in the state's decentralization campaign, and the world head office for fisherpeople. While none of these projects was able to provide microcredit, they were all either participating in, or monitoring, microcredit groups. This further convinced me of the pervasiveness of microcredit in Kerala.

7. Among the "ritualistic" aspects of the Grameen Bank groups is the recitation, at each meeting, of "sixteen decisions"- promises by the women such as "We shall follow and advance the four principles of Grameen Bank- Discipline, Unity, Courage and Hard Work- in all walks of our lives" (Hashemi et al 1996, 651). The director did not give an exact reason for the position he took on these but his reasoning might be that on the one hand, Bangladesh society is even more conservative than Kerala society with respect to women's role and on the other hand, from his observation of the recitation of the "sixteen decisions," they did not seem very meaningful.

8. In a recent document, these group activities are referred to as "women-owned co-operatives" (Franke 2003).

9. A feminist definition of empowerment in this context offered by Linda Mayoux is quoted in Milgram (2002, 11): "In the feminist empowerment approach, microfinance responds to the immediate practical needs of poor informal sector workers, but it is regarded as only part of the strategy for the wider social and political empowerment of women through social mobilization and advocacy around issues of gender equity at the macrolevel." The DAWN (Development Alternatives for Women in a New Era) concept of "self-empowerment for women" is also similar to "gender empowerment" as it is used here (Mosse 1993, 171).

10. A recent incident over the Mararikulam Experiment involved the charge, in the press, that Issac's American research associates, Richard W. Franke and Barbara H. Chasin, had links with the CIA. Both Franke and Issac, who is the leader of the Communist Party of India (Marxist) in Kerala, vehemently denied these charges. Issac called them part of a "political conspiracy" against him and the People's Plan Campaign (*The Hindu* July 15, 2003).

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