

In Pursuit of Happiness: The Transformative Role of Rural Financing for Women in Nara Mughlan Village of Chakwal District in Pakistan

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Microfinance has generally been linked to women's economic empowerment. Research findings on empowerment thesis are mixed and vary in their conclusions. This study looks at the relationship between various forms of rural financing and gendered social exchanges, with a particular focus on women. Despite the associated risks, women often experience emotional benefits from their involvement in rural financing. Women in Pakistan are closely involved in major life events like childbirth, marriage, and death. To meet the needs in these situations, they obtain funds through microfinance and rotating savings and credit associations. This article endeavors to examine the influence of rural financing on women's empowerment through the lens of feminist frameworks. Descriptive ethnography was employed as a research design and data was gathered through conducting interviews with the 50 borrowers in Nara Mughlan village of District Chakwal. Findings showed that only a few women were able to employ the money by managing small-scale businesses like sewing and stitching, grocery stores, poultry and livestock management. However, they make various psychological and emotional gains by giving up their turn to other women in case of rotating savings and credit associations and proxy lending in microfinance. This perceived risk is not seen as a loss, as it brings happiness and fulfilment through social exchange.

Keywords: Rural financing, microfinance providers, women's empowerment

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In Pakistan, women have long suffered due to strong patriarchal norms (Hadi, 2017; Tarar & Pulla, 2014). Women's economic and social positions are severely impacted by the gender division of labor. Women's negotiating power has declined over time as men have increasingly gained power and influence at different stages of development, such as agriculture and industrialization. This is the prevailing viewpoint on women's empowerment that can be found in feminist scholarship. However, women have managed to survive these circumstances and have worked to build a softer space inside their own world that not only synchronizes with their caregiving at the family level, but also continues to play a crucial role in developing social ties in their surroundings.

Women in Pakistan employ a variety of methods to meet their financial demands. These are mostly offered through rotating savings and credit associations (ROSCAs), also known locally as committees, and microfinance. The organizations in developmental sector demonstrate the positive effects of credit and savings on the capacity development and income generation of women. According to Kabeer et al. (2013), several development aid organizations highlighted the benefits of their microfinance programs on the lives of low-income women. According to Ahmed and Malik (2022), women borrowers do fall into a cycle of debt, yet they continue to use it despite the risks involved. By allowing them to play their part in social exchanges, it may provide them with some emotional or psychological gratification. To explore it further, the study investigates the connection between social exchanges and rural financing based on women's needs. It also explores the social dimensions of financing (such as microfinances or ROSCAs) that result in the happiness of women. The thematic focus remained on women's empowerment through access to and control over financial resources, social exchange does occur in both systems under a wide range of conditions.

Studies have shown that microfinance can be harmful to women because micro finance providers (MFPs) may use the honor code and a feeling of shame to implement microfinance interventions that drive women to repay loans on time at the expense of domestic violence (Karim, 2011). The empowerment frameworks have associated empowerment (or lack of it) with the ROSCAs or microfinance, but they have not explored this specific phenomenon beyond that. Thus, it is essential to study it further by fusing positive psychology dimensions with empowerment frameworks.

The purpose of this study is to examine the role of rural financing in transforming social relations within households and communities. The social exchange and borrowing or financing (through

microfinance or ROSCAs) go hand in hand. While borrowing is riskier, it provides for social interactions that make women happier. This research fills a gap in the literature and is distinctive in how it describes the nonmaterial value of microfinance. It also explains about the phenomenon of proxy lending as a component of the long-standing social exchange systems in rural parts, which women are entrusted with maintaining.

Microfinance and ROSCAs

The neoliberal approach has placed more focus on microfinance programs to target poverty and gender inequity. The effects of microfinance on women have been the subject of numerous empirical studies. Some indicate a favorable effect on women's agency (Nawaz, 2019). Some studies, though, challenge these conclusions (Pitt et al., 2006; Quibria, 2012). Local cultural structures, power dynamics within the community, and interrelationships of women borrowers are not considered when discussing the background of microfinance. Since ROSCAs are unregulated financial channels, there hasn't been as much research done on how they affect women's empowerment, as compared with Microfinance. Over the past few decades, microfinance has expanded to become an international phenomenon. In terms of the microfinance revolution, South Asia is unique since millions of men and women were reached by MFPs there (Goenka & Henley, 2010).

The neoliberal notion that individualistic behavior causes poverty is the basis for microfinance initiatives. Neoliberalism's approach to eradicating poverty focuses on reaching out to the marginalized segments of the society, especially women, through microfinance initiatives. However, this puts structural reforms in the poverty reduction domain on the back burner (Feiner & Barker, 2006). Microfinance, as practiced by MFPs like Grameen Bank, was developed to protect the poor and marginalized segments of society, especially women through relying on the social collateral (Shalini et al., 2021). The social collateral provided by the collective liability of the women's self-help groups is the main basis on which loans is extended to women. Microfinance sector encompasses various approaches such as financial systems and poverty lending approaches. These two approaches are different from one another since the first is focused on commercial viability, while the second is focused on a pro-poor agenda. The financial systems approach had an impact on Robinson's (2001) foundational work on microfinance, who is a key proponents of lending money to those who are economically active.

Women's Empowerment

According to [Batliwala \(2007\)](#), empowerment was first used in the development literature in the 1980s. Recognizing that there exist power inequalities that may be overcome by addressing the causes of inequality, the notion of empowerment was modified from structural change to reduce inequality ([Kabeer, 1999](#); [Rowlands, 1997](#)). [Batliwala \(1994\)](#) connected empowerment with challenging power relations and defined power as control over material and nonmaterial resources. Power relations are described as having power within, power with, power to, and power over components by [Rowlands \(1997\)](#). As a result, empowerment means exercising control over resources, both material and intangible ([Batliwala, 1994](#); [Cornwall, 2016](#); [Sen, 1999](#)). The literature suggests that different women may experience empowerment in different ways. According to [Cornwall \(2016\)](#), not all women are equally empowered, and eventually women may become disempowered. The many stages of life are comparable in that, depending on the stage of a woman's life, an empowering event can have a variety of effects. [Kabeer's \(1999\)](#) concept of development in terms of assets and agency was adopted by the World Bank, however, it solely focused on asset ownership and overlooked relational empowerment during the process ([Alsop & Heinsohn, 2005](#); [Cornwall, 2016](#)). As a development intervention, microfinance programs have increasingly utilized the term empowerment to emphasize advantages, notably the economic impacts on the lives of female borrowers. The fundamental tenet of the microfinance program is that it will produce several "spirals of change," which will enhance women's well-being and alter their social status within the home. However, [Mayoux \(2002\)](#) and [Kabeer \(1999\)](#) both call for caution when considering microfinance as a general answer and argue for the contextualization of such programs in order to empower women.

The empowerment thesis has also been challenged by research, which demonstrates that women are commonly trapped in a debt cycle. Due to this debt cycle, there are little opportunities for empowerment because it doesn't really challenge the balance of power in the household ([Ahmed & Malik, 2022](#)). [Karim's \(2011\)](#) groundbreaking work in Bangladesh demonstrates that microfinance institutions use the tactics of shame and the honor code to extend microfinance to women. They grew exhausted by the several debt cycles that caused domestic violence. Therefore, microfinance institutions place the same women whom these institutions are supposed to support in a risky position ([Karim, 2011](#)). Success in microfinance does not always translate into a change in the power

dynamics in households, which still favor men over women (Kabeer, 1999) and emphasize the privileged position of men in the household who benefit from any microfinance intervention, regardless of whether the loan is taken out by a woman or a man. Batliwala (1994) argues that it's critical to question power relations while also empowering people. Additionally, Kabeer (1999) and Rowlands (1997) address the issues of resolving the causes of inequality and gaining control over the sources of power.

Social Capital and Social Exchange

Bourdieu (1972) developed the social capital theory which has been built upon by Putnam (2001), in explaining the social capital. According to Bourdieu (1972), it is seen as a class society with a strong network of relationships. Putnam (2001) reaches the level of trust, norms, and networks, which is also closer to the solidarity borrowing group in microfinance and ballot committees. Social capital is the capacity of a person to establish relationships, form networks, and make use of these networks in useful ways. Social capital is promoted since it is built on local cultures and reciprocal norms. It can, therefore, be distinguished from legal frameworks (Lopez-Rodriguez et al., 2000). Social capital also supports and promotes cooperation and collaboration. Women employ what Kabeer (1999) declared as backstage influence to guide their daily decisions. This is accomplished through acting and making decisions that do not violate long-standing patriarchal standards. Through this informal route, women have been exercising their choices in the decision-making space offered at the household level. Microfinance should be seen as a process rather than a finish line because it is a dynamic phenomenon, as Cornwall (2016) explains.

The neo-liberal school of thought links successes in terms of material benefits. As a result, economic empowerment came to be increasingly associated with empowerment. However, women's empowerment can also be viewed in the perspective of their age-old coping strategies, interpersonal relationships, and participation in social interactions. This can be seen in the framework of positive psychology, which emphasizes positive experiences, optimism, contentment, and resilience, according to Peterson (2008), and focuses on strengths rather than weaknesses. As attention in the mainstream psychology shifted away from the positive features of social connections, welfare, and thriving and toward the negative aspects that can lead to depression and anxiety, which, if they persist, could become a way of life, the positive psychology evolved (Seligman, 2011). Hence, the requirement is to adopt a positive bias and alter

individual's viewpoint (Seligman et al., 2005). The advocates of positive psychology further dissociate happiness from attaining wealth (Aknin et al., 2009). The social exchange can also be regarded in the perspective of favors received in return, which makes people happy (Dunn et al., 2008; Layous et al., 2012), and which, according to Kjerulf (2016, January 18), gives society the required cohesiveness and gives people's lives meaning. Peterson (2008) describes most people as resilient beings who, through little acts of empathy, connect with one another and find happiness in their lives.

Rationale of the Study in Theoretical Context

The research was done from a feminist perspective. Two of the feminist empowerment frameworks by Kabeer (1999) and Mayoux (2002) have been employed to look into the dynamics of gender-power in rural financing (microfinance and ROSCAs), especially related to the social exchange. We have opted to focus on Kabeer's (1999) agency, resource, and achievements framework and Mayoux's (2002) three-paradigm framework due to their comprehensive coverage of gender and empowerment dimensions, which are often included in other frameworks as well. Kabeer's (1999) framework of agency, resources, and achievements was considered in this research to assess empowerment. According to Kabeer (1999), empowerment is the process of gaining the ability to make strategic choices in life for those who have been deprived of such opportunities. Resources encompass access to material, human, and social resources, while agency pertains to the capacity to participate, negotiate, and influence decision-making regarding life choices. Achievements refer to the outcomes derived from making meaningful choices.

Furthermore, this research drew inspiration from Mayoux's (2002) seminal work on gender, empowerment, and microfinance. Mayoux (2002) approached empowerment within the context of economic empowerment, improved well-being, and social and political empowerment. The fundamental assumption of the economic empowerment paradigm is that when women have access to and control over credit and savings, there is a higher likelihood that these resources will be utilized for the well-being of women and their families. Thus, any investment in microfinance programs implies not only improved household well-being but also the potential for women and their families to break free from poverty.

In the current study, ethnographic research is chosen because it offers a more comprehensive understanding of a phenomenon and is more consistent with how individuals are accustomed to handling everyday issues. The data collected through descriptive ethnography

was rich in detail and context, providing a comprehensive understanding of the social and cultural factors that influence the utilization of ROSCAs and microfinance in rural communities. By adopting this approach, we were able to undertake a holistic exploration of the social and cultural dimensions of rural financing and women's empowerment, allowing for a deeper understanding of the intricate dynamics at play within these domains.

Method

The research design employed in this study is descriptive ethnography. By utilizing descriptive ethnography, we were able to immerse ourselves in the field, collecting detailed qualitative data that allowed for an exploration of the experiences, perspectives, and practices of women borrowers in the context of rural financing through ROSCAs and microfinance, as well as women's empowerment. Using primary data from a year-long field study conducted in 2021 in Nara Mughlan, a small village in rural Chakwal, Pakistan, this research explored microfinance and empowerment.

Sample

Qualitative data for the study was collected by conducting interviews and engaging in conversations with the 50 borrowers (45 women and five men) from Nara Mughlan, a small village in rural Chakwal in 2021 as part of one-year ethnographic research. The participants were chosen through a snowball sampling method, where initial participants referred us to other potential participants. Consequently, the study sought to capture the viewpoints of both women and men in the study area. Therefore, the inclusion of male perspectives regarding women's empowerment through rural financing is considered crucial. The participants' age ranged from 22 to 55 years old, with an average age of 39 years. The majority (90%) of those interviewed were married. The number of children in their households varied from one to eight, with an average of three children. About one-third of the participants had not received any formal education, while another one-third had completed primary school (up to 5th grade), and the remaining one-third had completed their matriculation (up to 10th grade). Only two participants had completed 12th grade, and one-woman participant had achieved a master's degree.

Procedure

To ensure the protection of identities and adherence to ethical standards, pseudonyms were utilized instead of real names. While

participants granted permission for their comments to be published, the use of pseudonyms was implemented to guarantee anonymity, particularly considering that the majority of the participants actively engage in microfinance.

To make sure the research methods were reliable, participant observation was used at multiple levels, along with unstructured interviews with the borrowers. Our approach involved establishing rapport with the participants and engaging in participant observation. This entailed actively observing and participating in the daily activities of the community, providing us with valuable insights into the dynamics of financial practices and decision-making processes. The purpose of these interviews was to obtain in-depth insights into their perspectives, beliefs, and experiences regarding borrowing, financial decision-making, and the socio-economic factors that shape their context.

The interview guide was utilized to conduct interviews with male and female borrowers in the study area. It included questions such as, "Were you able to decide at your own on how to spend the credit amount? Did you face any restriction in spending according to your wishes? What were those restrictions?" Additionally, questions like, "Did you feel any change in your status within your family as a result of credit? What kind of change?" were asked.

Multiple interviews were conducted with the borrowers, spanning across several sessions with varying durations. Detailed notes were taken during each interview, which were subsequently transcribed into a computer word file, capturing the insights shared during the individual interviews. The gathered data provides a rich qualitative understanding of their experiences and sheds light on the complexities of their financial practices.

Analysis

A thematic analysis approach was utilized to identify common themes and patterns across the interviews. This involved organizing the data into meaningful themes and sub-themes that emerged from the participants' responses. We maintained a reflective stance throughout the analysis process, acknowledging researchers' own biases and assumptions. We also employed triangulation by comparing the data with existing literature. The qualitative data were summarized and interpreted, with participants' quotations used to provide a rich and nuanced understanding of their experiences. To guarantee ethical consideration, all respondent identities have been removed from the study and instead pseudonyms have been used.

Results

Nara Mughlan, located on the Potohar plateau, is a small village situated approximately 40 km from Chakwal city. The village comprises three neighboring villages (Nara, Mughlan, and Khanqah) and two hamlets (Dhok Rajian and Dhok Surkhroo), primarily based on kinship ties. The area is home to 630 households and population of Nara Mughlan consists of three main castes: Mirza Mughal, Janjua Rajput, and Awan.

A significant number of women in the village are stay-at-home, and among those engaged in some form of work, sewing is the most common occupation. The formal sector employs very few women, while the informal sector provides some opportunities. Women are involved in sewing and handicrafts; cleaning and school assistance; as well as work in the education and health sectors. Meanwhile, most men work in the armed forces or seek employment outside the village, often in other cities or countries. Nara Mughlan is characterized by a young population, a high proportion of elderly residents, and a significant number of women due to the absence of many young men who have left for work elsewhere.

The village features several small shops, some of which are run by women. However, there are differences in the way men and women operate their businesses. While men tend to establish shops away from their homes, women typically run shops inside their homes. In the past, only a few women from Nara Mughlan worked as teachers, but now there are several educated girls from the area teaching in private or public schools. Additionally, some girls choose professions in nursing and medicine.

The lack of access to an underground water source is a major issue in Nara Mughlan. Summers are particularly challenging, with soaring temperatures causing most wells in the village to dry up. The water in households has been brackish for many years, and locals rely on water tankers for their water supply. Like many other parts of rural Potohar, Nara Mughlan follows a joint family system that is paternally structured and patriarchal in nature, with key decisions made by male elders in the family.

Women in the study area of Nara Mughlan raise most of the funds for their needs through the ROSCAs and microfinance. In contrast to microfinance borrowing, which gives additional cash that must be repaid at the completion of the agreed-upon term, the ROSCA method demands mandatory savings. Additionally, money can be borrowed through proxy accounts, where it is used by third parties, typically the husband's family, friends, and acquaintances. Male

participants predominantly emphasized the practice of using loans under someone else's name for personal or community purposes. They also expressed the belief that women had received the majority of small loans in recent years. According to them, to secure loan approval, they had no choice but to involve women from their families since most Microfinance Institutions (MFIs) preferred women as loan recipients. The few men who obtained loans in their own names had diverse uses, some for-family needs and others for business purposes. Additionally, the interviewees mentioned that MFIs often required them to act as guarantors for women from their family or neighborhood. It seemed common for women to seek their husbands' consent before obtaining loans due to the association with family honor.

The saving initiatives through ROSCAs and the microfinance phenomenon are both covered in detail in the sections that follow.

Rotating Savings and Credit Associations (ROSCAs)

In the study area, multiple committees comprised of various groups of women exist. These have more than 5 members, and each of them contributes between Rs. 500 and Rs. 5,000 every month. These ROSCAs, also referred to as "Ballot Committees," or a "Committee" are a loosely organized system in which one of the participants is responsible for collecting money from every other participant and disbursing the entire collected amount on monthly basis. As a result, a committee member borrows money from the group and repays it over time with no interest or processing charges. When they most need it, women can benefit from it the most. The Committee's members must be able to pay their obligations for the duration of the ROSCAs and cooperate with one another.

Women are primarily found participating in ballot committees that pool a certain amount each month. A member is eligible to take the entire pot each month. Traditional required saving methods like the committee system are built on mutuality-based networking and trust. No unpleasant or negative incidents were reported about the committees set up in the study area. According to women from Nara Mughlan, they highly valued the committee system since it motivates them to save more money and gives them a way to cover expenses for which their regular monthly income is insufficient. "Munizeh", a local grocery store owner shared the following:

We have women participating in many committees, I have not heard of any fraud, so far. We trust on each other, and people would think twice before even thinking of any

mischief. We know them and they know us. Through committee I can purchase those household items, which I can never do otherwise with our own income.

The ROSCA or committee does not require financial collateral, in contrast to traditional banking, or individual lending under microfinance. Instead, social collateral based on the connections among the group members is needed. Under the committee system, there was no indication of wrongdoing, no money was misplaced, and no one skipped any of the remaining payments.

ROSCA as a Resource Pool

Most women in Nara Mughlan had been part of the committees. These range between PKR 1,000 to 5,000 a month. Women regard committee money as their savings and claim control over it. Even if the monthly instalments have been paid from the household income, men have no reservations about doing so. Committees or common pools have long served as a means of financial inclusion for the less privileged, even before the emergence of microfinance as a structured form of financing. Munizeh added the following, "People still have reservations about microfinance, particularly interest-based borrowing, but committees are popular. The committee includes everyone we know in our village."

Only a small percentage of women hold bank accounts, which provide a formal savings channel. As a result, in the study area, ballot committees are the only alternative to conventional savings channels. Because money is drawn in advance through borrowing channels such as microfinance, all planning is focused on spending rather than saving. The necessary saving for the ballot committee, on the other hand, continues for the length of the committee.

ROSCAs and the Social Exchange

If a woman urgently needs the money for a hospitalisation or medical expense, son or daughter's wedding, or a necessity for a close relative, other women switch turns. To draw the pot, women organise monthly balloting. There is no formal agreement between the members, and all financial matters are handled informally. It gains a sense of belonging and community as a result.

Munizeh is also a member of a ROSCA with a monthly contribution of Rs. 5,000 to manage the risk. She explained:

I've been a member of the committee for a long time, and this suits my needs perfectly. We usually decide how we will

distribute money by the next turn at the start of a committee. However, if a woman has an immediate need, we always allow her to take the committee amount.

Munizeh's story exemplifies how women are so socially connected that they are willing to forego their own turn to help someone else who is in need.

Microfinance and Its Utilization

There are 13 Microfinance Providers in Chakwal, of them three operate in the study area, that is, Akhuwat, Kashf, and National Rural Support Program (NRSP). Most women in Nara Mughlan have taken out loans from these three MFPs.

Most Nara Mughlan women have taken out loans for personal reasons, for their husbands' usage, or for other women in the family or neighborhood. Women were required to provide a good justification for taking out the loan to do so. They needed to demonstrate to the MFP that they had a business plan for generating income. Purchase of livestock or a sewing machine are two of the most common and convincing choices in the neighborhood. However, this is just for the paperwork; they had other things on their minds.

Women's Choice Whether to Employ Rural Financing

"Nazneen" is a strong supporter of the ROSCA or committee system. She has been in-charge of the committee since 2018. She presently serves on two committees. One of the committee members works with associates at the school level. She explained what was happening:

It's a lot better [the committee system]. If I had the choice, I would choose the committee over MFP's interest-free loan. The Committee does not charge a fee. People in our neighbourhood prefer MFP, and I believe that MFP loans [with interest] are becoming less popular.

She provided several reasons for why women take out loans, but none of them had anything to do with using the money in a productive way. Completely contrary, these are meant for personal use. She disclosed the following:

Women in our neighbourhood are enthusiastic about purchasing new furniture and other items for their homes. These can be purchased with a credit line. Money is arranged through microfinance when it is time to return. Then there are

weddings, which require people to spend money in order to show off their wealth. The same is true in the case of deaths, where the deceased's family must prepare for the meals of those who have come to console the bereaved family.

This shows a decreased preference for and propensity to spend the borrowed funds for productive objectives. Most of the loans is utilized for nonvalue added activities.

Without any help from her husband, Nazneen is responsible for running her household alone. Her husband spends much of his time away from home due to their long-distance relationship, allowing her to take care of her children and other domestic duties by herself. She still is not able to ascribe her contribution to the household budget. She revealed the following:

My husband continues to insist that we have been living off his salary. I keep my mouth shut. What should I say to him? He is the father of my children and the man of the house. So, if he says that, let him express what he believes is correct.

To cover her necessities, she took out several loans. She has taken out loans ranging from Rs. 15,000 to Rs. 40,000 from two of the three MFPs. She made use of it to repair and fix things around her house.

Although Nazneen thought that women's mobility had increased, she also thought that this was due to the need for a house. She claims that even in the worst-case scenarios, if the husband finds out that his wife has taken out a loan, he won't be upset because money is coming into his home. This is what she revealed, "If a woman takes out a loan without her husband's permission. He doesn't mind because he believes he will be the one to benefit from the loan in the end."

According to the findings, even though many women have access to microfinance, they have little say in how it is applied. If their husbands do not approve, they cannot utilise it. Compared to women who have access to microfinance via MFP, women who have access to the ROSCAs have more freedom in how they use it. Women had also left themselves out when discussing the health of their husbands, children, and in-laws.

Thus, despite having access to the money provided by the MFPs, many women lacked discretion over how to spend the funds. These funds were frequently spent on nonvalue added activities and made only a little direct contribution to asset growth. As a result, borrowers end up in loan cycles or debt traps.

Microfinance and the Transition From Dis-empowered to Empowered Women

In Nara Mughlan, most of the women had great credit history, which meant they had never missed a payment and had no current obligations. There were a few exceptions to this, and everyone in the community knew about them, but there is a price to pay. They encounter challenging circumstances, particularly when it comes time to repay the loan instalments. "Mahwish" one of the study participants, indicated that to pay back the instalment, she had to continually set aside money from the household budget. This has a bad effect on the family, particularly children. Mahwish continued by saying they are taking additional precautions to repay the loan because they are concerned, they could not be approved for one in the future.

In Nara Mughlan, women frequently distinguished between tactical and strategic demands. Individuals, families, communities, and markets are all involved in the decision-making process. A woman thoroughly weighs her options before deciding while making a strategic decision. Daily contradiction between deeds and compromises exists from a practical perspective. This describes a typical day for a woman. A woman is more likely to choose not to violate social conventions and succeed in the current environment if doing so does not further her strategic goals.

Munizeh used microfinance for productive uses. She manages her little grocery shop. She took out a loan to buy extra supplies for the shop. Additionally, she had already obtained two loans of Rs. 40,000 each. Her ensuing description shows how she used traditional methods to deal with the issue Munizeh was facing, but it also emphasizes how urgently women like her need training sessions. Munizeh records each day's business at her shop. She lacks the knowledge necessary to read or write, but she can use her phone to do the math. This has given her the courage to request that the buyer write the price next to their name on the register. Most everyday items, including groceries, are bought using credit. The daily account is revised and cleared at the start of each month. Thus, the cycle keeps going from month to month. She not only makes the supplies for her on credit, but she also sells the things on credit. Most of her bulk items are delivered each week on credit.

Because they live in a joint family, her husband's earnings are given to his mother. So, at the end of the day, Munizeh would have whatever she could make from her shop. She revealed the following:

I know that I have to earn, so my children could have good life. Because of this, my husband is further relieved, and he pays all the earnings to his mother from the crops or from the livestock rearing. I am not sure whether my earning has resulted in this. I sometime think, would it be the same if I would not have this shop?

“Fareena” has been managing her house on her own. Her husband, a driver in Lahore, visits her there once or twice a month. She faced the repercussions of defaulting on a loan due to another woman borrowing on her behalf, resulting in the MFP staff prohibiting her from accessing future loans. As a result of this default case in the village, she discovered that she would no longer be able to access funds from any microfinance provider in her own name. She no longer has the power to withdraw cash as needed, but she can still do so with the help of another person's Identity. This seems to be difficult in the near term, though. She might apply for a loan from a microlender. She shared the following:

Due to the incident in our village, representatives from the MFP informed me that I would no longer be allowed to borrow from any of the organisations. This has caused me a great deal of distress. I'm at a loss for what to do to restore my status.

Likewise, when decision-making authority in one aspect increases, empowerment on all levels is not always ensured. Therefore, it is not just the economic elements that need to be modified to achieve empowerment, particularly in terms of strategic power gains. However, they might help in addressing the practical demands of women.

It was established through interviews of women from the study area that there was a cost associated with their independence; in the cases of Munizeh and “Aina”, the trade-off was their relationship with their husband and in-laws, while in Aina's case it was her relationship with her husband. When they interacted in public, each of them felt empowered, but at home and in the private realm, they felt disempowered. Therefore, the transition will be more personal or private in nature rather than in the larger context unless other variables such as community-based initiatives, social movements, governmental acts, and collective borrowing through community mobilisation achieve structural changes.

Social Exchange Through Rural Financing

The women from the study area were familiar with one another's troubles, struggles, and family and work-related problems like a large

family. While men participate in the trade by lending money and aiding those in need, it is women who have taken it upon themselves to carry the load of the entire community. The happiness of children, which men's money can only barely afford to provide for, is something that women fight for and strain to provide for, and they even help with household expenses. A growing number of women were observed participating in proxy lending. Instead of using credit for their own gain, they used it to assist others. "Sundus", a school assistant from the study area, has borrowed multiple times but has not really used it for herself. She revealed the following:

I've borrowed money several times. I've only used the loan once for personal reasons. I've always taken out loans for other people who were in need and couldn't receive a loan in their own name, either because of past-due payments or because they couldn't borrow in their own name.

The proxy lending comes at a price, which in one case the entire community had to pay. Up until that fateful day in 2021, when the MFP's staff visited the village and demanded that "Fareena" pay the past-due instalments, Fareena, a married woman from a nearby hamlet to the village Nara Mughlan, had been doing well as a happy-go-lucky Microfinance client. However, it was another woman, "Sanam", who requested Fareena to act as a proxy on her behalf after being unable to secure funds from the Microfinance providers, and not Fareena, who used the loan. Despite being warned, Fareena agreed to act as the loan's proxy and had the loan approved in her name, but Sanam was the loan's true beneficiary.

The dispute between Sanam, the proxy borrower, and the microfinance organization was something that neither the people of Nara Mughlan nor the nearby hamlets had ever seen before. Fareena said the following:

Our village was visited by the team. This has posed a significant challenge for me. Everyone in the village found out about what had happened to us. People were intrigued, and they began to flood in, asking various questions. I felt humiliated. I had no idea what I had done wrong until they informed us. They seized our identity cards and informed us that we would not be able to borrow from them again.

The concerned MFP team forbade Sanam and Fareena from borrowing money from any microlender. It is surprising that people from the study area can only recall a small number of instances because the old social structure is gradually giving way to contemporary capitalist systems, where money lent to an individual is

intended to serve that individual and is not transferred as part of the traditional system of exchange in rural settings. “Zubi” borrowed money from two different MFPs. The first loan was for a distant cousin, while the second loan was for the use of her married daughter. Her daughter makes the payment on her behalf. She told me that she doesn't need a loan for herself and doesn't think borrowing is a wise decision. Zubi revealed:

My husband was retired from the Army. I've been in-charge of the household since his death. We cultivate wheat on 100 canals of agricultural land that I own. I get 14 grain *maunds* (a unit of weight, approximately equals 40 Kilograms). It is sufficient for our house. I don't think I'll ever take out a loan for myself. Life isn't always straightforward, but it all boils down to how we make the most of what we have. I used to teach the *Al-Quran* to the children of our village. However, after my husband's passing, I've been taking my classes on a regular basis.

“Aina” has been a Lady Health Worker for the last 19 years. Soon after her marriage, she started sewing after learning that her husband had no steady job or reliable source of income. She married her cousin. Aina has a daughter and two sons. She did a great job of bringing up and educating her children. She serves as the only provider for the family.

Aina first took out a loan to assist her husband in buying a motorcycle. The remainder of the money was once again borrowed from the MFP when he sold it to rent a shop. Later, Aina would be required to pay the nephew of her husband. So, she took out another loan from the MPF. She remarked, “I had a practice of borrowing money for my husband or his family. Even yet, I'm the one who gets blamed whenever we have a fight at home.”

There are additional categories of potential borrowers in Nara Mughlan. Borrowers only utilize it to assist others rather than for themselves. Borrowers take out loans for themselves as well as for other people. Those who utilize it for both personal and business objectives, as well as who utilize the proxy loans of others to satisfy their own requirements.

Another respondent named “Sahiba” took out loan of Rs. 30,000 from the MFP. Instead of taking the money for herself, she drew it for Yameena, a distant relative. The following was what Sahiba had to say:

Yameena needed the money to buy the Uninterruptible Power Supply system for her house. She didn't have enough money to cover the expenses. She asked around and discovered that several of the other women had already taken out loans for themselves and others. I didn't have any loans in my name, so I chose to take a loan from the MFP, which now offers loans in our village.

Proxy loan is not always a safe thing. Fareena, was one of the two women who borrowed money for Sanam, but was unable to repay it in time, leading to her failure. Fareena was prevented from obtaining a loan from any bank or MFP as a result of it, which not only forced the MFP to stop lending to the entire community. The villagers are particularly afraid of this since it is an extremely powerful tool in the hands of MFPs. This is what Fareena shared:

In my entire life, I have never seen anything like that. I've never heard of such an incident. I still can't believe something like this could have happened to me, to all of us in our own village. We were a large extended family who took satisfaction in helping one another. I don't think I'll ever be able to assist anyone now. I'm no longer able to take out a loan.

Findings of this study show that despite the risks involved, women tend to benefit emotionally from rural financing, through social interactions and exchange.

Discussion

Access to resources and agency, which are key components of empowerment, may not always favor women and can even lead to disempowerment. According to [Kabeer \(1999\)](#), decision-making processes can be disempowering and restrictive, constraining a woman's ability to make choices in life. Munizeh's decision to run her shop empowers her in terms of earning potential. However, it also poses challenges in terms of fitting into social and familial relationships, especially within her own family, which can be seen as a source of disempowerment.

[Mayoux \(2002\)](#) establishes a connection between women's economic empowerment and their discretion in utilizing microfinance funds. However, field findings indicate that these borrowings do not result in the accumulation of assets or savings. Instead, the borrowed money is predominantly used to meet immediate consumption-related expenses. Consequently, by the end of a borrowing cycle, women

have no savings or assets attributable to microfinance. They have already utilized the funds to address urgent household needs and will now repay the loan using various sources of income, such as their husband's salary or pension.

In Nara Mughlan, both men and women aspire to upgrade their homes from adobe or semi-brick structures to brick and mortar. However, the limited availability of cash flow poses a challenge. Microfinance providers play a crucial role in bridging this financial gap. Nonetheless, men continue to act as gatekeepers in financial matters, and women encounter difficulties in spending microfinance funds without involving their male relatives.

The findings corroborate the significant assumptions put forward by [Mayoux \(2002\)](#). This research unveiled those men predominantly reaped the advantages of these loans. While numerous women obtained loans on behalf of their husbands or other family members, they bore the responsibility of loan repayment. Women play a vital role in significant life events, such as childbirth, marriage, and death, which involve financial obligations. To meet these expenses, women often resort to borrowing from various sources, including microfinance providers. This places an additional burden on women. Although reports of domestic violence were limited, women borrowers have expressed feeling pressured by their husbands to borrow money for their own needs.

The findings also unveiled that despite having access to microfinance, many women lack control over its utilization. They are unable to utilize the funds unless their husbands provide consent. Moreover, the research demonstrated that women who have access to ROSCA committees have more autonomy and discretion in determining the use of funds compared to those who solely rely on microfinance.

The common assumption that access to loans would automatically empower women and give them greater control over their finances and decision-making has not been realized. Without microfinance providers addressing the gender-power dynamics at the household and societal levels, it becomes difficult to establish a direct link between women's empowerment and microfinance interventions.

According to [Alsop and Heinsohn \(2005\)](#), cultural constraints often perpetuate the disempowerment of women, as highlighted by [Kabeer \(1999\)](#). Women, influenced by their inferior societal status, tend to internalize these norms and make choices that reinforce their subordinate position, as discussed by [Alsop and Heinsohn \(2005\)](#). Hence, the findings of this study align with the perspective of [Alsop](#)

and Heinsohn (2005) that access to microfinance programs alone does not guarantee empowerment for the recipients. Empowerment is a contextual and relative concept, rather than an absolute state. While one borrower or group of borrowers may experience empowerment based on their current social position, another borrower or group of borrowers may not feel empowered despite having complete access to the loans.

The impact of microfinance on shifting household power dynamics, which predominantly favor men over women (Kabeer, 1999), is not always evident despite the success of microfinance interventions (Pitt & Khandker, 1998). Kabeer (1999) emphasizes that man, regardless of whether the loan is taken out by a woman or a man, still hold a privileged position within the household and benefit from microfinance initiatives. The affiliation of women with microfinance has limited influence on existing power structures. Even women who experience greater economic empowerment through their earnings are equally vulnerable to domestic abuse as those who do not earn. In cases where husbands are frequently absent and have limited involvement in family affairs, women have more control over funds allocated for house construction and renovation. However, when husbands are present, it is usually the husbands who determine the allocation of funds obtained from microfinance institutions, even if the loans are in women's names.

Rowlands' (1997) conceptualization of power within, power with, power to, and power over in the context of microfinance and women's empowerment provides valuable insights for understanding empowerment in the study area. The notion of power within is evident at a personal level, as women borrowers recognize their ability to obtain loans based on their credit history. They consciously choose not to default on their payments, as they do not want to lose their sense of control. It is remarkable to witness a collective commitment within the community to repay loans on time. However, if a woman fails to meet the repayment terms and conditions set by the microfinance provider, the community responds by equating honor with timely repayment and stigmatizing the defaulter as dishonorable. They also refrain from mediating in disputes between the organization and the defaulter, thereby marginalizing the individual.

Batliwala (1994) and Cornwall (2016) define empowerment as encompassing control over both material and intangible resources. In the case of the borrowers in this study, they possessed nonmaterial resources such as a favorable credit history and the ability to engage in credit swaps, proxy loans, and personal borrowing and lending at an individual level. They had agency in determining how these

nonmaterial resources were utilized. On the other hand, women had access to material resources in the form of funds obtained from microfinance providers, but they did not have full ownership or control over these resources.

The present study has uncovered a significant finding concerning the personal fulfilment experienced through proxy lending to other women. Women share close relationships, fostering a tightly knit community. Visits among women in their homes establish a robust informal communication network. Women in the study area actively engage in proxy lending, borrowing money on behalf of others who are unable to secure loans themselves. This practice stems from the village's strong social structure and the willingness of women to assist one another. However, it carries risks, as exemplified by the case of women where default had consequences for the entire community. Many women in Nara Mughlan utilize loans not primarily for income generation, but to foster social interaction.

The narratives of women offer valuable insights into their unique experiences with borrowing and lending. These accounts reflect a range of motivations, including supporting others, meeting family needs, and grappling with the consequences of default. The findings further indicate that rural financing, despite its inherent risks, yields benefit for women within the context of gendered social interactions prevalent in their social and cultural environment. Despite the inherent risks involved, these women find fulfilment in their role of providing support to other women and families.

Limitations and Suggestions

There are few potential limitations such as this research does not purport to be entirely free of individualistic behavior, it does place more emphasis on social relationships and collective social behavior. To examine the effects of emotional gains and happiness on scale, the study did not use specific scale-based measurements. It provides a general sense of these gains, which are primarily done in the context of empowerment frameworks. The study does not provide the generalized results because it draws results on a small sample of male and female respondents from Chakwal. Therefore, it is recommended that future studies would attempt to investigate the similar phenomenon in other villages of Pakistan to capture the interplay of social and geographical factors in inculcating sense of empowerment among rural women.

Conclusion and Implications

The results of this study support the assertion that participation in microfinance programs does not automatically confer empowerment on the recipient (Ahmed & Malik, 2022; Alsop & Heinsohn, 2005). A dynamic concept, empowerment is associated with relative rather than absolute status. Microfinance programs in Nara Mughlan have not been able to completely change the power dynamics and cannot be fully credited to women's empowerment. On the other hand, through proxy lending, social exchange, and substituting own turn for someone else's need, not only does it make women happy, but it also gives their families, friends, and neighbors a useful tool to use when they are in need.

When women bargain among themselves, form alliances with one another, and borrow money from others for their own or other reasons, it promotes a sense of reciprocity. So, there are formal arrangement between the MFP and the borrower. And at the same time, informal arrangement occurs among the borrowers in the community to permit the usage of proxy loans. Similarly, in ROSCAs, the women give in their own turn, in monthly balloting, if other women require money. Women's decision-making at the household level does not differ significantly despite their financial contributions. They do not view the loss of a ROSCA turn or the considerable risk of proxy MFP borrowing as a loss because it results in a gain in social interaction that makes them happy and gives them a sense of achievement. The researchers suggest further exploration of the positive psychology framework in addition to the feminist framework of women's empowerment, employed in the present study as its theoretical basis. To understand a behavior in terms of happiness and contentment, the positive psychology dimension can be helpful to examine how social interactions affect individuals (Dillard et al., 2009; Peterson, 2008). This field is constantly evolving and dynamic (Wong et al., 2012), presenting an opportunity for further research to intersect with feminist empowerment frameworks. The transition towards empowerment may be more personal or private unless there are other factors such as community-based initiatives, social movements, governmental actions, and collective borrowing through community mobilization that bring about structural changes. As a policy implication, the study underscores the importance of considering cultural norms, women's agency, and alternative financial mechanisms, such as ROSCAs, for achieving meaningful economic empowerment.

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