From Credit to Collective Action: The Role of Microfinance in Promoting Women’s Social Capital and Normative Influence

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Can economic ties positively influence social relations and actions? If so, how does this influence operate? Microfinance programs, which provide credit through a group-based lending strategy, provide the ideal setting for exploring these questions. This article examines whether structuring socially isolated women into peer-groups for an explicitly economic purpose, such as access to credit, has any effect on the women’s collective social behavior. Based on interviews with 400 women from 59 microfinance groups in West Bengal, India, I find that one third of these groups undertook various collective actions. Improvements in women’s social capital and normative influence fostered this capacity for collective action. Several factors contributed to these transformations, including economic ties among members, the structure of the group network, and women’s participation in group meetings. Based on these findings, I argue that microfinance groups have the potential to promote women’s social capital and normative influence, thereby facilitating women’s collective empowerment. I conclude by discussing the need for refining our understanding of social capital and social ties that promote normative influence.

Microfinance programs with group-based lending, and a near exclusive focus on women as loan clients, have become a globally popular antipoverty intervention. They are implemented worldwide and have vast memberships in South and Southeast Asia, Africa, and Latin America. Microfinance aims to break the cycle of indebtedness that plagues the rural poor in developing countries, where people face a chronic shortage of capital required for financing their livelihoods. Unable to access bank loans because of collateral requirements, poor villagers rely on local moneylenders who typically charge exploitative rates of interest. For these people, microfinance provides an alternative source of credit, offering collateral-free loans, often at subsidized interest.1

So far, scholarly evaluations of microfinance’s impact have overwhelmingly focused on measuring the economic empowerment of group members and their families. Some of these studies express doubt over whether microfinance leads to sustainable, long-term, economic empowerment (Morduch 1999). Comparatively

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1 Microfinance programs, often called microcredit, include the provision of collateral-free loans and compulsory savings. They are implemented by non-governmental organizations (NGOs) and funded by external agencies.
few studies examine microfinance’s social impact, and these have relied solely on measuring the social empowerment of individual group members (Hashemi, Schuler, and Riley 1996; Kabeer 1998; Pitt, Khandker, and Cartwright 2006). Some find that women lack meaningful control over microcredit loans (Goetz and Sengupta 1996), while others find some improvements in women’s individual capacities, such as physical mobility and decision making. These studies raise several questions: Does individual empowerment foster social cooperation among women? Or, do women’s social gains go beyond improving their individual capacities to gaining collective influence in the community? In light of these questions, I take a broad view of empowerment that considers microfinance’s potential to foster both the individual and the collective empowerment of women in the forms of social capital, normative influence, and social cooperation.2

This article is based on a study conducted in 2004, in which I interviewed 400 women belonging to 59 microfinance groups in rural West Bengal, in eastern India. I find that forming women into microfinance groups, even in this socially restrictive climate, had the unintended, and very dramatic, outcome of stimulating group-based collective actions in one-third of the groups. Surprisingly, these actions were targeted at problems far beyond the realm of microfinance and were often intended to assist nongroup members or to address community-wide problems. The findings, therefore, show that microfinance institutions may facilitate women’s collective empowerment by fostering the formation of “weak ties” (Granovetter 1985), and these weak ties are capable of transmitting not just information but also feelings of solidarity and group commitment.3 My findings prompt us to critically question the negative manner in which economic ties, particularly market-based ties, have been depicted in the classical literature within sociology (e.g., Polanyi emphasized their socially corrosive nature). Instead, I propose an alternative account of economic ties, one that sees market-based interactions as a form of human freedom and part of a repertoire of potential individual capabilities (Sen 1999).

WOMEN’S EMPOWERMENT

Women’s empowerment refers to women’s capacity to increase self-reliance, their right to determine choices, and their ability to influence the direction of change by gaining control over material and nonmaterial resources (Moser 1989). Empowerment, however, remains a distant goal in the lives of many women in rural South Asia who live in a patriarchal culture. While an important factor contributing to their disempowerment is economic deprivation (related to poverty), an equally significant factor is noneconomic, that is, social practices and rules governing marriage and norms regulating married women’s conduct.

These practices, found in West Bengal and elsewhere in South Asia (Pitt et al. 2006) among Hindus and Muslims alike, include patrilineal descent and inheritance, patrioical residence, village and clan exogamy (with respect to fathers’ and mothers’ villages and clans) and early marriage for girls. Girls typically marry in adolescence and leave their natal family, home, and village to enter the husband’s family and village as complete strangers. They join households that often include parents-in-law, married brothers-in-law, and unmarried sisters-in-law. Alternatively, newlyweds may set up a nuclear household in the same neighborhood as the rest of the husband’s kin. Although the households are nominally separate, the principles of extended-family decision making apply, with parents-in-law and senior male relatives

2 I use the term “normative influence” to refer to the capacity to sanction against deviant or undesirable actions and to influence social norms and practices.

3 The ties a woman (the ego) forms through her group membership resemble weak ties as defined by Granovetter (1985). While the ego’s contacts in the immediate group may know each other as fellow group members, these group members have further ties to individuals who are not tied to the ego. The latter condition satisfies a crucial criterion of weak ties. Other weak ties include the indirect ties between the ego and the members of geographically proximate microfinance groups, and women’s ties with NGO staffs.
governing major household decisions. In either case, marriage uproots women from their natal ties. As brides, they are viewed as representatives of the family’s honor and are largely confined within the household. This custom of social seclusion, prevalent in varying degrees throughout South Asia, contributes to women’s isolation. Newly married women, in particular, may be subject to severe seclusion (e.g., not being allowed to step outside the household).

Women’s interactions and physical mobility are governed by norms of propriety that permit and prohibit certain interactions and movements. For instance, women rarely interact with men outside their kin group. Many women are barred from going unaccompanied to the village markets; their radius of movement is usually limited to the village well or pond. Although women gather at these locations, their encounters are usually limited to brief interactions with a few women at a time. These interactions do not necessarily produce a sense of solidarity or form the basis for meaningful social ties that could be relied on in times of crises. Even as married women reconstruct social networks in their new residences, these networks remain restricted to a few residually proximate neighbors and relatives belonging to the husband’s family. Women’s social networks may expand marginally as they age, bear children, and begin to enjoy somewhat increased freedom of interaction. However, since other women in their social network face similar restrictions, these networks do not provide women the capacity to organize in response to personal or public problems. Microfinance, because of its group-based structure, has the potential to challenge these gendered practices of female social isolation.

The few studies on microfinance’s social impact on women offer insightful but contradictory evidence. Some find no effects (Goetz and Sengupta 1996); some find negative effects, like increased male violence against women (Schuler, Hashemi, and Badal 1998); some even argue that microfinance programs exploit women’s structural vulnerability in patriarchal societies, making them more vulnerable to institutional pressures and reinforcing their suppliant relationships vis-à-vis their husbands (Rahman 2001). Yet others find positive effects on women’s self-worth and social exposure (Kabeer 1998) and improvements in individual power, such as awareness of laws and politics, participation in purchasing decisions, control over resources, greater freedom of mobility, and enhanced social networks (Hashemi et al. 1996; Pitt et al. 2006). Here, I extend these existing approaches and focus on whether microfinance facilitates women’s collective empowerment. For example, does microfinance promote women’s capability to address social problems in their communities and influence social norms? And, what do the natures of problems addressed through collective actions reveal about the women’s capability to realize women’s interests?

Feminist debates have focused on the content and sources of women’s interests and what those interests reveal about women’s consciousness. Some scholars (e.g., Molyneux 1985) suggest a distinction between “strategic interests,” which arise from women’s subordination and help in their liberation by improving existing arrangements, and “practical interests,” which arise from women’s position in the sexual division of labor and respond to their immediate perceived needs. These scholars claim that the former is a more authentic representative of women’s interests and signals a more advanced stage of women’s consciousness. I follow an alternative approach (Ray 1999), however, that advocates against making this distinction or giving analytic primacy to strategic interests. I argue that interests reflected in each of the collective actions should not be taken as independent indicators of women’s consciousness because the collective actions are contingent on the perception of need, which, in turn, is triggered by particular local incidents. Judging women’s social consciousness simply on the basis of reported collective actions may thus underestimate their transformation. Furthermore, in some contexts, women’s mobilization for practical interests, such as access to public goods, improving the quality of village infrastructure, and organizing community events, may represent a more drastic break from women’s traditional gender roles than would mobilizing against strategic interests like domestic violence. Whereas the latter type of mobilization is targeted against particular individuals and families, the former involves acting on behalf of an entire community and thus bears the potential to challenge male dominance more broadly and forge new roles for women in the public sphere.
SOCIAL CAPITAL

Social capital refers to the actual or potential resources, such as trust, information, effective social norms (Coleman 1990; Lin, Cook, and Burt 2001; Putnam, Leonardi, and Nanetti 1993), and a propensity to undertake mutually beneficial collective actions (Krishna 2002), that are linked to a durable social network of more or less institutionalized relationships of mutual acquaintance and recognition (Bourdieu and Wacquant 1992). A growing body of research examines the role social capital plays in facilitating the economic actions of individuals (Granovetter 1985) and firms (Burt 1992) and the economic and political development of countries (Putnam et al. 1993). This research hotly debates whether social capital can be created or is predetermined by historical factors.4

Coleman (1990) argues that social capital can be created “when the relations among persons change in ways that facilitate action” (p. 304), however, “most forms of social capital are created or destroyed as a byproduct of other activities” (p. 317). While factors such as network closure, stability of social structure, and appropriate ideology facilitate social capital, factors that reduce mutual dependence, such as affluence and government aid in times of need, erode it. This generalization suggests that externally funded development projects hamper existing social capital to the extent that they reduce villagers’ mutual reliance for resources and assistance. Depending on their characteristics, however, externally initiated development projects may actually generate social capital. For example, scholars have found that user-committees formed for watershed development and public land use projects (Krishna 1997, 2000), joint forest-management groups (Wijayaratna and Uphoff 1997), and farmer-managed irrigation facilities (Ostrom 1994) foster social capital by creating networks and inculcating attitudes that promote cooperation and collective action.

Can microfinance programs, too, generate social capital? My findings suggest that they do, showing positive levels of trust, information flow, and a mutual willingness to help one another. This finding advances the predominant understanding that argues that the operation of these programs depends on the information benefits of preexisting social capital (Anthony 1997). But through what mechanisms does microfinance generate social capital? Scholarly conjectures suggest three possible mechanisms: (1) “Continuing economic relations often become overlaid with social content that carries strong expectations of trust” (Granovetter 1985:490). Continuous economic ties among group members generate trust that encourages cooperation to address social problems. (2) Individuals in need of credit form groups and employ membership criteria, including monitoring and sanctioning mechanisms for the groups’ proper functioning. Subsequently, the accumulation of formal rules and informal behavioral expectations facilitates the extension of group activities into unintended domains (Hechter 1987). (3) “Focused” interactions (Goffman 1967) that occur in “encounters” may be another source of social capital (Turner 2000:135) and have the following specific features: “a single visual and cognitive focus of attention [money]; a mutual and preferential openness to verbal communication [talking]; a heightened mutual relevance of acts; an eye-to-eye ecological huddle [sitting clustered around leader]; maximized mutual perception and monitoring [peer pressure]; an emerging ‘we’ feeling of solidarity and corresponding flow of emotions [mutual identification]; a ritual and ceremonial punctuation of openings [joint recitation of resolutions at the beginning of group meetings], closings, entrances and exits; and a set of procedures, typically couched in rituals, for corrective compensation for deviant acts or breaches to the flow of interactions [voluntarily introduced fines in some groups for remaining absent without prior notice].” These features suggest that the process of participating in group meetings and the group-based interactions may foster social capital.

The social capital generated by microfinance has one distinguishing characteristic—
it is generated and used principally by women. Many of the collective actions were undertaken by women to defend other women against the actions of men. This raises questions about treatments of community-level social capital that assume women can easily access men’s ties and networks and use them for their own benefit, as well as those that assume men act in ways to protect women’s interests (Krishna 2002; Varshney 2001). The collective actions in this study force the following question: In patriarchal societies, where men and women may have opposing interests, do men and women within the same household or community vary in their levels of social capital and how they use it? In other words, are there gender differences in the levels and patterns of use of social capital?

NORMATIVE PROCESSES

Norms are prescriptive or proscriptive statements (Opp 2001), and social networks play an instrumental role in their enforcement through sanctioning. Microfinance programs structure women into a network of groups, which raises an important question: Do group-based social networks facilitate women’s capacity to sanction and, in turn, promote their capacity to influence social norms? Some scholars conjecture that microcredit groups facilitate norm emergence and enforcement because of their potential to connect borrowers into networks grounded in trust and facilitate “information sharing and coordination” (Cook and Hardin 2001).

Social networks, in general, may facilitate sanctioning through the following three mechanisms: (1) reduction of the social and psychological costs of sanctioning, which include risk of retaliation and loss of relationships; (2) improvement of benefits, including decreased negative externalities, encouragement and support for those who sanction (Axelrod 1986; Horne 2001, 2004), and enhanced reputation (Coleman 1990); and (3) enhancement of a group’s ability to organize to undertake collective actions in response to deviance (Coleman 1990). The ability to organize is particularly important when the beneficiaries of collective actions are socially weaker than those targeted by the sanctions (Emerson 1962). The size of a social network is also crucial in determining its capacity to shape the costs and benefits of sanctioning (Horne 2001).

The literature suggests that group-based networks, regardless of the type of group, are less effective than personal networks in facilitating sanctioning. According to Opp (2001), group-based ties lack the level of intimacy inherent in personal ties, an intimacy that facilitates frequent interactions and mutual identification among members of a personal network. The presence of these features in personal ties fosters the acceptance of “protest norms,” or a felt obligation to collectively protest or sanction deviance (Opp 2001). However, this contradicts my findings that group-based networks formed for microfinance promote collective actions and effectively facilitate sanctioning. It is therefore important to ask why women belonging to microfinance groups, who often do not share personal ties, participate in collective sanctioning. Do perceived threats or punishments for noncompliance drive their participation? Or do utilitarian incentives or the value of the public good, which the collective action is expected to generate, encourage participation? Contributing to the public good can act as a normative inducement for individuals to participate in collective action organizations (Knoke 1988). For those unwilling to participate, however, utilitarian incentives often act as adequate inducements (Knoke 1988; Muller and Opp 1986).

DATA AND METHODS

In 2004, I conducted seven months of fieldwork in rural West Bengal, India. My choice of research site was guided partly by a methodological concern about comparability with prior research, most of which is based on microcredit in Bangladesh, and partly with the intention of benefiting from my knowledge of the local language and culture. West Bengal is distinguished by its very high population density, lack of development, and particularly slow progress with regard to its female

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5 The data cited here and in the tables are from the 2001 Census of India (conducted every 10 years) and the West Bengal Human Development Report (2004), which is also based on the 2001 Census. I modified the original tables to present only the relevant information.
population. Villages frequently lack basic amenities, such as electricity, safe drinking water, and sanitation facilities. As estimated in 2001, nearly 72 percent of the state’s population is rural, and 27 percent lives below the poverty line, which is marginally higher than the national average of 26 percent. Poverty is rurally concentrated, with 84 percent of the state’s absolutely poor living in rural areas. Subsistence agriculture remains the primary occupation of most rural families. As of 1999 to 2000, the approximate combined total of rural population in households relying on agriculture and agricultural labor was nearly 62 percent. There is no official estimate of the percentage of the eligible rural population covered by microfinance, although one source cites it as 14 percent. Twenty-six percent of rural men and 46 percent of rural women are illiterate. Comparisons of West Bengal’s Human and Gender Development Indices (HDI and GDI) (see Table 1) and rural employment statistics (see Table 2) illustrate women’s relative disadvantage. The very low “Income Index” and women’s low workforce participation rate, among the lowest in the country, suggest a major undercurrent of gender discrimination in the society.

I selected a sample of 59 microfinance groups, each with about 10 to 12 members, from two nongovernmental organizations (NGOs)—Self-Reliance (30 groups from 16 villages) and Sisterhood (29 groups from 10 villages)—that were located in separate districts. I devised this methodological design in the belief that studying groups from two NGOs in separate districts would help identify any unique effects related to the organization or context; I found no effects significant for this study. Both NGOs followed the standard group-based lending model, with identical institutional structures and membership requirements. Table 3 outlines the scale of their programs.

I drew the groups from a stratified random sample that includes groups from the different locales in which the NGOs implemented microfinance programs. They represent the existing diversity in membership, which in this context includes groups with Hindu or Muslim women or both. Because of a pattern of residential concentration by caste and religion, most groups had either exclusively Hindu (middle to lower castes) or Muslim members; comparatively few groups had both. The occurrence of collective actions was not a predetermined sample selection criterion. Table 4 lists the sampled groups by their composition and gives their age and the corresponding leader’s education level.

I conducted the interviews in the local language, Bengali (I am a native speaker). On average, the interviews lasted 40 minutes. For each sampled group, I interviewed the leaders and all

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Table 1. West Bengal’s Human and Gender-Related Development Indices (2001)

<table>
<thead>
<tr>
<th></th>
<th>Income Index</th>
<th>Education Index</th>
<th>Health Index</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI</td>
<td>.43</td>
<td>.690</td>
<td>.700</td>
<td>.61</td>
</tr>
<tr>
<td>GDI</td>
<td>.27</td>
<td>.681</td>
<td>.697</td>
<td>.549</td>
</tr>
</tbody>
</table>

Note: The HDI and GDI scales range from 1 to 0; a score close to 1 indicates, respectively, full access to employment, education, and health for the population as a whole, and gender equality in these respects. Scores closer to 0 indicate a relative lack of access on these counts and gender inequality.

Table 2. West Bengal’s Rural Employment Statistics (as percentage of population) (2001)

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main workers</td>
<td>46.60</td>
<td>8.87</td>
</tr>
<tr>
<td>Marginal workers</td>
<td>8.30</td>
<td>11.83</td>
</tr>
<tr>
<td>Nonworkers</td>
<td>45.70</td>
<td>79.30</td>
</tr>
</tbody>
</table>

Note: The 2001 Census of India defines main and marginal workers as those who were, respectively, engaged in economically productive work for 183 days or more, and fewer than 183 days.

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6 This estimate is based on the Planning Commission of India’s 2001 criterion of monthly per capita consumption expenditure below Rs 276 in rural areas.


8 I use pseudonyms for the NGOs, groups, and members.
members who volunteered to be interviewed. For some groups, I interviewed nearly all their members; for others, I interviewed a little more than half. In total, I interviewed 221 women from Self-Reliance and 179 from Sisterhood. The women I did not interview were absent on my field-visit days because of household or economic responsibilities. I interviewed the women in their village homes, usually choosing the group leader’s house or houses in which there were no parents-in-law. Women came to the designated house for interviews one by one. I held interviews during the daytime when most men were away at work. The absence of men and senior household members from the interview site facilitated fairly unrestricted communication. I tape-recorded all interviews and transcribed them into English.

The in-depth interviews were semistructured and focused around the key themes of agency and social capital. I framed the questions to elicit responses on a time scale—before and after group membership—generating retrospective data about changes. The average period of group membership was four years. To break the ice, I asked factual questions concerning details of the group, household, and individual. I conceptualize agency as including the following six capabilities: social awareness, social interaction, physical mobility, domestic power, civic participation, and ability to take part in collective action or public campaigns. I conceptualize social capital as the ability and tendency to offer or draw on help in the event of personal problems and to address public problems in the community, whether through individual or collective action. Accordingly, I asked questions about the number of social contacts in and outside the family or kin-group, seeking and receiving help from others in times of personal and domestic crises, providing help to others in times of crises, and instances of organizing or participating in collective action. I define collective actions to include the following range: when any subset of group members join together and undertake an action proposed by one or more of them, when they join forces to act under the leader’s initiative, or when several adjacent

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<table>
<thead>
<tr>
<th>Microfinance Program Details as of 2005</th>
<th>Sisterhood</th>
<th>Self-Reliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Villages covered</td>
<td>502</td>
<td>58</td>
</tr>
<tr>
<td>Number of groups</td>
<td>3,074</td>
<td>510</td>
</tr>
<tr>
<td>Number of members</td>
<td>36,912</td>
<td>6,162</td>
</tr>
<tr>
<td>Number of loans disbursed(\text{a})</td>
<td>6,528</td>
<td>3,924</td>
</tr>
<tr>
<td>Total number of loans(\text{a})</td>
<td>Rs 1,328,72,000</td>
<td>Rs 5,14,00,000</td>
</tr>
<tr>
<td></td>
<td>($3,126,400) (\text{b})</td>
<td>($1,209,412) (\text{b})</td>
</tr>
<tr>
<td>Total savings of groups(\text{a})</td>
<td>Rs 283,41,000</td>
<td>Rs 61,60,000</td>
</tr>
<tr>
<td></td>
<td>($666,847) (\text{b})</td>
<td>($144,941) (\text{b})</td>
</tr>
<tr>
<td>Annual interest rate</td>
<td>12 to 14% (\text{c})</td>
<td>12 to 14% (\text{c})</td>
</tr>
<tr>
<td>Repayment rate</td>
<td>98%</td>
<td>93%</td>
</tr>
</tbody>
</table>

\(\text{a}\) Cumulative figures from 2002 to 2005.

\(\text{b}\) The U.S. dollar amount is calculated at the August 2008 exchange rate of $1 = Rs 42.52.

\(\text{c}\) The annual interest rate charged by the NGOs is linked to the interest rate charged by the national-level banks from which they borrow for these programs. In 2004 and 2005, the interest rates for nonagricultural and agricultural loans were 12 and 14 percent, respectively. In 2008, the rates rose to 15 and 17 percent, respectively.

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9 I identify improvements in agency through women’s ability to engage in actions they could not perform before. Examples of each dimension include: knowledge of local legal, political, and financial resources and ways of gaining access to them (social awareness); ability to interact with people outside the network of family and kinship ties (social interaction); ability to go unaccompanied to markets to satisfy personal or household needs (physical mobility); knowledge of and control over household income and expenses (domestic power); ability to participate in village council meetings (civic participation); and ability to participate in protests and collective action (taking part in collective actions).
microfinance groups join forces. Finally, I asked questions to determine whether empowerment resulted from alternative sources such as widowhood and abandonment, education and employment, movement from an extended to a nuclear household, a husband’s work-related migration, membership in political parties or other associations, incumbency of local government positions through the gender-based quota system, or prior NGO contact.

In analyzing the data, I formulated causal network diagrams (Miles and Huberman 1984). For each case, I identified whether a respondent gained increased agency during her group membership. For women with improved agency, I determined whether its source was group membership or any of the alternative factors mentioned above. For those who gained agency from group membership, I investigated the predominant underlying mechanism: financial contribution through independent economic activity.

### Table 4. Selected Characteristics of Microcredit Groups

<table>
<thead>
<tr>
<th>Exclusively Hindu Members</th>
<th>Exclusively Muslim Members</th>
<th>Mixed Composition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Name</strong></td>
<td><strong>Group Age</strong></td>
<td><strong>Leader Education</strong></td>
</tr>
<tr>
<td>Nandita</td>
<td>3.5</td>
<td>0</td>
</tr>
<tr>
<td>Shantima</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Shabiti</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Suryamukhi</td>
<td>4.5</td>
<td>4</td>
</tr>
<tr>
<td>Shyamama</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Deepshikha</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Sharada</td>
<td>5.5</td>
<td>5</td>
</tr>
<tr>
<td>Bonophool</td>
<td>5.5</td>
<td>5</td>
</tr>
<tr>
<td>Mangaldeep</td>
<td>3.5</td>
<td>6</td>
</tr>
<tr>
<td>Pubali</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Shathi</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>MaSharada</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>GramSang.</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Unnayan</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Sanjog</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Sanhati</td>
<td>3.5</td>
<td>8</td>
</tr>
<tr>
<td>Shantimata</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Barnali</td>
<td>3.5</td>
<td>9</td>
</tr>
<tr>
<td>Beautiful</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Agni</td>
<td>3.5</td>
<td>9</td>
</tr>
<tr>
<td>Shanchayita</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Banani</td>
<td>3.5</td>
<td>9</td>
</tr>
<tr>
<td>Sabuj</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Durgapur T</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Rajlakshmi</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Ujjal</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Kamala</td>
<td>5.5</td>
<td>10</td>
</tr>
<tr>
<td>Shatatad</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Durgapur G</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Udayan</td>
<td>3.5</td>
<td>12</td>
</tr>
<tr>
<td>Radharani</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Debashish</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Rita</td>
<td>4</td>
<td>12 + 3</td>
</tr>
<tr>
<td>Shadhana</td>
<td>3</td>
<td>12 + 3</td>
</tr>
</tbody>
</table>

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*a* Group names are all pseudonyms. The italicized group names indicate groups that have undertaken collective actions.

*b* Education level is listed in terms of the local grade or class system. For example, 1 denotes the first year in school at a stipulated ideal age of 6, 12 denotes the final year of school completion at an ideal age of 18, and 12 + 3 denotes the completion of school and three years of college.
funded with loans, or associational freedom and social exposure through regular participation in group activities. This method yielded five distinct categories of outcomes, including women who gained agency from participating in the group’s associational activities. A subset of these women undertook collective actions. Because I interviewed several members in each group, I have corroborating accounts for each collective action reported.

MICROFINANCE PROGRAMS: STRUCTURE AND OPERATION

In the study site, microfinance programs were implemented by village-based NGOs and funded by international and national agencies. NGO staff facilitated group formation, and villages under program coverage had multiple groups. Membership size ranged from 10 to 20 members per group, with 20 being the maximum allowed. Each group had a leader, a co-leader, and a cashier who were selected by fellow group members. Women with the highest education in a group were usually chosen to be the leaders. While some group leaders were college educated, on average, leaders had no more than six to seven years of schooling. Most group members had an average of only two to three years of schooling. NGO-appointed supervisors monitored these groups, collected dues, disseminated information, and solved problems.

Groups were required to meet every two weeks, usually at the leader’s house or in an open space in the neighborhood, and meetings usually lasted an hour or more. These meetings facilitated informal monitoring of each other’s expenditures and consumption patterns. While participation in these meetings was mandatory, attendance varied depending on a leader’s effectiveness in rule-enforcement. During group meetings, women reviewed each others’ loan requests and decided on amounts for each member in view of a family’s economic capacity. At the start of a loan cycle, the group leader and cashier would go to the NGO’s local branch office and bring back the total sum requested by the group members. The leaders would then distribute the sum to the group members according to the pre-approved amounts. In subsequent meetings, each woman would deposit her monthly repayment to the cashier. In addition, women were required to pay Rs 20 per month, on average, toward the group’s savings deposit. Women’s individual savings also benefited, because the NGOs gave 2 percent of the total interest earned on loans to the groups’ savings deposits, which were distributed equally among members. These savings could not be withdrawn during the period of membership, but members were allowed to borrow from this money.

In the group meetings, women discussed financial matters and, incidentally, shared personal worries and domestic troubles, sought advice from fellow members, and talked about community affairs. The NGOs conducted leadership training sessions every year and organized microfinance conventions. These events were usually held in the organization’s own space, requiring women to travel a considerable distance. In the training sessions, women learned bookkeeping techniques and how to build cohesive, financially-sound groups. They were informed about their legal rights and entitlements and taught to critique prevailing social attitudes and practices. Training sessions lasted three to four days and included conventional and innovative methods of imparting information. At times, group leaders were required to undertake “exposure visits” to learn from watching older groups in operation.

The annual conventions were large-scale events attended by local dignitaries, including bank officials, funding agency members, political leaders, and government bureaucrats. Group members were encouraged to participate en masse. Women from nearby villages marched in procession to the convention site, often wearing similar clothing, holding banners, and raising slogans penned by the organization. Organization-sponsored vehicles transported women who lived far away. At these events,
group members performed songs, took part in games, and enacted family dramas depicting women’s oppression. Occasionally, the state government organized microfinance-related events, and some group leaders attended these along with NGO staff. Consequently, group membership offered women, who were otherwise confined to their homes, an opportunity to participate in an array of associational activities.

THE COLLECTIVE ACTIONS

Prior to the introduction of microfinance groups, none of the women had participated in any mobilizations. In fact, they had no associational connections beyond their families and immediate neighbors. With the formation of microfinance groups, some women experienced significant changes in this respect. Using a conservative estimate (excluding incidents of groups providing only monetary help), one third of the groups undertook collective actions (Table 5 lists the groups and the corresponding actions).

These collective actions can be classified across two dimensions (see Table 6): (1) normative actions that sanction men’s behavior and challenge conventional social practices, versus pragmatic actions that promote community resources and infrastructure; and (2) internal interventions that involve and affect only group members and their households, versus external interventions that target nongroup household members and community-wide interventions that affect an entire community. Most of the collective actions targeted nonmember households, and some actions had community-wide effects.

NORMATIVE ACTIONS: MOBILIZING IN RESPONSE TO DOMESTIC VIOLENCE AGAINST WOMEN

Domestic violence against women was a common feature in some of these villages. Traditionally, female neighbors played the role of sympathetic but silent spectators. This situation changed remarkably in some villages, however, following women’s membership in microfinance groups. Several groups reported collectively intervening to arbitrate in domestic conflicts and to rescue women from violence.

In one case, several groups intervened to save a woman, a nonmember, who was a victim of chronic domestic violence. The woman attempted suicide by hanging herself, but family members broke into the room and saved her. During the rescue, she sustained a severe head injury and was later diagnosed with a cerebral tumor and advised to undergo immediate surgery. Her husband, a poor rickshaw-puller, had no means of paying for the procedure. When news reached the neighboring microfinance groups, the leaders mobilized to collect donations. Each group contributed Rs 100, and this money, added to the woman’s parents’ contributions, funded the surgery. After this initial intervention, the group members receded into the background until one night when the woman’s neighbors rushed to the group leader and reported that clandestine surgery was taking place in the household. The leader immediately gathered some group members and headed for the woman’s house. An interrogation of the husband revealed that the woman had been unconscious for seven days. Not only had he concealed this from everyone, he had hired a shaman to cure her maladies. As night passed into dawn, her condition worsened. The group leader later recalled her reaction on seeing the dying woman, parts of her face singed from the shaman’s burning incense:

I shuddered when I saw her! I wanted to give her husband a good thrashing. But if we got started with that then she would die lying there. . . . We came straight to sister (NGO leader) and reported everything. She advised us to go to the hospital first. Eleven of us got together and took her to the hospital. We didn’t have one man with us, and none of us had any money either. The hospital staff saw her and immediately transferred her to the town hospital. We collected Rs 100 from each of the groups again and ended up raising Rs 1100. Then we went to the nearby army [Border Security Force] camp and asked them for a ride to the town hospital. . . . Instead, they gave us Rs 500. We took the money and hired a taxi. First we took her to the hospital, and then we went to the police station [to report the incident]. (Chanchala)
For the two weeks the woman remained in the hospital, a few women from the nearby microfinance groups went to the local school daily and canvassed students for donations to pay for her hospital bill. Having exhausted their resources, the women approached the NGO leader for contributions; back in the village, group members resumed their efforts to raise money for her treatment. The woman fully recovered after two more weeks, and, according to the leader, the groups’ efforts to save her were widely recognized. In their interviews, many group members emphasized their newly acquired ability to protest such violence against women. Some members also reported intervening on behalf of women who had no affiliation with microfinance groups.

**Mobilizing in Response to Men’s Sexually Permissive Behavior**

Some groups intervened in defense of women whose husbands engaged in extramarital affairs or multiple marriages, or when unmarried men were caught having sexual relations with adolescent girls. In these cases, the groups acted as moral vigilantes, reinforcing moral boundaries around men’s sexual behavior. In one incident, a woman told her fellow group members that her unmarried adolescent daughter was pregnant and only a month away from giving birth. She alleged that the father was a young boy from a neighboring village. On a specified day, the girl was brought to the boy’s house, and nearly 100 women from the

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**Table 5. Groups and Corresponding Collective Actions**

<table>
<thead>
<tr>
<th>Group Name</th>
<th>Collective Actions, Mobilized in Response to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banani</td>
<td>Domestic violence against women; acquiring public goods; organizing community events (twice)</td>
</tr>
<tr>
<td>Shathi</td>
<td>Men’s sexually permissive behavior; anti-liquor campaign</td>
</tr>
<tr>
<td>Shantimata</td>
<td>A group member’s husband for engaging in an extramarital affair</td>
</tr>
<tr>
<td>Duti Pata</td>
<td>Domestic violence against women</td>
</tr>
<tr>
<td>Sanhati</td>
<td>Domestic violence against women</td>
</tr>
<tr>
<td>Ujjal</td>
<td>Acquiring public goods</td>
</tr>
<tr>
<td>Sanjog, Ma Sharada, Raj lakshmi, Shatatdal, Kamala</td>
<td>Domestic violence against women; annulling underage marriage; anti-liquor campaign; anti-gambling campaign; acquiring public goods</td>
</tr>
<tr>
<td>Baishakhi, Bonophool, Nandita</td>
<td>Anti-liquor campaign; acquiring public goods (twice)</td>
</tr>
<tr>
<td>Rita, Shadhana</td>
<td>Men’s sexually permissive behavior (twice); domestic violence against women and conflict</td>
</tr>
<tr>
<td>Debdashi</td>
<td>Domestic violence against women</td>
</tr>
<tr>
<td>Shuhashini</td>
<td>Domestic violence against women</td>
</tr>
</tbody>
</table>

**Table 6. Classification of the Collective Actions**

<table>
<thead>
<tr>
<th></th>
<th>Internal</th>
<th>External</th>
<th>Community-wide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normative</td>
<td>Domestic violence against women (5)</td>
<td>Domestic violence against men’s sexually permissive behavior; attempted polygamy (3), extramarital affair (1)</td>
<td>Anti-liquor campaign (3)</td>
</tr>
<tr>
<td></td>
<td>Against a group member’s husband for engaging in an extramarital affair (1)</td>
<td>Men’s sexually permissive behavior; attempted polygamy (3), extramarital affair (1)</td>
<td>Anti-gambling campaign (1)</td>
</tr>
<tr>
<td></td>
<td>Annulling underage marriage (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pragmatic</td>
<td></td>
<td>Acquiring public goods (4)</td>
<td>Organizing community events (2)</td>
</tr>
</tbody>
</table>

*Note:* The numbers in parentheses show the numbers of mobilizations reported.
neighboring microfinance groups gathered at his family’s doorstep. The women tried to convince the family to recognize the girl as their son’s bride and accept her into their household. The boy, however, denied his responsibility and the family refused to surrender to the women’s demands. Following this stalemate, the women temporarily withdrew.

After the girl gave birth, the group’s supervisor arrived at the boy’s home with the new mother and child. For a second time, the women all gathered at the family’s doorstep, asking for the relationship to be recognized and legitimized. The male heads of the extended family protected the boy from public attention and refused to surrender. The acrimonious exchange between the family and the gathered group members continued, and the women promised to withdraw only if the boy publicly denied that he was the father. This forced the boy to appear in public, whereupon seeing the girl and the newborn, he quickly admitted his responsibility. Soon after, the women adorned the young girl with vermilion and shell bangles, the ritual symbols of Hindu marriage, and forced her entry into the household. The couple eventually married and now lives in the same household. The couple eventually married and now lives in the same household. Following this incident, the groups in this area became frontline institutions for solving domestic dispute cases. Even political leaders and the police refrain from intervening in such cases unless the groups approach them.

In rural societies like those in West Bengal, there is a direct and strong association between women’s marital status and economic security. Normative judgments on extramarital affairs and multiple marriages have serious pragmatic implications for women’s livelihoods. An example of how groups use their normative influence to define the boundaries of ethical action and men’s moral responsibility can be seen in one group’s intervention to establish a second wife’s rights in her husband’s household. According to the aggrieved woman’s account, an already married man had traveled to her village and married her, but soon abandoned her and returned home to his first wife. Arriving in his village, she demanded a place in his household, but he rejected her outright. On hearing this allegation, group members supported this outsider woman and demanded that the man accept her into his household. They argued that in marrying her and consummating the relationship, he had defiled her and now it was his duty to accept her into his family. Although he refused vehemently, he eventually surrendered under the collective pressure of the group. The matter was not settled, however. After accepting the second wife into his home, the husband frequently abused her. Once again the group intervened by approaching the police, and police warnings eventually stopped the violence. One group member emphasized the symbolic importance of this intervention:

We forced him [the accused man] to accept her because he didn’t want to. We wanted to teach everyone the lesson that men can’t just go around destroying women’s lives. And, in the future, no man from this village should dare to repeat this. When we did this, the message went to our own husbands that if they do something like this, then all of us will act together, and we won’t spare anyone. (Bharati)

The women hoped their intervention would deter men who often abandoned one wife for another, from polygamy. Their action demonstrates that drawing distinctions between supposedly strategic versus pragmatic women’s interests may obscure the intrinsic link between women’s normative concerns and pragmatic worries about livelihood and survival.

**Annulling Underage Marriage**

In one village, several microfinance groups intervened to annul an underage marriage, a conventional social practice in rural India. Two families had colluded to surreptitiously marry a 14-year-old daughter to the other family’s son, violating a law that Indian girls must be at least 18 years old before marrying. After some time, the local microfinance groups discovered that a clandestine wedding had taken place. Group leaders and members then paid the families unannounced visits. The families had sent the young couple away to avoid public attention, so the group leaders threatened to inform the police if the young couple did not return within the next few days. When threats failed, they cajoled the families by promising to arrange a proper wedding to solemnize the marriage. Eventually the

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12 While the group’s women argued that this was indeed a beneficial action, we may question whether it was actually potentially dangerous.
families brought the young couple back from hiding. Following the couple’s return, the group leaders requested a meeting to resolve the differences. At the meeting, the families brought local political party members who suggested that the marriage be socially recognized since it had been ritually solemnized. The group members, however, rejected this proposal, arguing that it would set a bad precedent, and demanded the annulment of the marriage. Following this declaration, some of the group members dragged the girl away, smashed her shell bangles, and washed away the vermillion mark on her brow, ridding her of all the ritual adornments of marriage. In her interview, the group leader declared proudly that the girl was now a member of the girls’ volleyball team in the local athletic club. This case is particularly important in establishing the altruistic nature of some of the collective actions. The women’s intervention may have the power to force group members, at least, to comply with the legally-approved age when considering their children’s marriages.

ANTI-LIQUOR CAMPAIGN

In two villages, one in each of the two districts, microfinance groups undertook successful anti-liquor campaigns. In one village, alcoholism among men led to much destitution and domestic violence. In this case, the group started by delivering a warning to the six families selling liquor. When these families did not pay any heed, the group members asked the local police to intervene, but their request fell on deaf ears. Provoked by this apathy, the group leader mobilized all the microfinance groups in the adjoining neighborhoods. On an appointed day, 150 women stormed the police station and berated the police for not fulfilling their duty. Subsequently, the police shut down the liquor trade. When one group member later saw barrels of liquor being carted into the village, she immediately alerted other group members who seized the barrels and set them on fire. This action led to a confrontation between the group and the liquor-trading families, who threatened dire consequences. The women prevailed, though, and successfully shut down the liquor trade.

In another village, a family started running an unlicensed liquor business that attracted customers from outside the village. These male outsiders roamed the village streets, openly consuming liquor and gaping at women. Fearing for their safety and concerned about the bad influence on their children, group members warned the business owners to stop liquor sales. After being ignored, the group devised an innovative strategy. They formed two teams and patrolled the streets at night to keep the intruders at bay. One group member described their strategy:

One team would start from that side and patrol the streets for a while. When it was time for them to return, we would come out. And when it was time for us to return, they would come out again. . . . We used to carry bamboo batons, ready to act if we encountered anything untoward. . . . There were 15 of us in each of the two teams. On some nights both teams stepped out simultaneously, and, suddenly, we would meet at an intersection. Then there’d be 30 of us. The people in the vehicles passing by would be stunned by the sight of so many women on the streets. One day a young man stopped his taxi and asked, “Sister do your husbands drink [liquor]?” I said, “Why my husband alone? All men who drink will be taught a lesson,” and he fled with his taxi. . . . Without the group, we would’ve never had the courage to do this, and for our whole lives we would’ve remained like weeds [uncultivated]! But now, at least, we’ve improved a bit. (Bharati)

In this way, the women patrolled the village streets for days until the customers stopped coming and the families were forced to shut their businesses.

PRAGMATIC ACTIONS: MOBILIZING TO ACQUIRE PUBLIC GOODS

A few groups took the initiative of organizing to repair village infrastructure and demanding public goods at the semiannual village council meetings. In one case, group members elicited the support of the community to repair a vital village pathway that had fallen into disrepair. The pathway traversed a pond and connected the village to the main road, but years of neglect had eroded the clay path and parts of it had collapsed into the surrounding pond, leading bicycle riders and vehicles carrying people to tumble into the water. Neither local leaders nor village council members had tried to remedy the situation, so some group members took the initiative. The
group leader described the enthusiasm with which villagers joined in their endeavor:

We invited the men to our meeting and raised the issue of the danger posed by the collapsing pathway. We suggested that all of us get together and repair it instead of depending on the local authorities. The men said, “Yes, why not?” and joined our initiative. Then we pooled our money and resources. Some contributed money and materials; others contributed their physical labor. Even our children took part in digging and bringing clay. And with all of these, we rebuilt the path with our own hands. (Uma)

The project’s successful completion infused the group with enthusiasm, and they started attending the village council meetings. At the meetings, they raised demands for a house-building grant for a destitute group member and for much-needed public goods, including sanitation facilities, power lines, and a ground-water pump for safe drinking water. During the course of my fieldwork, all of these demands were met, except for the pump, which was promised.

Bolstered by their success, the women volunteered to take over from the men the task of organizing two religious festivals. The men had decided to quit their traditional responsibility, threatening to end a community heritage. By entering this domain, one totally unrelated to the group’s economic function, the women had to overcome the opposition and ridicule of older men. Initial resistance subsided after the event’s successful completion. Since then, these women have been responsible for all organizational aspects of the festivals, from collecting private contributions and marketing to hiring tentmak- ers, renting loudspeakers, and designating a priest.

The collective actions described here are concrete expressions of women’s newly evolved propensity for social cooperation. These actions represent a cognitive shift away from the “amoral familism”\(^\text{13}\) (Banfield 1958) that, according to some scholars (Marx 1987; Sun 1927), typifies underdeveloped peasant societies.

**MECHANISMS FOSTERING SOCIAL CAPITAL AND NORMATIVE INFLUENCE**

Before exploring the mechanisms through which microfinance groups might foster women’s social capital and sanctioning capacity, an alternative hypothesis must be debunked. Do the overlapping relationships these women at times share, such as being neighbors or extended relatives, produce these actions? If this were the case, one would expect reports of similar mobilizations prior to the formation of these groups. However, there were no such mobilizations. Past victims of domestic violence complained that their neighbors and relatives had remained silent spectators when their husbands abused them. One woman recalled her neighbors’ vicarious pleasure as she faced her husband’s violent wrath after a dispute:

He plucked out a bamboo pole from the fence and started beating me. All the neighbors watched but never uttered a word. They silently enjoyed watching me being beaten; even my mother-in-law sat there watching. . . . I can’t express in words how much I’ve suffered. I don’t think things would’ve gone as far if the group had existed at the time. (Archana)

Neighbors could be sympathetic, but they lacked the power to intervene. Consider the case of another abused woman whose in-laws threatened her with expulsion and forced her to bring more dowry money:

The neighbors watched whenever I was beaten and without any fault of mine. They used to ask him why he beat me so without any reason. . . . When I used to faint from the beatings, our next-door neighbor would come and tend to me with water. . . . They would console me and say, “Where else will you go? You’ve got to endure.” No one protested. (Krishna)

One woman, who was part of a group-based mobilization in response to domestic violence, explained this spectator role:

At that time we used to think that if we intervened [in the conflict], we’d get embroiled in the problem. So we’d stand at a distance and watch. If a woman was being beaten by her husband, we’d wait until he left, and only after that we’d go up to her. (Aparna)

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\(^\text{13}\) Amoral familism refers to the effect on villagers of social action consistently oriented to the economic interests of the nuclear family, that is, individuals’ inability to act together for the common good or for any goal transcending the immediate material interests of the nuclear family.
These examples show that preexisting social ties did not correspond with a sense of broader social commitment or shared feelings of camaraderie among women. The preexisting ties did not equip women with a voice to protest against abuse, nor did they provide a concrete social network that women could access in times of crisis. According to these women, the family was the only locus of interest before the formation of microfinance groups. Prior to the groups, both men and women were generally apathetic to happenings elsewhere in the community.

A combination of factors must be considered in explaining how these women gained the motivation and capacity to undertake collective actions. Part of the explanation lies in the economic tie that binds these women and the way that group-based networks structure this tie. In addition, we should consider the requirements of group membership, such as regular participation in group meetings and training sessions. These features facilitate changes in social relations and structures. Finally, monetary incentives (i.e., loans and the opportunity to save) may facilitate women’s continued participation in these groups, even in the face of family objections.

Particularly for women, the financial aspect underlying the tie is crucial because noneconomic groups could not obtain a similar effect. Theoretically, it is possible to imagine all kinds of noneconomic purposes that external organizations might use to form groups and facilitate frequent interactions. In practical terms, however, it is hard to imagine a purpose that would elicit such widespread and sustained membership from poor rural women as these microfinance groups have done. Even though these groups promised financial benefits, many women had to overcome severe household objections when enrolling. Some women, fearing their husband’s opposition, joined these groups secretly and concealed their membership for months. Women face high barriers to participation in organized and regular activities in the public sphere—a privilege traditionally enjoyed by men. In addition, women are burdened with reproductive roles and occupation in piece-rate work, both of which restrict discretionary time. Eliciting women’s large-scale membership and participation in the absence of a financial incentive thus seems a practical impossibility. Although it is not credit, per se, that catalyzes the change, the continuing financial incentive is crucial for facilitating women’s participation in these groups.

Overall, three features of microfinance programs contribute to these groups’ potential for collective action: (1) the economic tie and its potential for generating unintended positive social consequences, (2) the group network and its potential for increasing women’s capacity to collectively sanction deviance, and (3) group participation, which can potentially improve women’s agency.

**The Economic Tie**

Requiring women to conduct economic transactions at regular intervals deepens preexisting kinship and neighborhood-based ties and promotes pro-social behavior. It does so by providing a direct, unmediated economic interest in the relationship and by providing opportunities for frequent interactions. By facilitating frequent interactions, the economic tie indirectly transforms the quality of relationships among women who belong to a microfinance group. Continuing economic relations inculcate trust, intimacy, and mutual concern among women belonging to the same group. Prior to the introduction of these groups, women often lacked these feelings for one another, even though they resided within close physical proximity. One group member provided an example of this transformation:

I’ve been married for the last 24 years. For the first 15 years, we couldn’t step outside the four walls
of the house. After that we used to come out a bit. And gradually, in the last three years [since the group was formed], the way we’ve gotten to know each other, a kind of intimacy has developed among the 20 of us. It’s as if we were relatives. Before this we didn’t share the same feeling. (Krishna)

One group leader explained how the strengthened mutual identification fostered by these frequent face-to-face interactions motivated the women to help each other:

No, we didn’t have this zeal before. Back then we never used to get together. But now, from the way in which everyone gets together in one place, the mentality has also become one. Mine is yours and yours is mine; that’s how we ask each other about our situations. If something happens to one person, everyone gets to know about it: “Something’s happened to her; come let’s go and see what the matter is.” But it wasn’t like this before. Back then, what you were going through was your private affair. (Ekadashi)

Several women repeatedly mentioned these themes of a newly developed intimacy and unity of interest. These examples support Granovetter’s (1985) claim that continuing economic relations often become overlaid with social content that carries strong expectations of trust. In addition, frequent interactions via face-to-face deliberations facilitate the identification of common problems and the formulation of strategies to tackle them. A woman who participated in a group-led anti-liquor campaign remarked on this aspect:

[Without the group] none of the women would’ve gained the courage to come out of their homes to do this. They would think, “Who cares what problem is brewing outside as long as everything in my house is fine?” . . . But now all of us in the group have the opportunity of sitting down together, talking with each other, and discussing matters. So together we took the resolution that, no, we cannot allow this menace to continue in our village, and we came up with a strategy to combat it. (Bharati)

This development points to the importance of communication in encouraging pro-social behavior, a point previously noted by scholars of collective action (Ostrom and Walker 2003).

**The Group Network**

Group-based lending strategies regularly bring many women into contact with each other, making them part of nonkinship associations and expanding their social networks. A group member described the remarkable difference this had made:

Before I didn’t know anyone; we never used to go to each others houses. But now, through the group I can get to know many more people. . . . I like it that now the 20 of us can get together in one place and discuss different things. If we didn’t have this group, then we’d have to spend this time at home. (Aparna)

The presence of multiple groups in adjacent neighborhoods dramatically expands the number of women who can mobilize for large-scale actions. Moreover, nesting these groups into village-based clusters further facilitates organization across neighborhood lines. Network-size is especially important: a large network increases a group’s propensity to undertake collective actions and improves the chances of successfully accomplishing those actions by reducing the cost of sanctioning (Horne 2001). In this respect, the large network structure of microfinance groups has two positive effects. When groups sanction deviance, it substantially lowers the social and psychological cost for each member, compared with the costs of individual protests by women in a highly patriarchal context. In addition, as group members, women are more willing to collectively bear the cost of sanctioning (e.g., the risk of confrontation with the police or political parties).

Social networks also generate positive incentives that may stimulate collective actions. Among the benefits identified by scholars, enhanced reputation is particularly important in this context. These women highly value enhanced reputation and public recognition of their moral authority and collective sanctioning power. Enhanced reputation and authority may contribute to a sense of accomplishment that, in some cases, may motivate women to undertake collective actions even though they are not instrumental for the functioning of the group. Numerous accounts of public reaction to women’s interventions reveal the importance of reputation. One woman provided this gleeful narration of the public reaction following a series of successful collective actions undertaken by a group:

Now when we go to the market, if we say something, then people pass comments, “nowadays you can’t even talk to them. If you say anything out of
line to one of them, then the 20 will arrive [at your doorstep], and they won’t let you off easily. We’re scared of them!” Now the men are afraid of us. Whenever we go to the market they say, “Make way, make way, the women’s association is coming,” and people make way for us! [laughs] When I went shopping this festival season they were saying, “The association is coming! They have a lot of power; they’ll defeat us men!” (Basanti)

Similarly, a woman from another group commented on the public reaction in her village to the group’s successful intervention in more than one major case:

They [men] said that now we have tremendous capacity. Earlier they’d neglect us, but now they love us. And they’re afraid of us, too! . . . Word about us has spread everywhere, and there’s no one who hasn’t heard of what we’ve done! And not only here, there was a case in Medinipur [another district] involving a group, and they showed it on television. (Tulsi)

This woman further described how decision-making power has shifted from local political leaders to these groups, particularly in matters of household disputes:

Now even the police are afraid to approach us! There’s a well-known man [the head of the provincial council] here, and even he, when he hears that we’re involved in a case, says, “When the group is involved, they’ll come to a solution on their own.” (Tulsi)

Reputation may be important to these women because they are embedded in a context where women, particularly young women, are traditionally deprived of social recognition in the household and community. It is symbolically important for them to receive public, community-wide recognition of their authority and their arbitrating and sanctioning capacity.

**GROUP PARTICIPATION AND INDIVIDUAL AGENCY**

To articulate demands and effectively sanction against deviance, women must have agency, or the ability to make choices and act on them. Participation in regular group meetings, monthly cluster meetings, and training sessions provides women with opportunities to cross the familiar boundaries of their households and neighborhoods. Through these experiences, women acquire increased social exposure and greater habitation with independent physical mobility and social interactions across kinship, class, and gender divides. Increased mobility and interactions increase women’s confidence in their capabilities. Through their contact with NGOs, group members are exposed to progressive ideas about women’s rights, the value of women’s work, and the importance of civic engagement. These ideas provide the women with discursive alternatives to conventional modes of thinking. Women are also exposed to critical information about laws, and they learn how to access government resources and legal institutions. In the household, husbands facilitate women’s transformation by becoming more accepting of their wives’ participation in group activities. Women’s agency builds through this continuous process of participation.

Awareness about social issues, strategic institutions, and legal rights and resources is highly relevant to women’s capacity to undertake collective actions to protest discriminatory treatment in the household and community. For example, an illiterate, lower caste widow explained how increased legal awareness enables group members to confront the police and resist extortion:

It’s only because of the group that we’ve come this far. . . . Have we ever seen a judge with our own eyes or known anything about the law? But now we can get to know something. . . . I can go to the police station alone and confront the policemen. . . . Earlier, when a boy would disappear, we wouldn’t know where to enquire. We’d get hold of a middleman, pay them, and grovel at their feet, begging them to find our boy. But now, we call the police station directly and ask if they’ve arrested one of our boys, and we don’t have to pay a paisa. (Neoti)

Group membership allows women to interact more freely and with a wider circle of people, including men, outside the monitoring gaze of their husbands and in-laws. According to many women, this freedom of expression produces feelings of psychological well-being and deepens social relationships. One group leader claimed that because the women know each

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16 The role of NGOs is vital in increasing women’s agency, but it is secondary to the structure of microfinance groups in promoting collective actions. Other livelihood and health-related interventions led by the same NGOs have not promoted the kind of collective actions described here.
other more intimately, they can better help each other:

We knew each other before but didn’t know of each other’s problems. But after forming the group, we get to know of problems people are facing in the surrounding areas, and we run to help even if it’s not our own neighborhood. (Shyamali)

The cathartic influence of group-based interactions facilitates women’s long-term commitment to these groups and their willingness to participate in collective actions. Moreover, group-based social interactions, and the resulting exposure to alternative ideas, encourage women to reflect critically on social practices and challenge conventional social norms.

Improved physical mobility also facilitates collective actions, and the groups greatly increase women’s freedom of mobility. Regular attendance at group meetings in their own neighborhoods, and occasional attendance at group-related events outside their own villages, helps women overcome their inhibition of stepping beyond the familiar boundary of their households. Increased physical mobility infuses women with courage and brings previously restricted public places into easy access. Indeed, earlier examples show how group members went to the local police station, hospital, army camp, and NGO office.

Domestic power is equally important in women’s transformation from being disproportionately subject to normative prohibitions to becoming agents of normative influence. To a large extent, women’s ability to participate in collective actions is contingent on their domestic power, particularly their ability to overcome household opposition to their involvement in public problems. One woman described how fellow group members confronted household opposition to their participation in an anti-liquor campaign:

One person called the other and that person called another, and in this way 200 of us got together in a matter of minutes. Many husbands tried to stop their wives from coming. But, despite that, the women came. Some women even fought with their husbands to come and join us. (Bonalolota)

Women’s participation in village council meetings is another mechanism through which membership in microfinance groups facilitates pragmatic collective actions. These semiannual meetings approve development plans and allocate state and federal budgets. Before the groups formed, villagers considered these civic forums to be exclusively male domains and the women were unaware of their equal right as citizens to participate in them. After joining microfinance groups, some women mobilized to attend these public, male-dominated forums to voice their demands for improved infrastructure and resources. In the process, groups overcame stiff male opposition to establish women’s equal right of civic engagement.

Finally, group participation enhances women’s participation in collective actions by virtue of the groups’ affiliation with NGOs. This affiliation provides legitimacy to women’s involvement in public matters beyond the family. Before the formation of the groups, many husbands stopped their wives from intervening in conflicts or problems outside the household. As one woman explained, this resistance has abated since the introduction of microfinance groups to the community:

Now the way we’ve come to know each other, all of us will jump in to help someone. But, before [the group], our husbands wouldn’t allow us to go [to help another woman by intervening in domestic conflicts]. If we wanted to go, they’d stop us and say, “Why do you need to go or say anything?” But now they won’t stop us because they know that we’ve formed a group, and if other women are going ahead, then I, too, will join them. (Saraswati)

These examples illustrate the potential for group participation to catalyze agency transformation, which is vital for facilitating women’s ability to initiate collective actions.

**DISCUSSION AND CONCLUSIONS**

This article explores how microfinance programs, with their explicit economic purpose, in some cases dramatically increase women’s potential for collective action through their variety of unintended beneficial social consequences. During the two to seven years of their existence, one third of the surveyed groups engaged in at least one episode of collective action. This illustrates microfinance groups’ potential to foster women’s social capital and normative influence. Although my research is limited to West Bengal, some cross-country studies suggest that these findings may have wider applicability to similarly structured micro-
finance programs in comparable contexts (Cassar and Wydick 2008).

Using ethnographic data, I show how several factors promote the social capital and normative influence of women who belong to microfinance groups. These factors include the economic tie, which inculcates trust and intimacy through frequent interactions; the group network, which shapes costs and benefits of sanctioning and increases the ability to organize; and group participation, which improves women's agency.

The social capital that developed among the women represents a propensity to undertake collective actions that are both mutually beneficial and altruistic. For example, several groups intervened to stop domestic violence or annul underage marriages for individuals outside the group boundary. This social capital is particularistic, though, and restricted to the specific communities where microfinance groups are located. Nevertheless, such social capital combats severe forms of gender inequity and creates an underlying interpersonal base for cooperation within a community. It is possible that women could use this social capital to further parochial interests or to suppress competing voices within the community, but my fieldwork did not uncover any such instances.

My findings show that economic ties do indeed become imbued with social content and trust (Granovetter 1985). Indeed, "focused interactions" (Turner 2000) through regular group meetings play a major role in building this social capital. The features associated with focused interactions, noted earlier, are typical of interactions among women in microfinance groups. These features are less common, though, in the personal interactions among poor, socially constrained rural women, whose interactions are usually restricted in duration, topic, and the number of individuals with whom they interact.

My findings also confirm Coleman's assertion that social capital is a byproduct of initiatives targeted at other goals (in this case, economic goals). It may be possible, however, to deliberately promote social capital by appropriately structuring formal or informal institutional arrangements and membership requirements that underpin external interventions. In other words, we can partially plan for social capital as an intended byproduct of an externally driven development intervention, rather than leave it as an unintended or fortuitous consequence. However, the nature of the appropriate arrangements will vary by context. While parental choice in public schools might be successful in creating social capital in the United States (Schneider et al. 1997), there is no guarantee that the same opportunity structure for public engagement will work in significantly different cultural contexts. Similarly, microfinance programs may not have the same effect where women already enjoy a significant degree of social freedom, are not fettered by patriarchal norms, and already possess social networks that extend beyond their kin groups. This conclusion opens up an important question regarding the mechanisms through which social capital can be fostered in culturally and socioeconomically distinct contexts.

I also emphasize the need to recognize the gender-specific nature of social capital. Studies of community-level social capital often measure the networks of male members of a community; those that examine both men and women often do not have a clear gender focus. In both cases, a number of implicit assumptions inform the analytic approach. For instance, researchers often assume that networks and their associated benefits, such as information and trust, are equally available to men and women. Second, they view the household as representing a unity of interest and assume that spouses equally share the dividends of social capital. This study forces us to reexamine these assumptions. Gender-based opposition of interests persists in some societies, perpetuated through gender-based oppression such as domestic violence and abandonment. Future research on social capital should explicitly address gender-based differences in social capital, its development, and its patterns of use. For example, do men and women undertake collective actions for the same purposes and in the same way?

For the context studied here, group-based ties are more effective than personal ties in promoting poor, rural women's capacity for collective sanctioning. Microfinance groups connect socially isolated women into social networks that are far greater in size than their personal networks. Moreover, group membership fosters solidarity through frequent interactions that require freedom of association, which is not usually available to these women. In doing so,
these groups replicate social and psychological benefits, such as intimacy and mutual identification, that are often associated with personal networks. This finding challenges Opp’s (2001) claim that personal networks are better than group-based ties at promoting intimacy and mutual identification. Purposely structured groups may also be more effective than personal networks in facilitating women’s capacity to organize, which is crucial for effectively enunciating norms and influencing the behavior of more powerful individuals.

For rural Bengali women, burdened with poverty and social restrictions, two different incentive structures promote their participation in collective sanctioning. Material/utilitarian incentives (e.g., access to credit and the opportunity to secure personal savings) effectively encourage women’s regular participation in these nonkin microfinance groups. Group participation, in turn, fosters social capital. Consistent with Knoke’s (1988) findings, utilitarian incentives prompt unwilling individuals to participate in collective action organizations. In fact, utilitarian incentives do much more than that. They have the capacity to broadly lower the barriers of gender-based social restrictions.

As for actually participating in the collective actions, I find nonmaterial incentives to be most effective. In promoting normatively oriented collective action, enhanced reputation and recognition play important roles, as does the desire to effect change for the public good. Actions that defend women from men’s abuse and neglect, particularly actions targeted to help nonmembers, highlight the altruistic aims of collective sanctioning. Public goods can thus induce participation in collective action, a finding consistent with previous studies (Knoke 1988; Muller and Opp 1986). Notably, none of the women in this study displayed a conscious perception of any potential threat for not participating in the collective actions. Therefore, I suggest that, for populations embedded in similar socioeconomic contexts, once utilitarian incentives garner participation, nonmaterial incentives and the desire to promote public goods may motivate individuals to act collectively. Utilitarian concerns do motivate more pragmatic collective actions, such as improving common infrastructure and allocating resources. However, these actions also further public goods because their benefits are not restricted to members who participate in the mobilizations or even to group members alone.

My findings show why microfinance programs are an important topic of sociological investigation. Microfinance programs are tied to larger questions about individual and market interactions and their implications for human well-being and agency. Some scholars have a skeptical view of microfinance’s potential to improve the lives of poor women in the global south. They associate economic incentives with selfish individualism, or view microfinance as a tool of women’s exploitation in a globalized capitalist economy (John 2005). This study suggests, however, that women’s membership in microfinance groups may improve their individual agency and facilitate their collective empowerment by enhancing their social capital and endowing them with normative influence. This potential often results from the expansion of weak or nonkin ties and frequent interactions, both of which facilitate women’s exposure to alternative norms, enhance their ability to organize, and inculcate trust. By revealing the unintended social benefits of economic ties, I show that they are not always antisocial or just “embedded” (Portes and Sensenbrenner 1993) in social ties as economic sociologists have demonstrated. Rather, economic ties may actually constitute or lead to social ties and may have a liberating potential by creating new structures of relationships. Accordingly, we could use these programs in more conscious ways that go beyond economic survival and promote the advancement of women.

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