

**Islamic Microfinance and the Empowerment of Women:**

**Female Borrowers Use of Funds Directly**

**Vs. Through Husband**

**A Case Study of Akhuwat Foundation**

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## **Abstract**

This study initially looks at the various banking systems and the role that Islamic Microfinance has played in empowering women. Microfinance is a well recognized tool for poverty alleviation in third world countries (Gupta, 2011). There have been many studies on microfinance and its effect on women's empowerment. But there is still no conclusive evidence on how it has positively influenced women's decision making in their multiple roles. Also very little is known about the impact of Islamic Microfinance, as a new and emerging credit product for the poor.

The present research explores the differences between conventional Microfinance and Islamic Microfinance through the work of Akhuwat Foundation, in a subset of its borrowers in one of its branches in Rawalpindi, Pakistan. One hundred women borrowers residing in a low income part of Rawalpindi were interviewed over a period of three months in 2012. This research also undertakes a comparative analysis of the female borrowers, who invested the loan in an income generating activity and those who gave the funds to their husband to start an income generating activity. The research questions were what, if any is the difference between the material condition of female borrowers who use the loan themselves, and female borrowers who give the loan to their husbands, and finally how access to credit contributes to the empowerment of female borrowers.

The findings indicated that women who used the loan themselves were more empowered as compared to women who are not using the loan themselves, in terms of spending money on household expenditure, on health and education of their children. It was observed that microfinance did not have any impact on the mobility, and level of awareness of women. Age is an important factor for women's mobility. Women who were younger were restricted to their homes whether they generated an income or not. But the women who were older were more

independent to go out of their homes from time to time. Access to credit cannot be assumed to lead to empowerment for women, unless it is accompanied by a process of conscientization which involves the creation of awareness of legal and social rights among the borrowers. While this study is limited to a small proportion of borrowers, it does highlight some of the issues for policy makers such as the purpose of credit and whether it is only to improve the material condition of women and the poor, or also to improve their position and status in society.

## Dedications

This thesis is dedicated to

### **"My Parents"**

Who are the most precious gems of my life. They not only supported me in every step of life but gave me the confidence to develop my abilities. My parent's sustained hope in me has made me what I am today.

Then I would like to dedicate my work to my siblings Farhan, Bushra and Zubia whose love and care is priceless for me. They always remained by my side in every difficult moment, also to my husband Kamran Shahzad and to my children Nabiya and Zain.

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## **List of Abbreviations:**

**AF:** Akhuwat Foundation

**AKRSP:** Agha Khan Rural Support Program

**BOK:** Bank of Khyber

**FWBL:** Fist Women Bank Limited

**IMFIs:** Islamic Microfinance Institutions

**KB:** Kashf Bank

**KF:** Kashf Foundation

**MF:** Micro Finance

**MFIs:** Micro Finance Institutions

**MFBs:** Microfinance Banks

**NBP:** National Bank of Pakistan

**OPP:** Orangi Pilot Project

**PMN:** Pakistan Microfinance Network

**PPAF:** Pakistan Poverty Alleviation Fund

**PSLM:** Pakistan social and living standards measurement survey

**RSPs:** Rural Support Programs

**ZTB:** Zarai Tarakiati Bank Limited

## Chapter 1

### Introduction & Literature Review

Micro credit or small loans is offered to the poor for self-employment as it may make people self-sufficient and enable them to move out of poverty. Microfinance in contrast is not just limited to loans but offers a range of services, which includes micro credit, micro insurance, micro savings and remittances etc (Wasti, 2013). Microcredit and Microfinance which are often used interchangeably are two different terms, having different implications for the poor.

The poor do not have collateral and are therefore unable to get loans from the traditional financial institutions such as banks, etc. Their main source for loans is family, friends or the moneylenders. Moneylenders usually charge very high interest rates and the poor become vulnerable to losing their land, or other collateral they may have put together for paying off the loan.

Microfinance institutions were introduced as an alternative to traditional channels of banking and money lending to solve the problems of the poor, extending microloans on interest, but without requiring any physical collateral. In the Grameen Bank<sup>1</sup> model, social collateral is used for ensuring repayment of the loans. Individuals form a group, the loan is provided to the individual members but it is the collective responsibility of the group to repay the loans. If a person defaults then the whole group has to face the consequences. Therefore, the group members monitor the activities of each other, and it becomes helpful in reducing the transaction cost as well (Ahmad, 2002)

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<sup>1</sup> *Grameen Bank was initiated by Dr Muhammad Yunas in 1976 in Bangladesh, to provide loans for the poor segments of the society.*

After the success of microfinance in Bangladesh, many developing countries adopted the strategy of providing microfinance to poor people and bring them out of poverty. In Pakistan the microfinance sector has grown largely through donor funding, subsidized credit and government support.

In Pakistan Gender inequality exist in all the aspects of life. Gender gaps are present in terms of capacities; access to resources and opportunities, as well as gender inequality is seen within family, in the workforce, in political sphere, and in education and health care. Women are most of the time deprived of inheritance rights, get inadequate food and nutrition, have less mobility, participate less in community activities and have less decision making power as compared to men. Although these trends are changing over the years in Pakistan, as girls' school enrolment rate is increasing, as percentage of girls above ten who has ever attended the school was forty seven in the year 2010-11 (source PSLM 2010-11)<sup>2</sup> and now more women are becoming the part of labour force, but despite all these improvements in the condition of women, their social position remains largely the same (Allen, 2012). Microfinance programs in Pakistan were mainly introduced for the poor and as women are the poorest of the poor therefore they were focused more by many Microfinance institutions.

Microcredit programs were started in 1980s in Pakistan with the aim of alleviating poverty, through two community development organizations, The Aga Khan Rural Support Program (AKRSP) in the Northern Areas and Chitral, and The Orangi Pilot project (OPP) in Karachi. The success of AKRSP resulted in the creation of Rural Support Programs (RSPs) at national level. These RSPs help the poor by providing them subsidized credit and social services to reduce poverty. Besides these institutions, specialized microfinance institutions like Kashf

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<sup>2</sup> Pakistan social and living standards measurement survey

Foundation, founded by Roshaneh Zafar in 1996 on the Grameen model, which later became Kashf Bank in 2008, also focus on microfinance for the underserved and the poor, as do a number of smaller NGOs. In 1998 the Pakistan Microfinance Network (PMN) was set up to monitor the activities of Microfinance Institutions (MFIs) and to represent the new MFIs. In 2000, the Pakistan Poverty Alleviation Fund (PPAF) was founded with the help of World Bank, to refinance different MFIs. Khushali Bank in 2000 was also established by Government with the same rationale (Rauf, 2009). The emergence of numerous MFIs also called for their regulation which was instituted through a Microfinance Ordinance in 2001(Khan 2007).

Akhuwat Foundation was set up in 2001 as an Islamic Microfinance institution, with the intention of providing Islamic Microfinance, for growth and poverty reduction (Haider, Eisar, & Kazim, 2012)

At present three different models of microfinance services are operating in Pakistan namely, the Microfinance Banks (MFBs), Microfinance Institutions (MFIs-which include Islamic Microfinance Institutions as well) and Rural Support Programs (RSPs). In addition there are some other institutions providing microfinance such as commercial banks and government owned institutions, although microfinance is not their primary service, but still government owned institutions like National Bank of Pakistan, Bank of Khyber, Zarai Taraqati Bank, and First Women Bank, are providing microcredit and saving services (Rauf, 2009).

## **Literature Review**

Microfinance was started for both males and females but due to extraordinary high repayment rates from female borrowers, most of the microfinance institutions started targeting women. Many aid agencies used this evidence to justify their argument to give loans to female

borrowers. With the increased access of female borrowers to microfinance, it was also assumed that it will contribute to female empowerment (Mayoux, 1999)

Microfinance aims to empower the poor, and to alleviate poverty, and when it comes to women it is assumed that women's empowerment is being achieved through microfinance. Microfinance providers assume that the increased access to microfinance enables women to contribute to household income that will ultimately improve women's wellbeing and unequal status (Mayoux, 2005).

Microfinance is seen as a source of poverty reduction as well as financial stability. Assumed to increase the economic, social and political empowerment of women it is seen as a contributing factor in achieving the goals of gender equality and women empowerment (Mayoux and Harlt, 2009). Credit programs affect household welfare and women's empowerment and are an important factor in increasing the welfare of the household, and when credit is provided to women, and women start generating income, then it has a significant impact on the health of children— both boys and girls (Pitt, Khandker, & Cartwright, 2006).

The term empowerment is a much debated term which has a political connotation, and its use in development and particularly in the context of microcredit has been questioned. Defining empowerment of women is difficult as individuals and organizations may look upon this concept differently, however researchers have tried to do so by measuring its different dimensions. If one looks at the microfinance sector and measures its impact on women's decision making power, their self-confidence, status in the home, their relationship within the family, the reduction in domestic violence, on women's involvement in the community, women, and on women's political participation, studies have shown that microfinance has had a positive impact on the empowerment of women (Cheston & Kuhn, 2002).

Women's participation in microcredit programs increases women's empowerment, as the female borrowers who utilize it themselves play a greater role in household decision making, have greater access to financial and economic resources, have more social networks, more bargaining power and more mobility as compared to those female borrowers whose husbands utilize the credit (Pitt, Khandker, & Cartwright, 2006).

In Pakistani households decisions about major purchases and use of resources is dominated by men. However, access to microfinance has increased women's decision making related to purchase and sale of Television/ refrigerator, household repairs, and in the sale and purchase of a house etc (Asim, 2008). On the other hand there is also evidence that shows that women's bargaining power has been limited especially with regard to their decisions regarding children's health, economic and social mobility (Asim, 2008).

Other studies reveal similar findings and note that women's empowerment is influenced by age, education of husband, father's inherited assets and number of sons alive (Noreen, 2011). Yet, females who use the loan by themselves have better status than females who are not using the loan themselves (Noreen, 2011).

The increase in women's decision making as a result of access to microfinance has also had a positive influence on women's relationships within the household and in reducing domestic violence as noted by Kabeer (1998), who asserts that women's economic contribution to the household led to a reduction in domestic violence and strengthened their relative position within their relationship with their husbands.

Another perspective is proposed by Schulz (1996) who claims that violence against women is not initiated from the home, but occurs because of societal norms and women's economic and social dependence on men. Schulz's analyses shows that access to microfinance reduces

domestic violence and reduces their economic dependence. Also as their social capital increases their lives become more public.

However, microfinance programs are not without its critics Dichter's (2007). The historical perspective on microcredit as a tool for consumption, not business holds ground as not all the poor are entrepreneurs and therefore do not use microfinance for business. There may be cases where microfinance has resulted in higher returns on investments in business, but by and large not all individuals who utilize microfinance have become self-sufficient (Dichter, 2007).

A major criticism of microfinance has come from feminists who state that microfinance programs do not pay attention on the effects of microfinance on gender relations. As noted earlier, most microfinance programs assume that if the female borrowers' demand for microfinance is high and their repayment rate is high then they must be having control on the loans and their use. Goetz & Gupta (1996) challenge this assumption say that often the credit is used and controlled by the male members of family because of the patriarchal set up of the society, and this issue is not addressed by microfinance programs. Microfinance despite its slogan of empowering women might make their position in the family weaker (Goetz & Gupta, 1996).

Evans et al (1999) provides evidence that microcredit programs do not reach the poorest of the poor, despite their focus on the reduction of poverty, they target only the better off poor. The extreme poor do not have the material as well as non-material collateral, and are also uneducated, landless, and therefore are unable to participate in microfinance programs. Moreover, they work to make ends meet which is often quite demanding and has time constraints leaving them out of the MFI net (Evans, Adams, Mohemmad & Norris, 1999).

There is a copious amount of literature on the importance of microfinance, its role in empowering women and its shortcomings in achieving the required goals. The majority of these researches are based on the conventional approach to microfinance. A few studies discuss Islamic Microfinance as well, but their main focus remains on the approach of Islamic microfinance, its acceptability and sustainability. Very little work is available that analyzes changes in women's status, or women's empowerment resulting from Islamic microfinance.

As the approach of Islamic Microfinance is very different than the conventional Microfinance therefore, its impact on the end user is also very different. The major differences among these two approaches are: Islamic Microfinance is assumed to be interest free<sup>3</sup> but Conventional Microfinance charge interest on the borrowers, and sometimes the interest rate is very high, which makes the borrowers more vulnerable. Conventional Microfinance Institutions (MFIs) utilize the external funds and savings of clients to provide credit to the borrowers, but Islamic Microfinance Institutions (IMFIs) mostly utilize funds generated through charities and donations for providing the loans. Conventional MFIs charge different interest rates on their loan products but IMFIs don't charge any interest from their borrowers. Conventional MFIs exclude the poorest segment of society but IMFIs include them by integrating zakat with the microfinance<sup>4</sup> (Obaidullah, 2008).

In Pakistan two Microfinance institutions providing microfinance on Islamic principles are Akhuwat Foundation, and Center for Women Cooperative Development (CWCD). This thesis focuses on the female borrowers of Akhuwat Foundation to study the effects of the Microcredit on household and gender relations of the borrowers.

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<sup>3</sup> [www.akhuwatfoundation.org.pk](http://www.akhuwatfoundation.org.pk)

<sup>4</sup> *As the focus of this study is not on the comparison of conventional and Islamic Microfinance, therefore it does not explore, if and why Islamic Microfinance is better than the conventional Microfinance*



Akhuwat is a non-governmental organization, set up in 2001, to provide microfinance products on the basis of Islamic principles to achieve growth and poverty alleviation. Akhuwat Foundation has a gross loan portfolio of PKR 1,156,718,256, which has been given out to 104,600 borrowers (Pakistan Economic Survey, 2012-13). Akhuwat works in cities and has its focus in Punjab, it also has small scale operations and offices in Khyber Pakhtunkhawa and Baluchistan as well (Haider, Eisar, & Kazim, 2012).

Akhuwat provides interest-free financial support or small loans to the poor to improve their condition, in accordance with Islamic principles that disapprove interest. Akhuwat originated from the philosophy of brotherhood, which was first shown by the citizens of Madina, when they shared all their belongings with the immigrants who immigrated from Makkah in the early days of Islam. Akhuwat foundation is based on the belief that poverty can only be removed if the whole society is willing to share the resources with poor people as well (Zaidi, Jamal, Javed, & Zakah, 2007).

Basic Principles followed by Akhuwat are: interest free microfinance to individual as well as groups, volunteerism, application is co-signed by the spouse of borrower, and developing a relationship with mosque and the church.

Akhuwat provides loans for different purposes. The loan is given to run an enterprise, to pay off an existing high interest loan, to deal with the emergency situations, to renovate the house, to facilitate the marriage of girls. Out of all these AF products, those female borrowers were selected for the present research, who took the loan for business. There is also a mutual support fund in which if the borrower faces any kind of disability or death, then his/her loan is waived off and Rs. 5,000 are given to his/her family as a support fund.

## Chapter 2

### Research Design and Methods

#### Research Design

The present research was conducted over a period of three months and ten days from 1<sup>st</sup> July 2012 10<sup>th</sup> October 2012, and studied a subset of Akhuwat Foundation's female borrowers in the Rawalpindi region. The objective of the research was guided by two questions:

1. What, if any is the difference between the material condition of female borrowers who use the loan themselves, and female borrowers who give the loan to their husbands?
2. How does access to credit contribute to the empowerment of female borrowers?

#### Theoretical Framework

The present research was conducted to examine the existing gender disparities and the effect of microfinance on reducing these disparities. For this purpose different frameworks were used to assess the impact microfinance programs is having in reducing the vulnerabilities of women, and making them empowered. These frameworks were Gender Analysis Matrix (GAM), Social Relations Approach, the Moser Gender Planning Framework, and the Women's Empowerment Framework.

Gender analysis matrix (Rani Parker year, 1993) analyzes the impact of development on men and women. This community based method aims to analyze the impact of various development interventions are having on men and women. It examines the impact of development interventions on four different levels, men, women, household and community. (Parker, 1993)

Social Relations Approach was developed by Naila Kabeer to analyze the social relations and the key institutions such as the family, community, market and state. This framework was established to examine the existing gender inequalities and to help them in becoming agents of change (Candida March, 1999).

Moser's framework was based on gender planning. It takes in account women's triple role and aims to emancipate women from their subordinate role (Candida March, 1999). Moser's framework can be used for planning at all levels. It is useful in identifying the existing gender inequalities and in developing a framework for reducing those inequalities which exist in the form of different levels of access and control over resources, the women and men have.

All the frameworks stated above were not appropriate for the present research, therefore the researcher chose the Women Empowerment Framework developed by Sara Longwe to analyze the data of current study.

### **Women Empowerment Framework**

In her framework Sara Longwe suggested five different levels of equality i.e. welfare, access, participation, conscientization, and control over resources (Leach, 2003) (Candida March, 1999). The Empowerment framework developed by Sara Longwe was adapted to evaluate and compare female borrowers who used the loan by themselves and the female borrowers who gave it to their husbands. Empowerment is a debatable term and therefore it is important to clarify how it is used in this study.

Akhuwat started interest free loans for the community but the participation of beneficiaries was not taken directly at the planning level, although their needs were taken into consideration. Therefore for the current study, empowerment was analyzed by assessing only four of Longwe's

different levels of equality i.e. welfare, access, conscientization and control were used. The terms from the framework, as used in this study to assess the situation of Akhuwat female borrowers are explained below.

### Operational Definitions

**Welfare:** In this research welfare is limited to material welfare. The borrowers were asked questions about access to food, income and medical care, differences in usage of these facilities among female borrowers (who used the loan by themselves, and those who gave the loan to the male member of family) were assessed.

**Access:** The female borrowers access to, income generating activities, and mobility were assessed. A questionnaire was developed to assess the difference among female borrowers (who used the loan by themselves, and who gave the loan to their husband). In addition the female borrowers were asked whether they had equal access to outdoor activities, and whether females could leave their homes for economic activities. The interviewees were asked if women were selling and buying the things independently, or utilizing others as "middlemen" to access markets.

**Control:** Borrowers' control over the decision making process (all the decisions regarding children's health, schooling, marriages, earning money, using the earned money, etc) was also studied. Further whether there was an equal distribution of resources between men and women (Candida March, 1999).

**Conscientization:** Borrowers' understanding of the difference between sex and gender, and the awareness of whether gender roles were cultural and could be changed were measured. (This was considered as an explanatory and a predictable factor)

**Empowerment:** Empowerment was analyzed by assessing four different levels of equality, which were welfare, access to resources, control of resources, and level of awareness in accordance to the Sara Longwe's women empowerment framework.

**Microcredit:** Microcredit refers to small loans provided to poor, without any physical collateral to start their own business and move out of poverty.

**Microfinance:** In the present study microfinance referred to Islamic Microfinance, which includes the services like credit provision, saving, insurance, etc., without any physical collateral, and without any interest rate, or service charges. The credit is given on the basis of the social collateral of people.

## Methods

In-depth interviews were conducted using a semi-structured questionnaire. Two different sets of questionnaires were prepared, that included open ended and closed questions. One set was for women borrowers who used the loan themselves; the second set was for women borrowers whose husbands used the loan. A third set was prepared for the employees of Akhuwat.

The Questionnaires for the borrowers consisted of some same and some different questions. The questions were regarding women's demographics, their decision-making power, status/position, condition, mobility and some awareness about their rights. The Questionnaire for employees consisted of the questions regarding the approach of Akhuwat foundation and their level of satisfaction with the current job.

The process of fieldwork was as follows:

1. Interviews of 100 women, fifty from each category, using two questionnaires which include both close and open ended questions. Interviews lasted for one hour per borrower

2. Interview with five employees of Akhuwat.

### Location

Akhuwat has its branches in different cities and in different locations, but for reasons of time and convenience, this study was conducted with a sub branch of Akhuwat, in Tench Bhatta, Rawalpindi. This urban area is densely populated, mostly by middle-class and lower-middle class and workers from poor families. As such it is fairly representative of other large cities of Pakistan, and will provide insights to the issues of credit access and utilization by urban borrowers.

### Population

All the borrowers of Tench Bhatta who were taking loans from Akhuwat Foundation were part of this study.

### Sample

The sample consisted of 100 female borrowers sampled on the following criteria:

- Females who were using the loan themselves in any income generating activity and females who were taking the loan but not using it (gave it to their husbands)
- The age of borrowers was between 25-50 years, as the maximum number of borrowers of Akhuwat lie between this age group.
- Were borrowers from Akhuwat for at least two years
- Had completed at least one cycle of loans (one cycle gets completed in one year).

The selected sample size was 100 female borrowers out of which 50 were those females who were not using the loan by themselves but gave it to their husband; and 50 were those females who were using the loans independently. The sample was further divided into two age

groups: one was from 25-37 and the other was from 38-50 to reduce the chance of variations because of age difference. In addition all the five employees at the Akhuwat Tench Bhatta branch, two females and three males, were interviewed to understand the Akhuwat approach to lending.

### **Sampling Technique**

The branch manager at Akhuwat Foundation Tench Bhatta branch gave access to the researcher to the loan application forms of its borrowers which included their names, age, sex, addresses, purpose of taking the loan, and amount of loan. However the researcher was not permitted to make copies of the forms and instead spent three days at their office, sifting through those which met the recruitment criteria for this research.

Purposive sampling technique was used to select the borrowers for the in-depth interviews, as the purpose of the study was to take only those borrowers who either used the loan themselves, or gave the loan to their husbands to start some business. Therefore only those borrowers were included who, served the purpose of present study. All the borrowers who took the loan for any other purpose were excluded from the sample. Once the list of possible respondents was compiled, an Akhuwat branch staff member accompanied the researcher to the borrowers' homes to collect the data. After reaching at borrowers homes, the staff member either sat in another room or waited outside the home and the researcher went inside the home to conduct the interviews, mitigating potential effects of the presence of an Akhuwat staff member on the interviewee responses.

### **Limitations of the study**

- The study was limited to only one area of Rawalpindi due to time constraints.

## Data Analysis

The data was analyzed by using themes from the questionnaires. Excel sheets were used to analyze some of the data. In the process of analyzing the data no software was used, as the data was not transcribed. Therefore the data was analyzed in a descriptive way. Some direct quotations were also used to highlight the results and analyze how women think of themselves and their status.

## Reflexivity:

Akhuwat provides loan to both male and female borrowers and therefore interviewing the husbands who used the loans would have added more depth to analysis. However as a female researcher I did not feel comfortable speaking with the male borrowers and chose to focus on women. Since my objective was to study the differences in outcomes based on women borrowers' use of funds rather than a comparison of male/female borrowers and therefore only female borrowers were chosen for this study.

It was also very difficult to access women in their homes as sometimes the researcher had to visit the house of one individual twice or thrice. Others were not comfortable to be interviewed. Therefore the researcher had to visit their homes several times to build a rapport.

As the research focused on the comparison of the borrowers who took the loan for the husband and the borrowers who took the loan to start some income generating activity by themselves, therefore for the present research the researcher did not compare the second third or fourth time borrowers to see if the duration of loan utilization influenced the process and level of empowerment among the women.

In the process of collecting the data the borrowers requested the researcher to keep their names confidential. Therefore the researcher was not able to mention the names of borrowers



while compiling the results and doing analysis. However the researcher put the direct quotations of researcher to make the results more clear.

## **Chapter 3**

### **Setting the Context: Akhuwat Foundation**

This chapter studies the approach of Akhuwat from the perspective of borrowers and the employees of Akhuwat. In addition to the questions contained in the questionnaire (which was asked from the borrowers) borrowers were questioned about their knowledge of Akhuwat's financing program. Further, a separate questionnaire was developed to get the view point of employees of Akhuwat Foundation about their organization.

#### **Perspective of Borrowers**

##### **Knowing about Akhuwat Foundation & Process of lending**

The respondents learned about Akhuwat Foundation's credit scheme from their neighbors, family members, or from the employees of Akhuwat. The loan disbursement process of Akhuwat Foundation involves the submission of national identity card of borrower and her spouse, the electricity bill of one month, one picture of the borrower, mobile phone number of borrower and the guarantee of group members. Then after the completion of documents, they ask for the nature of business they want to start, or upgrade. The form is filled by the employees of Akhuwat, after they visit the house of the borrower and see the business activity they are doing. Then a nearby mosque or church (in case of Christian borrowers), is visited to verify the details given by the borrower.

##### **The amount of loan and instalments**

The borrowers reported that they got the loan almost immediately while the repayment were to be made in ten instalments. Regardless of the amount of the loan it is to be paid in ten instalments. The borrowers included into this study had completed at least one cycle of their

loan, therefore they had already started their business and took the loan for upgrading their business. Among these borrowers forty-five percent had taken the loan for second time, forty percent for third time and five percent were taking the loan for fourth time. According to the respondents Akhuwat provided the loan in the following way:

For the borrower who takes the loan for first time the amount of loan is PKR.10000. The borrowers who take the loan for second time, the amount of loan increases from PKR.10000 to PKR.12000, then for third time PKR. 15000 are given and in the same way the loan goes up to PKR.50000.

The respondents were asked if they experienced any difficulty in repayment of the loan. Seventy percent of the borrowers said that they did not face any difficulty in repayment of instalment, as they used to keep the instalment from the profit first and then they spent the money. Nearly 30% of the borrowers said that sometimes they face some difficulty in repayment of instalment but mostly they are able to manage it.

### **Process of giving donation**

Every borrower pays some donation according to their capacity. The amount of donation is not fixed. The borrowers pay it according to their own will. About fifty percent borrowers mentioned that they pay PKR. 100 as a donation with each instalment, thirty percent of respondents stated that they pay PKR.50 as a donation, and twenty percent of respondents pay PKR 20 as a donation. But all of them said that this amount fluctuates according to their financial position. Moreover, they said that to give donation is a religious obligation therefore they give it happily and they think that it will be a source of blessing “*Barkat*” for their own business.

The present study indicates that the majority of people got the information about Akhuwat Foundation from their relatives, or neighbours and those they prefer to take loan from this organization because it provides interest free loans. The respondents are happy about the services provided by Akhuwat Foundation and with every instalment they try to give a generous donation. Even those who cannot donate more than PKR (30 or 50) say they want to donate more since this donation is for pleasing Allah and it will be helpful in the success of both the worlds. During the field work it was also observed that the process of taking the donation is very transparent. A receipt is given to the borrower after taking the donation, on which the amount of donation is written with the signatures of employee.

## **Perspective of Employees**

### **Interviews of the Employees of Akhuwat**

The researcher conducted a detailed discussion on the approach of Akhuwat Foundation's credit scheme with all the employees of the TENCH Branch of Akhuwat.

### **Demographic of the Employees:**

In TENCH branch of Akhuwat a total of five employees were working at the time of the survey- two females and three males. The branch had a branch manager and four unit managers. The five employees ranged in age from 20, to 30 years; the minimal qualification was Metric and the highest was an FA with a BA underway. Salaries for the oldest employee (age 30 years) who was also the most qualified was just over PKR 20,000 and the lowest was just over PKR 10,000.

### **Process of giving loan**

The loan is given to groups and individuals. In the case of a group loan, the group should consist of at least three members and maximum of six members. Within the group at least one

person should own a house, if others are living on rent. Each person is a guarantor for the other members. Two relatives cannot be the members of the same group; group members should not have any blood relations. The group members should not be living far off from each other. The distance between the houses of group members should not be more than five minute walk. In case a person is unable to form a group then he/she can take the loan by providing two guarantors.

### **Criteria for the Selection of Application**

After issuance of the application an employee of Akhuwat visits the houses of respective applicant, and checks that the information given by the applicant is correct or not. The employee also checks the place where the borrowers' plans to start their income generating activity. If the information given by the applicant is correct then the application gets selected for the loan. But if the information is wrong then the application is rejected.

### **Repayment of Loan**

According to the employees of Akhuwat the duration for repayment of loan is according to the amount given to the borrower. If the amount of loan is PKR 10,000 then the borrower has to pay it in ten months, and if it is PKR 12, 000 then the borrower has to pay it in twelve months and so on. Only in the case of PKR 30,000 the borrower has to repay in seventeen months. When asked about the difference in borrowers and the employees regarding repayment of the loan, the employees stated they do tell the borrower that he/she has to repay the loan in ten months, irrespective of the loan size. Therefore they pay PKR 1000 in each month for ten thousand rupees, PKR 1200 for PKR 12,000, PKR 1500 for PKR 15000, and PKR 3000 for PKR 30,000. When asked the reason for doing so, the employees explained that if, in case of emergency a borrower is not able to pay his/her instalment, then he/she has a limited time of repayment. Then

the instalments already collected can be stretched to cover the period in which the borrower is unable to pay. Akhuwat then takes instalment from his/her previous instalments, in which he/she has paid extra money.

### **Service Charges**

All the employees of Akhuwat responded that they don't have any service charges. Only one percent security (Non Refundable) is taken from every borrower at the time of application submission.

### **Akhuwat's Policy in Case of Death of a Borrower**

At the time of application submission, the information regarding the borrower and his/her spouse is taken. In case of death of the borrower the loan is forgiven and an amount of PKR. 5,000 is given to the family of the deceased. This money is taken for the security of the borrowers which is taken at the time of application submission. Also the borrower's loan is forgiven.

### **Products of Akhuwat**

Akhuwat provides loans for starting up businesses, for upgrading any business. Other than this Akhuwat provides loan to arrange the marriage of girls. The loan is not given to provide dowry to the girl but to arrange her marriage (for arranging the event, food etc.) The loan is also given to help a borrower pay off a current loan with interest that they may have taken from other sources.

### **Process of Monitoring the Borrowers**

After giving the loan to borrowers, Akhuwat employees visit the borrowers to check up on the business. Each employee is assigned a particular area and he/she visits that area after the 15<sup>th</sup>

of every month to check if borrower has paid the instalment; if not they inquire into the reasons for not doing so and also monitor the income generating activity for which the loan was taken. These details are recorded and are available to the employee on each visit to the area.

### **Impact of Microfinance on Borrowers**

All the employees of Akhuwat said that the impact of microfinance is very positive. They said that by meeting with the borrowers and by talking with them they come to know that the borrowers are very happy with this loan, and their business is flourishing. Another indicator of positive impact is the rate of repayment which is ninety nine percent, and which shows that borrowers have made a profit from their business and also allowed them to make their repayments. They also said that some of their borrowers have taken the loan from the interest based organization before they joined them, and those borrowers say that the loan provided by Akhuwat has not only become a source of income for them and is also in accordance to the principles of Islam. Therefore they don't feel any guilt in taking this loan. Some borrowers are of the view that by taking this loan and by contributing through their donations, they feel a sense of satisfaction. By taking loan they are not only able to do their own business but also becoming the reason for giving this loan to someone else.

### **Basic Principles of Akhuwat**

According to employees of Akhuwat foundation there are four basic principles of Akhuwat.

1. Providing loan without interest: Akhuwat provides interest free loan to the poor, so that they can generate some income by being productive.
2. Relationship with mosque: Every borrower whether male or female, provides the guarantee of his/her spouse at the time of submission of application. Therefore, in case of

male borrowers they themselves go to mosque and in case of female borrowers, their husbands go to mosque to give the guarantee. Sometimes they are called in the mosques for disbursement of loan as well.

3. Volunteerism: Akhuwat is supported by volunteers, who contribute their services including money, physical help, knowledge, skills etc., from time to time.
4. Transforming borrowers into donors: Akhuwat encourages borrowers to donate as much as they can to help those people who need money, so that the loan can go to other poor as well.

Akhuwat's conservative, family orientation is evident in the instructions to first time applicant, as observed by the researcher during a visit to the office of the manager at Tench Bhata branch. She said: "You will be getting the loan after some necessary requirements. Then you have to pay it in ten instalments. With every instalment you are advised to give some donation. To give donation is not the requirement of taking the loan, but it is your religious obligation that if you would become able to run your house by taking this loan then someone else should also become able to manage his/her household expenses by the donation you will give, because you are going to be affiliated with an institution named "Akhuwat". Your need is being fulfilled through this institution and you are becoming part of a pious work through this institution. This institution will not force you to give donations but it will remind you time to time about your duty.

In case of being Muslim you will be required to give your guarantee in Mosque and for Christians the guarantee will be taken in church. For the first time while taking the application form you will be charged hundred rupees, then one field worker will go to your homes and will take your guarantee in the nearby mosque, or church. Only males are required to go in the



mosque or church for guarantee. With every female borrower her husband is the guarantor therefore he will go to mosque or church to give the guarantee".

### **Incentive for doing job in Akhuwat**

All the employees said that the basic incentive of working in Akhuwat is to work for a noble cause. Also through working here we are not only earning but are also fulfilling a religious obligation. One of the employees of Akhuwat said that when she joined this organization she was in need of a job, but now when she does not need this job and has become financially stable she still does not want to leave this job. She mentioned that she experiences a tremendous sense of job satisfaction in helping poor people especially when they offer good tidings. Another respondent mentioned that she was doing a job in a bank and was earning PKR.20, 000 when she heard about Akhuwat and came to work at PKR. 6,000. She claimed that this job is not only a source of earning but also a source of inner satisfaction. All the respondents were of the view that they feel very satisfied when they support a person who was not able to build their life because of lack of resources but is now running a successful business.

### **Financial Incentives**

All the employees of Akhuwat foundation stated that they are satisfied by the salary they are receiving from Akhuwat foundation. Other than salary they are given bonuses after every three months, and in case of illness half of the expenditure on their treatment is borne by Akhuwat foundation. Moreover after one year of employment, Akhuwat deducts a percentage of their monthly salary and when the person leaves Akhuwat the amount with Akhuwat's contribution is given.

## Chapter 4

### Main findings of the study

This section deals with the results of present study.

#### Demographics of the respondents and their decision regarding taking the loans

As noted in Chapter 2, the respondents are divided into those who use the loan (female borrower or her husband) and by age. Fifty women from each loan-using category were interviewed, twenty-five in the age group 25-37 years and twenty-five in the age group 38-50 years. The findings are discussed here with reference to each of these four categories, providing a comparison all of them.

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**Table 1: Women who are using loans themselves**

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	Age group	
	25-37	38-50
<b>No. of borrowers</b>	25	25
<b>Mean No. of Children</b>	4	5
<b>Mean Education</b>	Middle	Primary
<b>Mean of total income</b>	PKR. 20,000	PKR. 35000

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**Table: 2 Women who are giving loans to their husbands**

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	Age group	
	25-37	38-50
<b>No. of borrowers</b>	25	25
<b>Mean No. of Children</b>	3	5
<b>Mean Education</b>	Matriculation	Illiterate
<b>Average of total income</b>	PKR. 19,000	PKR. 24,000

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The above table shows that the women who are between age of 25-37 are more educated as compared to the women who are between ages of 38-50. But the total income of the household of women who are between ages of 25-37 is less than the total income of the household of women between ages of 38-50. The main reason behind it is that women who are between the ages of 25-37, are independent earners. But the women who are between ages of 38-50, have adult children who also earn and therefore their family income is higher, as compared to the women who are between the ages of 25-37.

From all the hundred respondents twenty seven were living in joint family system and seventy three respondents were living in nuclear family system. The nuclear families are migrants to the city from villages, who have left their extended families behind to find better prospects. This is one of the reasons that women cannot go outside, and also they have to do all the house chores by themselves. This causes burden of responsibilities upon them and if they are working women their work is doubled.

#### **Material condition of the people living in the area:**

The target audience of this study was from the lower middle class families, who lacked financial resources. They approached Akhuwat Foundation for loans to start some income generating activity and manage their living. Most of them were living in rented houses with a rent ranged from PKR 2,000 to 5,000. The majority of them were living in one room or two room houses. The sanitary condition of the area was very poor. The children of these families were not very healthy and in most cases went to the near-by doctors, who gave them self made medicines for three times only, in PKR 100. But these syrups do not have any label on them, and

are given in small bottles. They showed these medicines to the researcher which were used widely by the interviewees.

#### **Material Condition of the female Borrowers who were using the loans by themselves:**

The female borrowers, who used the loans by themselves, had access to money and said that now they were more in position to spend money on themselves and their children. The business they started did not bring any major change in the household but it changed their own condition within the family. They were now able to send their children to the school of their own choice. They were also able to purchase household things, and in case of the illness of child they were able to manage money to go to doctor. All the women either they were from the age of 25-37 or from the age group of 38-50 were spending their money on their children. The women who were younger spend their money on the education of their children, and the women who were older were using this money to return the loan, they took to arrange the marriage of their children.

#### **Material Condition of the female borrowers who gave the loans to their husbands:**

The females, who gave the loan to their husbands after taking it from Akhuwat foundation, to do some kind of business activity, were not having any major change in their material condition. The business was done by the husband who was already the deciding authority of the household, and was still in the position to take all the decisions of the household.

**Table 3: Women Who were using the loan by themselves**

<b>Decisions about the loan</b>	<b>Borrowers ages 25-37 years</b>	<b>Borrowers ages 38-50 years</b>
<b>Decided by themselves</b>	17	21
<b>Took loan on husband's wish</b>	5	2
<b>Mutual Decision</b>	3	2

**Table 3.1: Nature of Business of the Borrowers between 25-37 yrs**

	<b>No of Borrowers</b>	<b>Average Income generated from loan investment</b>
<b>Sewing and Embroidery</b>	17	PKR 7000
<b>Beauty Parlour</b>	4	PKR 10000
<b>Selling Fabric</b>	4	PKR 6000

**Table 3.2: Nature of Business of the borrowers between 38-50 yrs**

	<b>No of Borrowers</b>	<b>Average Income generated from loan investment</b>
<b>Running Shops</b>	15	PKR 15000
<b>Keeping Cows and Buffaloes</b>	5	PKR 20000
<b>Selling undergarments, bangles etc.</b>	5	PKR 7000

**Table 4: Women who gave the loan to their husbands**

<b>Decisions about the loan</b>	<b>Borrowers ages 25-37 years</b>	<b>Borrowers ages 38-50 years</b>
<b>Decided by themselves</b>	2	3
<b>Took loan on husband's wish</b>	20	15
<b>Mutual decision</b>	3	7

As stated above sixty eight percent women between the ages of 25-37 were sewing clothes and doing embroidery work because it can be done at home and therefore the majority of women

opted for it. The majority of older women who were between the ages of 38-50 years were running shops in one room of their home, because it requires less physical labour. There is a significant difference between the nature of work of the women between the age of 25-37 and the women between the ages of 38-50. The women who were younger were doing home based work, in which they don't need to negotiate with the males. But the women who were between the ages of 38-50 were doing the work which required them to go outside and deal with males. One reason behind this is that with the increase in age the restrictions get less. . Since husbands don't allow young wives to go outside the home alone also they have less decision making power. Since all the respondents (in the present study) were not well educated therefore education has not been taken as a measurement tool of empowerment of women.

Another reason of young women doing income generating activities at their home is that they have to do household work, and their husbands due to societal norms and traditions, think that this is the responsibility of women to do house chores without his help or that of a maid.

When asked about decisions regarding income generating activity, seventy six percent of the women, who were using the loan themselves made their own decisions but discussed their activities with their husbands. Fourteen percent of the women decided to take the loan mutually with their husband, and then do some work, because their husband's income was not enough to run the household. Ten percent of women said that they took the loan because they were facing financial crisis and their husbands asked them to take the loan and do some work to manage the household expenses. Seventy percent of the women, who gave the loan to their husbands, stated that they took the loan, because their husband asked them to take the loan. Ten percent of the women mentioned that it was their decision to take the loan and give it to their husbands to start some work. Twenty percent of the women said that it was the mutual decision of both of them.

When the respondents were asked about why their husbands did not take the loan by themselves, sixty percent of the women said that Akhuwat gives the loan to only women, while twenty percent of them said that their husbands are busy therefore they cannot go to Akhuwat for repayment of instalments, as it is easy for women to go to Akhuwat office, because they remain at home, therefore they took the loan for their husbands. Twenty percent said that they were not aware of the fact that Akhuwat is providing loan to both males and females.

Later on the employees of Akhuwat also substantiated this finding that some women were not aware of the fact that Akhuwat provided loans to both males and females. They responded that when the branch of Tench Bhatta was started, at that time there were many other MFIS working in the area, which were giving loans to only women. Therefore, it was the possibility that from one family if the female was taking the loan from some other MFI then the male of the same family had the opportunity to take the loan from Akhuwat. Initially, the loans were offered only to females to escape from the above stated problems. But now Akhuwat is providing loans to both males and females.

## **Decision Making**

### **Starting an income generating activity**

In response to the question about how they decided upon their income generating activity (IGA), eighty percent of the women started work because of the financial problems in home. Although they said that they started doing work out of their own choice but it was due to financial crisis in the home, and they would not choose to work if they had enough resources. One woman among the younger once who was stitching the cloths at home said that “if women

can get everything by remaining at home then what is the logic to do work”.<sup>5</sup> Twenty percent of the women said they wanted to utilize the extra time they had. All the women who are utilizing the loans directly stated that their family did not pressurize them to get a loan and start a business.

The basic concern of these women was to do work for the household and children and to share the responsibilities with their husbands. The respondents who gave the loan to their husbands were asked if they got an opportunity would they like to do any work. Sixty percent of the women said that they did not have any skills and therefore would not be able to do any type of work. 40% of the women said that they will do some work if they got an opportunity. But at this time their husbands needed money and therefore they gave the loan to their husband. This shows that although they could use their skills to generate income, at this point they took the loan to facilitate their husband’s work.

### **Choice of income generating activity**

Eighty percent of the women between the ages of 25-37 years, who used the loan themselves, chose the income generating activity in which to invest the loan because they knew the work, and as it was home-based. Also the husbands would not have any objection. Twenty percent of the same age group chose the work because it was easy to do, as it was home-based and therefore it was easy to manage it with the other household chores. One woman who was selling fabric at home, said, “To do income generating activity at home is beneficial, as I can do household chores within this” Another woman who was doing embroidery work at home said, “I have to take care of my children and mother in law therefore I started home based work”. A third woman who was stitching the cloths by buying a machine said that the women who go outside

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<sup>5</sup> *agar aurat ko ghar baithey sab kuch mil jaey to phir kaam kerne ki kia zarurat he*



the home are not of good character, they use to go outside for their own benefits. A woman who was running a beauty parlour at home, said that I am not permitted to work outside the home as it is not considered good in our family to work outside the home.<sup>6</sup>

Seventy five percent of the women between the ages of 38-50 years responded that they chose their business as it was easy for them to sit at one place and provide different goods to people. Twenty five percent of women who sold different things by going door to door replied that they did not know any other work and they needed money to run their household, therefore they started selling things by going door to door.

This indicates that the women who are between the age of 25-37 preferred that kind of work which was home based, and which does not require to go outside the home. Therefore they can fulfil the responsibilities at home and also be able to generate an income without having any conflict with their husbands. The women who were between ages of 38-50 were involved in the activities which required going outside the home and negotiating with males too. This shows that women's mobility increases simultaneously with their age.

### Children's Health, Education and Marriage

Women's ability to make decisions on behalf of their children regarding health, education and marriage also increased as they grow older. Women who were between 38-50 years were more independent in taking a decision regarding their children as compared to women ages 25-37 years. These older women had mostly grown up children who did not need the parental assistance and supervision as did the younger children of women ages 25-37 years. Therefore

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<sup>6</sup> *Ghar main karobar kerne ka faida ye hota he keh insaan sath sath ghar ke kam bhi ker leta he. Main ne apne bachon aur saas ko bhi dekhna hota he isliay ghar main kam kerna ziada asan he Bahir jane wali aurton ka kerdaar acha nahi hota, wo apne shauk poorey kerne bahir jati hain Mujhey ghar se bahir kam kerne ki ijazat nahi he kiunkeh ghar se bahir kam kerna hmarey khandaan main acha nahi samjha jata*

while asking about decisions regarding children's health, the majority of these younger women irrespective of their income generation status, took their husband's permission to go to the doctor if their child falls ill. If the husband was absent from home, he would be called and permission taken telephonically. Two women responded that if the husband is not at home then they go with their mother-in-law.

The children of the older women were themselves employed. These women were mostly illiterate and it was their husbands who decided whether and how much education the child (either girl or boy) would receive-being illiterate themselves, the women appeared satisfied if a son completed Metric and did not study further. The older women did not give importance to education for girl children. In their point of view, the girls should have the ability to run a house and she should do household chores. Girls should recite Holy Quran, and should get religious education instead of going to school. One respondent said that "girls should know how to read Holy Quran and should have the knowledge of Islam; worldly education has no use for girls, as they are supposed to fulfil the household responsibilities and should rear the children"<sup>7</sup>. In contrast, the younger women were very concerned about (both male and female) children's education. Those who were earning were in the position to spend some money on their children's education, and make decisions about it. The women whose husbands were using the loan were not able to decide about the education of their children.

When asked about the importance of education, all the respondents were of the view that education is important for both girls and boys. For boys it is the source of good job and for girls it can be helpful in any difficult situation. As older women were uneducated therefore the majority of older women said that their girls did not get education because the main duty of a girl

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<sup>7</sup> *Larhkion ko Quran parhna ana chahiey aur Islam ka pata hona chahiey, is se ziada taleem hasil ker ke unhon ne kia kerna he, Larhki ka asal kaam ghardaari sambhalna aur bache paalna hota he*

is to manage the household and look after the children. One of the older women who was running a shop, said that girls are supposed to go to another home (their husband's home), therefore they should be trained in handling the household responsibilities<sup>8</sup>. Majority of young women said that their sons and daughters both are getting education and they want to educate both of them. If they would not be able to manage the education of both sons and daughters then they will prefer the education of their sons because they will have the responsibility of earning therefore they should have the education in order to secure a good source of income.

The above findings show that although all the women are of the view that education is important for both the girls and boys but when it comes to preference of boy or girl, then they will prefer their sons to get education. Although the women who are using the loan themselves, and appear to have a say in the decision of the education of their children but still they say that in case they would have less resources then they would prefer the education of their sons. This shows that societal norms encourage investments in boys as future earners and breadwinner of the household, and girls as members of their future husband's households, influences the decisions women make regarding the education of their children.

Older women with married children stated that their husbands have decided about their children's marriage (both boy and girl children). Those whose children were not married also said that their husband would make the decisions on where and who their son and daughters should marry. Only one woman from the age group of 38-50 years responded that both she and her husband will decide about their children's marriage. The women between the ages of 25-37 responded that they and their husband will mutually decide about the marriage of their children.

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<sup>8</sup> *Larhkion ne agle ghar jana hota he isliay unko ghar sambhalna ana chahiey.*

## **Consulting children about their marriage**

When asked about whether they will consult their children in decisions about their marriage, older women responded that children are not wise enough to decide for themselves therefore parents should make the decisions on the basis of their experience. Younger women felt that parents should take the opinion of their children because it's their life and they should have the right to live their life according to their own choice. All of them said that they would ask their children's opinion.

It is obvious that women who are between the ages of 38-50 years are more dependent on the decisions of their husband and they are not in favour of taking the opinions of their children in the decisions regarding their marriage. Younger women are more in favour of taking the opinion of their children and said that they and their husband both will decide about the marriage of their children. This shows the changing traditions of society with the passage of time it is more acceptable for women to participate in major household decisions like marriage of children. One reason could be the spread of electronic media, as the women who were between ages 25-37 watched Television for at least one hour daily, but the older women were not very interested in watching Television.

## **Access and control over Income**

### **Women who used the loans themselves**

Seventy percent of the women who used the loans themselves said that they spend their personal income on household and they don't take anything for their personal use from this income. They also claimed that their husband's or any other family member does not pressurize them to spend the income according to their choice. Twenty percent of the women said that they

spend their income on their personal things as well as on the household. Only ten percent women said that they give their income to their husband. Among these ten percent women, one woman said that she started doing work because she had to give PKR 100 to her husband on daily basis and for this she was forced to borrow money from the neighbours therefore she started her shop by taking loan from Akhuwat. The researcher asked why she give PKR.100 to her husband daily, she replied that as her husband got a job he used to eat lunch from hotel therefore she give him PKR100 daily. However, with her personal income, she responded that they had started a committee<sup>9</sup> to arrange the marriage of their son; they pay his salary for the committee.

In response to the question of whether the husband or any other family member takes from their income without their permission, all the women said that this was not the case. This shows that the women, who are earning, while not forced by their husband or family members, are doing so because of financial problems. As the respondents were from lower middle class they faced financial problems which is why they started earning to share the responsibilities of their husbands. Although they are earning they are not spending money on their personal things. This shows that they are more concerned about their children and household needs as compared to their personal needs.

### **Women whose husbands used their loans**

Seventy percent of the women, who gave the loan amount to their husbands, said that husbands bring the necessary things to run the household but did not give them any money for their personal use. Twenty percent women said that when they ask for money, their husbands

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<sup>9</sup> "Committee" is a saving system similar to the Rotating savings and credit associations (ROSCAs), except that in Pakistan it is not a formal association but an informal group of relatives or acquaintances who put in an agreed amount each month –the pooled amount is then given to each person by turns over the duration of the "committee" (usually six months to a year).

gave them some money. Ten percent women responded that their husbands gave sufficient amount of money to them to run the household as they (the women) are supposed to run the household. When asked if they bought personal things from their husband's income, majority of women said that they use that money in household and don't spend it on themselves, unless it is very important (like dresses, shoes etc), and such items are bought once in two or three months.

All of the women said that they do not use their husband's money without his permission. Majority of them said that it is the matter of trust, and if we will use the money without asking their husbands they will not be trusted. Some said that they fear their husbands will get angry therefore they don't use their money without permission.

## **Status & Position**

### **Women who used the loans**

All the women responded that after investing their loans they have become financially stable. Ninety percent of the women said that their income generating work is important for their family because through it they make an extra income from which the daily needs of their household can be fulfilled. All the women responded that their social life has also become better, because now they can interact with more people for selling the goods and services. This shows that microfinance has a positive impact on the condition of women and their social network has the potential to expand due to their income generating activities. .

## **Division of Labour**

All the women between the ages of 25-37 responded that their work load has increased and they spend at least 6-8 hours on the income generation activity. Twenty percent of the women said that their mother-in-law helps them with the household chores. Eighty percent of the women

said that they manage the household chores by themselves. One woman among the younger ones, said that it's the responsibility of woman to do the household chores that's why I do the household chores by myself. Another woman said that after starting income generating activity my workload has been increased but I have to do the household chores by myself.<sup>10</sup> All women between the ages of 25-37 responded that their husband does not help them in household chores.

It is evident that while women are sharing the bread-earning responsibilities of men, they are not receiving any help from them for household work. Household chores are considered the responsibility of women and it is considered shameful for a man to do household chores.

The majority of the women between ages of 38-50 responded that they did not have as much of a work burden because either their daughters or daughters-in-law help them to manage the household chores therefore they are more able to engage themselves in income generating activities.

### **Financial independence**

All of the women between ages of 25-37 were of the opinion that earning an income is very important for women to get respect in the home. After starting an income generation activity, they think themselves more financially independent, because in most of the things they don't need to ask their husband for money, and can fulfil the needs of their children as well. Their husbands gave them more respect as compared to when they did not earn.

The women between the ages of 38-50 were also of opinion that personal income is very important for women. The majority of them said that it has also become a source of "passing time" and meeting with different people. Therefore they are very happy after doing this work,

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1. <sup>10</sup> *Ghar ka kaam kerna aurat ki zemadari he, isliay main ghar ka kaam khud hi kerti hun*

2. *Karobar shuru kerne ki waja se kaam ka bojh barh gya he laikan ghar ka kam to kerna hi hota he*

and they think themselves as useful for the family. The family respects them more. They are also able to share the burden of their husband and their children.

This indicates that women feel the burden of the increased work load but still they are in favour of doing work because personal income is a source of satisfaction for them and also they are able to fulfil the needs of their children. The attitude of their husband has also changed and they give more respect because of their personal income. This is also an indication of changing norms of the society, that although husbands are not willing to do the household chores with the women, but they have accepted women's role as income earner.

When asked whether they were able to save some money from their income, all the women between the ages of 38-50 responded that they save some money. Some of them said that they save money for a rainy day, and some said that they save through "committees." One of them said that she started this committee to arrange the marriage of her daughter and now she is paying it.

Nearly thirty percent of the women between the ages of 25-37 responded that they save some money for some unforeseen problems. Sometimes they spend that money on children's health, or education and sometime gave it to their husband for household expenditure. Seventy percent of the young women spent their income on household expenditures and are not able to save the money.

This demonstrates that older women who do not have the responsibility of rearing children, or have married children, are able to save some money. Younger women with dependent children whose health and education needs are more, are unable to save from the money they earn.



## **Women whose husbands utilized the loan**

Majority of the women who gave the loan money to their husbands said that because of this money their financial problems have been lessened and their husbands are now able to earn money and fulfil the needs of family, therefore the disputes between them and their husbands have decreased. Seventy percent of the younger women and forty percent of the older women in this category felt that they are respected more in the home after taking the loan. Thirty percent of the younger women did not feel any such difference. Sixty percent of the older women noted that there is no difference, because their husbands already respected them and they did not have any dispute because of financial issues.

## **Mobility**

### **Younger women ages 25-37 years**

All the women who are between ages of 25-37 whether they are earners or not did not take permission from the husband to go outside the home and they did not go alone. Forty percent of them said that they go with their husbands, Twenty percent said that they go with their mother in law, and forty percent said that either they go with their husband, or with some friend in the neighbour but they don't go alone. When asked about whether they go to the market alone, they replied that they don't go alone but go with their husband or mother in law or sometimes with their children. All of them replied that they never went outside the city alone but if they have to go outside the city then they go with their family.

Fifty percent of these young women earners said that they make work-related purchases themselves, but are accompanied to the market by their husbands. Forty percent of the women replied that their husbands make the purchases for them and bring them home. Ten percent

women, who were selling fabric, purchase it from Peshawar through relatives who bring it for them, and the buyers come to their homes to buy it from them. They don't go door to door for selling the cloths, but they tell the women whom they meet that they have brought fabric from Peshawar if they are interested then they can buy it from them, and this is how their stock is marketed— neighbourhood women come to their home to buy the fabric from them.

All the younger women do home based work and do not interact with the males. When asked about the help of male family members to buy and sell their materials, almost all the younger women responded that when required a male family member either their husband or some other relative do help; if women could buy the things by themselves, they would be more satisfied, but this is not a possibility because of family restrictions.

Younger women are also not permitted to seek healthcare on their own or visit a doctor or the hospital alone. In case of emergency (like if the child is ill and husband is not at home), the women who live in nuclear family said that they call their husband, take permission from them and then they go to the nearest doctor alone.

### **Older women ages 38-50**

All the older working women responded that they do not need the permission of their husband to go outside the home. Eighty percent of the women, who gave the loan money to their husband, responded that they do not take permission of their husband to go outside the home, while Twenty percent responded that they do take permission from their husband to go outside the home. The women who were working said that they can go to the market alone and they often go to buy the things needed after their work themselves. The women involved in doing dairy farming said that the food for their buffaloes and cows is supplied directly to their homes therefore they do not need to go out to buy it. Majority of the women who are in the age group

38-50 years go to the market alone. They also go outside the city alone. Only twenty percent of the women among those who gave the loan money to their husbands said that they cannot go outside the city alone.

All the older women who are working do not need the help of a male family member in selling their products, and they can go to the doctor or the hospital on their own. Eighty percent of the women who gave the loan to their husbands responded that they can go to the doctor alone. But twenty percent women who gave the loan to their husbands responded that they cannot go alone to the doctor or hospital.

This shows that as far as mobility is concerned, age is a big factor in increasing the mobility of women. The women who are between the age of 38-50 years do not face any restrictions in going outside the home but the women who are between age of 25-37 years are not allowed to go outside the home alone. Microfinance helps the older women too if they use the loans themselves, given that Twenty percent of the non-loan users still face restrictions on their mobility.

## **Conscientization**

### **Awareness regarding rights**

#### **Right to earn**

Almost eighty percent women said that women should earn only when it is needed. If they are financially stable then women should not earn. Twenty percent women said that women should have the right to earn and they should earn whether it is needed or not. All the women said if the husband is not willing then they should not earn. Majority of the women were of the opinion that women should not leave the home for earning purposes. The source of earning

should instead be home-based. Ninety percent of the women responded that the women who go outside the home to earn did not fulfil the responsibilities at home. One of the respondents said that the women who go outside the home are not of good character<sup>11</sup>.

When it was asked if financial problems become the reason for domestic violence, eighty percent of the respondents who were earning themselves agreed and said that financial problems are the main reason of domestic violence. Twenty percent of the women who were earning by themselves said that financial problems are not the reason of domestic violence, but if the wife would be patient then husband will not beat her<sup>12</sup>.

Among the women who were not earning by themselves sixty percent said that financial problems are the main reason of domestic violence, because if there is no food in the house and basic needs are not met, then disputes of husband and wife are likely to increase. Forty percent said that financial problems are not the only reason of domestic violence. One of them said that if the husband is not of good character or if the wife is not of good character then it becomes the cause of domestic violence. When asked if women who earn have more decision making power, the younger earning women agreed, stating that when women earn then they can make decision in many areas, especially if they want to buy something for their children or for the household then they can buy it without asking from any one because they have their own money.

Seventy percent of the older earning women responded that personal income reinforces the decision making power they already have, as their husband and children consult from them when making important decisions. Thirty percent of the older women who had not used the loan

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<sup>11</sup> *Jo aurtain ghar se bahir kam kerti hain wo achey kardaar ki nahi hotin*

<sup>12</sup> *Auratain apni zaban ki waja se maar khati hain, khwand thaka hua ghar aey ga aur us ke samney kharchon ka rona roeingi to maar hi khainghi naa”.*

<sup>12</sup> *“Khawand Majazi Khuda hota hay, isliay agar wo ghusay main kuch keh de to biwi ko bardasht kerna chiaey”.*

themselves also agreed that women who earn are consulted more in important decisions as compared to the women who do not earn.

Sixty percent of the women who do not earn responded that it is not the matter of earning. It depends on the understanding between husband and wife. Forty percent of the respondents said that personal earning has an effect on women's decision making power because when women earn by themselves then she becomes confident and she can argue about the decisions she does not agree with.

### **Right to Education**

All the women whether they were earning or not said that women should have the right to education. The reason given by the respondents was that if women would have the education then it can be helpful in difficult times. Majority of the women said if they would be educated then they could easily teach their children by themselves, and now it is very difficult to monitor their educational activities, because they themselves are uneducated.

### **Legal Rights:**

All the women whether they were between the ages of 25-37 or between the ages of 38-50 were not aware of their legal rights. When asked what their legal rights are, the response was "we don't know". When asked if any of them had received a share of their inheritance, eighty percent of the respondents replied that their parents did not have any property therefore they did not inherit any property. They were of the opinion that even if their parents had property, they would not take their share, because it is the right of sons to have the property of parents and not daughters. Daughters already take the dowry from parents therefore they should not take the

property<sup>13</sup>. Twenty percent of the respondents said that their parents had the property but they have given it to their brothers, as they also felt that daughters should not take the property. Some respondents also said that it is the tradition to give the property to the sons therefore the daughters does not take it, and if a girl takes the property then it means that she does not love her brothers and parents and then the parents and brothers also do not give her any importance.

When asked if you did take your inheritance then would you be able to utilize it according to how you wanted, Fifty percent of the women said that when we do not have any intention to take our inheritance then how we can think about using it. Thirty percent of the women said that husband's will decide, because he is the authority to decide on the financial issues. Twenty percent of the women said that they and their husband would mutually decide about how to use it. None of them responded that they would make the decision to use their inheritance according to their own choice.

## Voting

Thirty percent of the women said that they have not voted previously but now they will vote. Seventy percent of the women said that they will vote. When asked how the decision to vote is made, all the women said that the elder male member of the family (like father-in-law) or their husband decides whom to vote for and then the whole family votes for the same candidate or the same political party. None of them had made the voting decisions themselves<sup>14</sup>.

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<sup>13</sup>Maan baap apni haisiat se barh ke jahaiz de detey hain uske baad larhkion ko warasat main hisa nahi lena chahiey

Jo larhkian warasat main hisa leti hain unki bhaion ke samne izarat nahi rehti

Warasti hisay per beton ka ziada haq hota he unho ne khandaan chalaana hota he, aur un se khaandaan ka naam agay chalta he

<sup>14</sup>Jahan ghar waley kehtey hain ham wahin vote de detey hain

## **Opinion regarding a Prosperous life**

A variety of answers were received on what the characteristics of a good husband were. Twenty percent of the respondents said that a good husband is one who earns well and spends his earnings on his wife and children. Ten percent responded that a good husband is one who offers prayers five times daily, treats his wife according to the principles of Islam. Ten percent responded that a good husband is one who does not have bad habits like (taking drugs, having affairs with other women etc). Twenty percent responded that a good husband is one who takes interest in his family and who can take a stand by his wife. Twenty percent responded that a person who gives respect to his wife and who listens to her suggestions is a good husband. Twenty percent responded that a good husband is who takes care of the needs of his wife and children

Characteristics of a prosperous life were described by sixty percent of the women as having a good home and enough money; thirty percent responded that if the husband and wife understand each other's problems and solve it mutually then the life will be prosperous. Ten percent responded that if their children will be pious and good in character, and have higher education then their life will be prosperous.

## **Differences between women using loans and giving loans to the husband.**

### **Younger women**

The younger women, who were using the loan by themselves, were able to decide about the education of their children, especially education of their daughters. As majority of women said that if they would not be having enough money then it will impact the education of girls, but because of the earnings of both husband and wife they are now able to educate their daughters as

well. The women who were earning by themselves said that now they can spend money on household things according to their own choice. Although majority of them are not using the earned money on their personal things, but they are able to use this money by their own choice.

The women who were not using the loan themselves were not able to take decisions about their children. Although they were also aware of the importance of education but still they were not in a position to take this decision. They also have to ask their husbands for money to buy the household things.

One thing which was observed during the interviews was that the women who were using the loan themselves were free to use their money, wherever they wanted to. But the women who were not using the loan themselves had to give justifications to their husbands for taking the money and using it.

### **Older women**

The older women, who were using the loan themselves, said that their grown up children took up household as well as earning responsibilities, and they found they had sometime described themselves as feeling "useless". Taking the loan and investing it means they are contributing to the household income but also using their spare time constructively. Most of these women were doing outdoor activities therefore their interaction with the neighbours and other people increased and they felt less isolated. The majority of the older women who were using the loans themselves said that before doing this income generating activity, they were dependent on their family members for everything but now they are not only financially independent but also contributing to the family income as well. Therefore their respect within the family has increased.



The older women who were not using the loans by themselves were also given respect by their family. But they were not having any work to do and they felt themselves as isolated. Because in their view all the people in home were busy in some kind of activities, and they did not have anyone to whom they could talk. They had to take money from their sons, or husbands in case of any need. An important observation is that the older women who were not using the loan themselves were complaining more about their family members. These women were also not consulted in the major decisions of the family like marriage of children, sale or purchase of any asset etc.

## Chapter 5

### Analysis

Microfinance aims to help poor by providing them small loans to improve their living conditions. The present study has been conducted to see the effect of microfinance on the empowerment of women and to compare the women who used the loans themselves and women who gave the loans to their husbands. The researcher took the data from Akhuwat Foundation, which is an Islamic Microfinance institution. They give small loans to enable borrowers to start some kind of work to increase their monthly earnings.

Being an Islamic Microfinance institution the process of loan given by Akhuwat Foundation is very different from the conventional microfinance institutions. In Pakistan different type of Microfinance institutions are providing Microfinance like Kashf Foundation, NGOs, SPs and banks. But these institutions are providing microfinance with interest. The poor because of not having enough money are most of the time unable to pay interest therefore being an Islamic Microfinance institution Akhuwat gained popularity among the poor people.

For this study the empowerment framework of Sara Longwe was chosen to analyze the impact of microfinance on empowering women. The framework consists of five different levels of empowerment, which are welfare, access, control, participation and conscientization. But for the present study four levels of the framework were adapted by the researcher, which are welfare, access, control and conscientization.

**Welfare** was taken as material welfare. By asking about borrowers' access to food, income and medical care, differences in availing these facilities among female borrowers (who used the loan

by themselves, and who gave the loan to their husband) were assessed. From the responses of borrowers it was observed that all the borrowers were having access to food but were not having access to income and medical care before taking microfinance. The respondents gained access to money by taking the loan, but those who used it themselves were able to generate income as well, and through that income were able to contribute to the education and medical care of their children. They were also able to avail medical facilities themselves. The responses of borrowers also indicate that they used their income on household and children and did not use it on themselves. The results of a previous study by Pitt et al (2006) are also in accordance with this finding that women's income is more likely to be spent on household and children (Pitt, Khandker, & Cartwright, 2006). From the responses of borrowers it was also noted that the respondents were willing to share their income with their husbands, the borrowers who gave the loan to their husbands, did it because they wanted their husbands to do some kind of income generating activity, and took the loan on their behalf, to enable them to work Kabeer (2001). Observed the same thing in the women borrowers of Bangladesh. She states that if the women are given loans, they are more likely to share it with their husbands but if the loans are given to men they do not share it with their wives. If they (the female borrowers) use the loans themselves then the whole family benefits from their income. The loans given to men do not have any effect on intra household gender inequalities; rather it reinforces the existing gender inequalities. Loans given to females can contribute to empowering women for decisions regarding their children and family (Kabeer, 2001).

**Access** was evaluated as the access of female borrowers to, income generating activities, and mobility. Sample questions to assess difference among female borrowers (who used the loan by themselves, and who gave the loan to their husband) in access addressed whether both type of

female borrowers have equal access to outdoor activities, and whether females can leave their homes for economic activities. Similarly the study asked if women are selling and buying the things by themselves or utilizing others as "middlemen" to access markets.

Access of women to income generating activities and their mobility not only differed because of the use of loan but also because of their age. The older women had more mobility as compare to the younger women. This is why the women who were between the age of 25-37 were restricted only to the indoor activities and were not allowed to do those income generating activities which required going outside the home and contacting the males. The women who were between the age of 38-50 were not restricted and were doing those income generating activities which required going outside the home. Moreover women between the ages of 25-37 whether they were earning, or not if they wanted to go outside the home for any work, they used to take the permission of their husbands. But the women who were between the ages of 38-50 did not require the permission of their husbands to go outside the home. Pakistani society is patriarchal in nature, and in most of the areas of Punjab Purdah is strictly followed leading to restrictions in women's mobility (Isran & Isran, 2012). The study also indicates that although women were into the economic activities. But they were still dependent on their husbands, for doing any kind of social or economic activity.

**Control** was assessed by measuring borrowers' control over the decision making process (all the decisions regarding children's health, schooling, marriages, earning money, using the earned money, etc).

The findings of present research shows that borrowers who earned their own money also decided to take the loan independently although the decision was taken to ameliorate their financial problems and the borrowers were forced to do some kind of income generating activity

to meet the expenses of household. The majority of the borrowers were using the money they earned, on the household.

From the responses of the borrowers it was assessed that control over decisions regarding children's health, education and marriages were not only effected by the loan they were taking, but due factors too. Age of women was an important factor in control over decisions, women who were between the ages of 25-37 they were dependent on their husbands in case of decisions regarding the health of their children. As the women between the ages of 25-37 are not allowed to go to the doctor alone therefore they had to ask from their husbands to go with them. But despite this fact it was also observed that women who were using the loan by themselves whether they were older women, or younger women, were more in a position to decide about whether they should go to a doctor or not. Because now they were having extra money which they could utilize for the medicine of their children and they did not need to ask their husbands for money.

In case of decisions regarding education of children, the women who were between the ages of 25-37 were more aware about the importance of education and wanted to educate their children. But the women who were using the loan by themselves were more independent in taking the decisions regarding the education of their children as compare to the women who were not using the loan by themselves. Because they were earning the money by themselves and they could spend that money on their children's education, but the women who were not using the loans by themselves, had to ask their husbands for money and therefore were not in the position to decide about the education of children. The results of a study carried by Pit et al. also reveal that the children of female borrowers also gain the benefits of their income. The author explains that school enrolment of children increase with the increased access of women towards the economic resources, and the dropout rate of children from schools gets lessen. The study also

reveals that the earning of women has a positive effect on girls' education. (Pitt, Khandker, & Cartwright, 2006)

The responses show that the decisions regarding marriages of children are mostly done by males. Whether women are earning by themselves or giving loan to their husband. Microfinance does not have any impact on decision regarding marriages of children. Because Pakistan is a traditional society where marriages are done by the consensus of whole family and males are considered as the authority to decide about marriage of children specially girls.

**Conscientization** was analyzed by measuring borrowers' awareness regarding the gender roles, and that these gender roles are culturally constructed. It was also analyzed by measuring borrowers' understanding of their rights.

The responses of borrowers show that they are not well aware about their rights. Pakistani society is a patriarchal society, and the society expects females to be at subservient position. The respondents of present study, being from lower middle class of an urban area of Pakistan, showed the same attitude. They were very hesitant to talk about their legal, economic and social rights. The women who were earning by themselves majority of them did not take it as their right, but they were of view that they are earning just to meet their expenses and if their husbands would be able to meet the expenses of household then they will not do work. Only some of them were working out of their own interest, but they also said that women should not do work outside the home, as they themselves were doing income generating activity inside the home. One of the respondents even said that "the women who do work outside the home are not of good character.

Majority of the respondents were of view that financial problems can become the reason of domestic violence, they think domestic violence as something wrong which should not happen.

But they think it as the right of husband. One of them said, “Women are beaten because of their own deeds, if the husband would come back to home after work and would be tired and the wife would start telling him about the expenses of home then she would obviously be beaten by him”.<sup>15</sup> Another woman said “A husband is *Majazi Khuda* (earthly God) and if he in anger says something then wife should bear it”.<sup>16</sup> But besides this, majority of the respondents who were earning by themselves were of view that domestic violence gets less if the financial problems are resolved. They said that if the wife contributes in household income then she gets more respect and the husband does not beat her. Kabeer also points out the same thing in her study and states that women’s economic contribution to the household leads to reduction in domestic violence and strengthened their relative position within their relationship with their husbands (Kabeer, 1998).

A few questions were also asked to assess how much they are aware of their rights. The questions were about their property rights and their right to vote. Despite the presence of different women friendly laws in Pakistan, majority of the respondents were unaware of their right of inheritance and right to vote, and the women who were to some extent aware of their rights, they were also very hesitant to talk about it and were of view that their brothers have the right on the property of their parents, so if the parents would be giving them the property even then they will not take it. Because taking the property of their brothers mean, making them angry. This shows that because of the patriarchal set up women are forced to give up their rights in favour of the male members of family. They give up their right of inheritance in favour of their brothers, just to please them, and to fulfil societal expectation of being a good sister. They

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<sup>15</sup> “*Auratain apni zaban ki waja se maar khatihain, khwand thaka hua ghar aey ga aur us kesamneykharchonkaronaroeingi to maar hi khainginaa*”.

<sup>16</sup> “*KhawandMajaziKhudahota he, isliay agar woghusay main kuchkeh de to biwikobardashtkernachiaey*”.

are also forced to do this, to get expected favour and help of brothers in case if any marital dispute happens in future. But despite the above stated reason one major reason is male dominated legal institutions and judiciary, and women's lack of legal knowledge and economic resources, which hinders women to get justice (Isran & Isran, 2012).

When their view about a good husband and a good wife were taken, almost all of them responded according to the existing gender roles of a man and woman. Majority of them said that if husband earns well, takes care of his wife and children then he is good, and if the wife takes care of her children, and fulfil her household responsibilities, serve the elders then she is a good wife.

This is also an indication of how patriarchal Pakistani society is, and how clear distinction is present in men's and women's roles that none of the respondents talked in opposition of the roles prescribed to them by the society, when they talked about an ideal husband and an ideal wife.

Right to education was the only right about which the women were aware and they wanted to have the right of education. The basic reason behind that was that if women get education then they can cope with any unforeseen circumstances that may arise e.g. the inability of a husband to earn etc. They wanted to educate their children as well, whether they were daughters or sons. But women who were earning by themselves were better in a position to fulfil their desire of educating their daughters. Because even they wanted to educate their daughters, but they said that if they would be having financial problems then the daughters would be the first who will not be able to go to school because of the expenses, and the women who were not earning by themselves were suffering more from financial problems as compare to the women who were earning by themselves. This shows that women's earnings have a positive effect on the education of daughters.



The present study indicates that microcredit brings change in some areas of women's lives but in others microcredit alone cannot bring the change. The women who used the microcredit by themselves although they were now able to spend the money according to their own choice, and they started spending money on their household expenses, and children education & health but still there were some areas on which microcredit does not have any effect. Women's mobility was not affected by the use of microcredit rather it was the age of women which was an important factor in giving women freedom to move. Then awareness regarding the rights was not affected by the access to economic resources. Therefore we can say that access to economic resources only cannot change women's status in the household. Their awareness regarding their rights is also very important to increase their intra household bargaining power. But we cannot deny the fact that the women who used the loan by themselves, were able to make it possible to earn for their families, although they are not spending the earned money on themselves but still they are in the position to spend their money by their own choice and they can now better fulfil the needs of their children. Thus microfinance although does not have significant impact on the decision making power of women in case of major decisions of family e.g. marriages of children but it has a positive effect on material condition of women and the household as well. Therefore we can say that from the four aspects of empowerment (welfare, access, control, and conscientization) which were taken to analyze the condition (Material) and Position (status) of the respondents of present study, the first aspect was already met by all the females. The second aspect which was access to the income generating activities and their mobility was partially fulfilled by microfinance and partially it was dependent on the age of the borrower. All the women who took the loan and used it by themselves were able to do some income generating activity and thus were able to access to the economic resources, this is a major contribution of

microfinance for the women who used the loan by themselves. But microfinance did not cause any change in the mobility of women. The third aspect of empowerment taken for the present study was control, which assessed women's control over the income they were generating. The majority of women said that they spent their income themselves. The fourth aspect of the empowerment which was conscientization was not fulfilled at all, and therefore it can be said that microfinance has no effect on the awareness of people regarding their rights. Thus we can say that microfinance has played its role in women's economic empowerment but within microfinance some other strategies should also be used that can change those societal norms and traditions which place women at a disadvantaged position.

## Conclusion

From the foregoing analysis and discussion, the evidence of microcredit leading to women's empowerment based on the four indicators of welfare, access, control and conscientization, is mixed.

In this study female borrowers were interviewed to see whether there is a difference in the level of empowerment of the women who are taking loans and using it themselves, and the women who are giving the loan to their husbands. Findings indicate that women who are using the loan by themselves are more empowered in terms of spending money on household things, on health and education of their children, as compared to women who are not using the loan themselves. Therefore it can be concluded that use of credit by themselves has a significant impact on the material condition of female borrowers. But microcredit does not have any impact on the mobility, and level of awareness of women. Age is an important factor for women's mobility and they are able to move independently outside the home and take up non-home based income generating activities. Women who were younger were restricted to the home whether they were earning themselves, or not. But the women who were older were more independent to go outside the home. Therefore it can be concluded that with the increase in age the mobility of women also gets increased.

The findings also show that women are not well aware of their rights, whether it is the economic right, social right or legal rights. Being an Islamic Microfinance institution Akhuwat foundation is making an effort to inculcate moral values in the borrowers. Initial sessions with borrowers (both Male and female) includes telling them about the importance of donations/charity in Islam, and these session can also be used to make the borrowers aware of their legal, economic and social rights & duties-even using references of Islam. Microcredit has some

positive effects on women's decision-making and self-image, and on household consumption, but it needs to be supplemented with awareness raising and linked to aspects such as adult functional literacy, raising men's awareness of women's rights etc, for it can play a transformative role transformative in uplifting society.

### **Recommendations**

- Keeping in view the devaluation of the rupee, and the rising inflation the loan amount should be increased.
- Akhuwat can make the borrowers aware of their other social, economic and legal rights within the framework of Islam since that is their operating frame.
- As the findings of study reveal that women who earn by themselves are better off as compared to the women who were housewives therefore women should be encouraged to set up their enterprises, by raising awareness through the MFIs.

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