

Building Social Capital from the Center:
A Village-Level Investigation of
Bangladesh's Grameen Bank¹

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Across rural Bangladesh, nongovernmental organizations (NGOs) are offering poor women economic opportunities. Among these NGOs, the Grameen Bank (GB) has successfully implemented group lending to provide poor, rural women access to collateral free loans. The institution's economic effectiveness, management practices, and long-term sustainability have been widely researched (Holcombe, 1995; Jain, 1996; Yaron, 1994). Social scientists have also considered whether borrowers actually control investment of the microcredit loans (Goetz and Sen Gupta, 1996). Still others have investigated whether GB loans and membership empower borrowers (Hashemi, Schuler and Riley, 1996). This paper is a departure from previous work as it focuses on whether GB members' regular interaction at the village-level loan repayment building, the "center," facilitates the members' ability to establish and strengthen networks outside their kinship groups and living quarters. I refer to these networks, their attributes, and their impact on the community as "social capital." I suggest that, by attending weekly center meetings, members have the opportunity to build social capital which then allows members to invest in community resources and build a kind of social wealth not measurable in simple financial terms.

BACKGROUND

Grameen Bank

The GB provides Bangladesh's poor an alternative to formal banking institutions by offering landless³ villagers⁴ small loans⁵ collateralized by group accountability rather than tangible assets. To qualify for membership, candidates must form or join a five-member group,⁶ learn to write their signature, and memorize a sixteen-point social development constitution (the Sixteen Decisions).⁷ In general, 8 five-member groups comprise the center. Each week, the 40 center members traverse the village to meet collectively at the center building. Once assembled, the meeting begins with salutes and a short exercise routine performed by the group. Members then

sign an attendance book while each group's elected chairperson pays loan installments to the GB worker⁸ on behalf of her group. The meetings provide members opportunities they did not have before GB membership that include: walking across the village to attend GB meetings; sitting with women from different *bongsho* (kinship group),⁹ religions, and social status; handling money; and receiving personal address from the GB employee. These opportunities flow from the obligations of GB membership.

The routines and rituals members follow each week are the institutional norms of GB membership. These institutional norms have also been referred to as the "rules the game" (North, 1990), and are believed to shape human experience and personal identity (Connell, 1987; Giddens, 1986). Schuler and Hashemi (1994) write: "In performing the rituals of membership, a woman develops a strong identification with Grameen Bank. This bond makes it easier for her to resist the tight strictures of the traditional family and to adhere to the regulations of the program" (p. 73). Knight (1992) has observed that institutions allow people to "produce, by acting with others, benefits that they would fail to achieve by acting alone" (p. 25). The norms of GB membership seem to provide members with a structure to their lives that enables this type of cooperation. GB's village-level institutional structure seems to enable rural women to creatively combine social and economic development.

Group Lending

The term "group lending," generally refers to a process whereby individual loans are disbursed to a small group (three to ten) of borrowers who are then collectively responsible for loan repayment, effectively substituting joint liability for conventional loan requirements. Ideally, the group's joint liability produces both peer pressure and peer support which encourages prompt payment of loan installments. From an institutional perspective, group lending presents possible advantages¹⁰ because it largely shifts the burden of establishing membership eligibility and timely loan repayment from the organization to the borrowers (Berger, 1989; Montgomery, 1996).

Some social scientists assert that social benefits borrowers gain in group lending programs flow from nurturing relationships among group members. Berenbach and Guzman (1992) reviewed group lending in Africa, Asia, and the Americas and concluded that group lending is generally successful because of the positive preexisting relationships among borrowers. According to the authors, “the group’s own dynamic, beginning with self-selection, is the impetus for successful group lending” (Berenbach and Guzman, 1992, p. 6). The researchers assert that mutual support is inherent in lending group self-selection and claim that social development is rooted in the small group. “The solidarity group, because of its basis in mutual support,” the authors conclude, “frees borrowers from historically dependent relationships...the peer group itself becomes the building block to broader social network” (Berenbach and Guzman, 1992, p. 4). Fuglesang and Chandler (1993) similarly concluded that an attitude prevails among GB members “that the group must proceed as a whole” (p. 100).

Others who have studied microcredit programs reject the notion that mutual support and solidarity inhere in group lending. The mutual support ideology often promoted among practitioners seems unlikely, according to Kabeer (1998), because “there is no reason why women who are in entrepreneurial competition with each other are going to have a natural affinity to form into groups together” (p. 10). Montgomery (1996) and Todd (1996) also warn group lending advocates that relationships implied in group lending terminology -- “mutual support” or “solidarity group” -- do not necessarily exist among borrowers. Instead, borrowers may or may not develop feelings of reciprocity, and, if they do, the feelings often vary drastically among group members. Todd (1996) points out that, because credit is the only resource women in Bangladesh have to improve their economic status, credit is viewed as a privilege that each member fiercely protects as an “individual right.”

Women's Networks in Bangladesh

Women in rural Bangladesh are largely governed by Islamic law and patriarchal customs. Patrilocal residence, the residence established when a bride moves from her father's to her husband's village after marriage, dislocates a woman from established networks in her natal village. Rural customs especially limit a *boji's* (village wife's)¹¹ opportunities to establish and strengthen networks beyond her familial associations. In her *bari* (homestead),¹² a *boji's* movement and demeanor are monitored by her husband, relatives and neighbors. As a new wife in an unfamiliar village, a *boji* does not have the opportunity to orient herself to the village's geography,¹³ a geography that is well known to the *gramer meye* (daughter of the village).¹⁴ She is constrained from doing so by the social pressure which demands conformance with *pardah*¹⁵ norms. These norms encourage *boji* and *gramer meye* to remain secluded within their *paras* (neighborhoods),¹⁶ if not within their *baris*.

However, women's absence from public spaces does not mean they have no connection to the other members of the community (Kabeer, 1994; Todd, 1996; White, 1992). Women have their own "informal associations" (March & Taqqu, 1986) formed and convened in and around their *baris* when washing clothes, processing rice, or caring for children. Because women have traditionally been excluded from formal institutions, informal associations have expanded women's social and economic lives and have served as important information channels and support systems (March & Taqqu, 1986). However, the relationships cultivated through these associations exist primarily among close neighbors and those who share *bongsho* ties. Unlike men, rural women rarely have the socially sanctioned opportunity to convene in common spaces beyond the confines of their *para*. This confinement limits their extra-familial social ties and opportunities for exposure beyond the boundaries of their homestead.

Social Capital

Social capital is comprised of a complex of obligations, expectations, norms, and trust embedded in the relations between members of a community (Coleman, 1990). Whereas physical capital can be thought of as the tools and training that enhance individual productivity, social capital refers to the “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam, 1995, p. 67). Methods for developing social capital may vary according to culture. But once formed, the central components of social capital -- norms, networks, and trust -- are transferable from one setting in a community to another setting in the same community (Putnam, 1993). A community endowed with social capital may be free from crime or evidence the kind of trust that enables individuals to “go to the market with only their faces, their name, and their honour for money” (Bourdieu, 1986, p. 185). Social capital is an especially powerful asset because it is a public good which benefits all members of a community -- those who contribute to it, and those who do not (Coleman, 1990).

Regular, public association of members of a community has been credited with mobilizing a community’s social capital (Hirschmann, 1984; Putnam, 1993). Repeated interaction enables personal trust to transition into social trust and allows individual norms to transition into shared norms. According to Putnam (1993), social ties formed through regular gatherings mobilize social capital because they “facilitate gossip and other valuable ways of cultivating reputation -- an essential foundation for trust within a complex society” (p. 37). Such community interaction encourages participants’ transition from the “‘I’ to the ‘we,’” while enhancing “participants’ ‘taste’ for collective benefits” (Putnam, 1995, p. 67). Networks formed through regular interaction give each participant a vision of herself as a member of a larger community (Putnam, 1993).

In a culture where a woman’s identity is primarily established and traced through male family members, a sense of individual identity can be crucial to establishing extra-familial group identity. Given the broad definitions of social capital, and the possible benefits to those who

produce it and to their community, I chose to investigate whether GB membership at the GB center facilitated social capital formation among the 40 assembled members.

RESEARCH QUESTIONS, STUDY SITE, AND FIELD METHODS

Research questions included the following:

- Are lending groups formed by women who knew each other before GB?
- Do center meeting norms enable women to see themselves as individuals beyond their kinship groups?
- Does group interaction at regular center meetings facilitate a collective group identity and/or promote cohesion among small groups of women?
- What factors do GB members identify as comprising their social capital?
- Has participation in regular center meetings reduced members' practice of *purdah* or increased their participation in democracy?
- Has the social capital formed among center members been witnessed by or affected the daily lives of villagers who are not center members?

Study Site

My research on social capital formation primarily focused on one center (Center A) located in a village 60 miles southwest of Dhaka in the Faridpur District (Appendix 1). Center A was established in 1990. Center A's village contained 132 households comprising 48 *baris* clustered along a river. A road connecting the towns of Faridpur and Madaripur intersected the village. The village was approximately one mile long oriented on a general north-south axis. Twenty-one percent of the villagers were Hindu; the remaining 79 percent were Muslim. The Hindu *para* was divided among the Pal (sculptors and potters), Karmokar (blacksmiths), and Brahmin (religious leaders, astrologers) castes. The Muslim *para* was primarily populated by three *bongsho*: Mattabar, Khan and Sheik. The village infrastructure included two saw-mills, two mosques, two mots,¹⁷ one Proshika¹⁸ school, and an independent middle school. Primary health

care needs were served by a village doctor, a government family planning worker, an NGO health worker, and a *dai* (midwife).

Field Methods

Field work took place over nine months. During that time, my assistant and I spent an average of 10 hours a day in the village. We traveled using only local transportation, shared meals with villagers, attended Muslim and Hindu celebrations, and participated in activities that enabled us to become a part of the villagers' daily lives.

I employed network analyses (Scott, 1991), structured survey questionnaires, in-depth interviews, and participant observation. The survey questionnaires included open- and close-ended questions. Of a possible 40 respondents, 38¹⁹ Center A members participated in the network analyses and 39²⁰ responded to the survey questionnaires. I also conducted interviews with GB members, members' husbands, village leaders, land-owners, a family planning worker, and a health educator. These interviews provided a broader context for my analysis of the qualitative and quantitative information gleaned from the network analyses, survey questionnaires, and participant observations.

I disseminated the survey questionnaires in an additional GB center (Center B) in order to access a larger respondent pool. Center B is located within the same GB branch²¹ as Center A, and like Center A, and was established in 1990. Thirty-three²² Center B members responded to the survey. A Bangladeshi researcher who had previously worked in the area under study introduced me to villagers and assisted with translation. During my nine month investigation, Center A members had a 100 percent loan repayment rate, a 95 percent meeting attendance rate, and an average membership tenure of seven years. By contrast, Center B members had a 95 percent loan repayment rate, an 80 percent weekly attendance rate, and an average membership tenure of five years.²³

Respondent Profile

Eight of the 40 GB Center A members were *gramer meye* -- the women were raised in the village and remained there after marrying a man from the village. The other 32 Center A members were *boji* who moved an average of five miles from their father's home to live in their husband's village after marriage. Seven of 40 Center A members were Hindu and 33 were Muslim. Thirty-three Center A members were married and lived with their husbands. Seven Center A members were widows.²⁴ All of the GB members in Center B were married and Muslim. A majority (54 percent) of respondents from Centers A and B were between 25 and 40 years of age. Seventy-four percent of the respondents in Center A and 73 percent of those in Center B reported receiving no formal education. Eighteen percent of the respondents reported completing some primary education. Membership in the GB represented the first formal institutional affiliation for all of the respondents.

Instrumentation

Key concepts for this study were operationalized as follows:

Social capital was broadly defined as the attributes of community life and social organization -- such as norms, networks, and social trust -- that facilitate coordination and cooperation benefiting both GB members and villagers not affiliated with GB (Coleman, 1988; Putnam, 1995). This general definition of social capital framed and focused my research. This flexible definition allowed me to investigate both social capital particular to rural Bangladesh and the social capital GB members identified as dividends of their membership.

GB center meeting norms included the following: walking across the village to attend the center meeting; sitting with a group of women from different *bongsho*, religions, and social status at the center meeting; handling money; and first name address from the GB employee during the center meeting.

Individual identity was defined as a member's awareness that she had a significance in the community independent of her familial relationships.

Collective identity was defined as the feelings of allegiance or alliance that develop over time among those who regularly participated in a similar activity.

Building networks was defined as a process whereby relationships are established between two or more members who did not know each other before membership.

Strengthening networks was defined as a process whereby relationships between two or more people, who knew each other before membership, become closer because of membership.

The survey questionnaire was pretested with GB center members in a village approximately 40 miles north of Dhaka. In the pretest village, six GB center members answered all of the research questions. The pretest enabled proposed questions to be excised or revised.

The study's dominant threat to validity was self-report. However, this threat was reduced because the research assistant was familiar enough with the respondents, and vice-versa, that their reports were easily verifiable.

Data Collection

The research assistant and I began data collection travelling from *bari* to *bari* gathering information from individual GB members. Information gathered from each respondent included the following: (1) first name; (2) husband's name; (3) year GB was joined; (4) *bongsho*/caste; (5) membership status (active/inactive); (6) natal village name; and, (7) distance from Center A's village to natal village. After gathering this information I began the data collection for the two network analyses. In order to evaluate networks existing before GB membership, I asked each member if she knew the other 38 members' first names before membership. In order to then compare how GB membership may have affected each member's networks, I then asked each member if she knew the other 38 members' names after membership.

My informal discussions with the respondents during network analyses data collection familiarized me with the villagers and the social issues in their community. These discussions enabled me to design a community and culturally specific survey questionnaire targeted to identify

the community's social capital. After completing the network analyses, I implemented the survey questionnaire. Following completion of the survey questionnaire, I conducted in-depth interviews with Center A members and with other villagers in Center A's village who had no GB affiliation.

I used the STRUCTURE and STRUCTURE ASSISTANT (Burt, 1989) computer package to compile and analyze the network analyses data. This allowed a closer quantitative comparison of relationships that existed before GB membership and relationships that formed as a result of GB membership. Survey questionnaire data was compiled and analyzed using an SPSS statistical package.

FINDINGS

Are lending groups formed by women who knew each other before membership?

In March 1990, Center A was established by a GB employee who went to the village and spoke with male villagers. The GB employee informed the men that landless women in their village would have an opportunity to receive collateral free loans and asked the men to pass this information to women they believed would qualify for membership. The men then contacted two women. One of these women, Rokeya Begum,²⁵ contacted her friends who lived in the *baris* adjacent to hers and encouraged them to form a lending group with her.

Rokeya and her friends formed Center A's first group. Over the next year Rokeya promoted the formation of additional groups by traveling throughout the village to inform other women of borrowing opportunities. This travel in and about the village was unusual because it represented a significant departure from social custom and *purdah* norms. Although Rokeya had grown up and married in the village, she did not know other village women apart from those who lived in adjacent *baris*. Rokeya explained that her initial efforts to form GB groups were inspired by her feeling of responsibility to the other women. Although Rokeya was from a well known family, she was not recognized when travelling through the village and her family name did not protect her from threats and criticism.

When respondents were asked how their five-member group was formed, 28 percent reported that the center chief²⁶ asked them to join, 25 percent reported another member to whom they were not related asked them to join, while 25 percent reported they joined a “broken” group (a group with a vacant position) with the center chief’s assistance. Twenty-two percent of the respondents sought membership on their own initiative by talking to the center chief or another member. In order to investigate whether “mutual support” or “solidarity” played a part in group member selection, I asked respondents what criteria would make a group candidate more eligible if more than one candidate vied for only one available group position. Eighty-five percent of the respondents reported that the candidate who had the greatest ability to repay loans would be selected. The remaining 15 percent reported that the candidate whose husband had regular earnings would be the most desirable.

Respondents were also asked if they had helped other women become members. Sixty percent reported they offered no assistance. Of the 40 percent who believed they had helped someone to become a member, 34 (80 percent) reported that they assisted a candidate by recommending her name to the center chief.

Do center meeting norms enable women to see themselves as individuals beyond their kinship groups?

In rural Bangladesh women customarily have no opportunity to gather publicly and are identified using only possessive terms denoting their relationship to the family’s male members: Hafez’s daughter, Bablu’s wife,²⁷ or Firoz’s mother. By contrast, Center A members weekly convene at the center, located at the intersection of the Muslim and Hindu *paras* next to Rokeya Begum’s *bari*. At the center, a GB employee refers to each woman by her first name when calling attendance or collecting loan installments.

The survey questionnaire and in-depth interviews were used to evaluate whether the center meeting norm of personal address prompted positive or negative feelings among members. All

respondents reported they liked being called by their first name at the center meetings. When asked why they liked hearing their first names, 33 percent responded that hearing their names spoken was beautiful. This sentiment was echoed by Nurjahan, who explained, “GB people were the first to call me by name since I left my father’s *bari* 40 years ago.” Twenty-six percent of the respondents reported that hearing their first name spoken was important to them because it indicated an educated person, the male GB worker, was showing them respect. Sixteen percent reported they liked the individual recognition because they considered their first names evidence of an identity apart from their traditional familial identity. Respondents reported that they preferred being addressed by their first names rather than traditional kinship terms. Paru reported she enjoyed hearing her first name and explained, “especially because it is spoken in a crowd; it is good to have lots of people know my own name.” Fuljhan reported that, before GB came to her village, “no one knew the names of poor women. Now they do.” Numerical data gathered during the network analyses revealed that, before membership, each member knew an average of 11 of the other 38 members’ first names. By comparison, after membership each woman knew an average of 32 of the other 38 members’ first names.

Eighty-one percent of the members believed they had changed as individuals because of their interaction with the other members at the weekly center meetings. Thirty-one percent of these women recognized that because of their new relationships they could go outside their *bari* without an escort, 31 percent reported a new found confidence to talk to others, and 21 percent believed that meeting at the center had made them “more intelligent.” Rubina explained that because of center meetings she no longer needed to “borrow knowledge from others in [her] *bari*.” “I can do things on my own now,” she asserted.

Does group interaction at regular center meetings facilitate group identity and/or promote cohesion among small groups of women?

Network analyses enabled comparison between relationships, direct and indirect, that existed among the women before and after they became GB members. Out of 1,482 possible relationships that could have existed between the 38 women before they joined GB, 531 (35.8 percent) of the relationships were direct relationships; 809 (54.6 percent) of the relationships were indirectly connected through one other woman; 67 (4.5 percent) of the relationships were indirectly connected through two other women; and 75 (5.1 percent) of the relationships did not exist before membership. In contrast, of the 1,482 possible relationships that could have existed between the women after they joined GB, 1,367 (92.2 percent) of the relationships were direct relationships; 77 (5.2 percent) of the relationships were connected indirectly through one other woman; none of the women were connected through two women; and 38 (2.6 percent) of the possible relationships were not formed.

When asked open-ended questions about how they felt when sitting among other members of different *bongsho*, castes, and social status, 78 percent of the respondents reported they felt good because, at the center, everyone is equal and sits with one mind (*shobai shoman, ek mon hoye boshi*). Sixteen percent of the members reported they enjoyed gathering with the diverse group of women at the center because they felt that they were all human beings (*amrah shobai manush*) and understood each other when sitting together (*amrah ek shate boshi takhon eke aporke*). Farida explained she felt good meeting at the center because while there she “forgets who is higher and who is lower status.”

When members were asked how they felt when they missed a meeting, 59 percent reported that they felt bad because they missed the opportunity to see or talk to the other members. Eighteen percent reported they felt bad because they wondered what the GB employee and the other members said about their absence. Conversely, 15 percent did not feel bad about the missed meeting because they had an emergency at home and simply could not attend. Of the women who missed meetings, 56 percent could not attend because they were sick, 39 percent had work at home,

and 17 percent had an emergency at home. Eighty-nine percent of the women who missed a meeting reported that they asked other members what took place at the meeting in their absence.

To further investigate respondents' thoughts about center meetings, I asked how the members would feel if a male family member commanded them to terminate their membership. Thirty-two percent of the respondents said they would feel bad because they enjoy the regular opportunity to meet with other women at the center. Kona explained that she would have to comply with her husband's demand, but would continue to visit the members who had become her friends. Thirteen percent of the women reported they would not feel good if they did not attend center meetings because they would not have the opportunity to listen to anyone outside their *bari*. Mala explained she would feel bad if she could not go to the center because she "would not see 'ten people,' would not listen to 'ten words' from others, and would not have a chance to tell my 'ten words' to others."²⁸

Amena admitted that she would not want her daughter to be a GB member because "GB membership means we are poor." However, Amena was proud to note that, because she was a member, the other women had become her "own people" (*apon hoto*).²⁹ Similarly, Rinia's desire for social interaction at the center did not cease after she left GB due to her economic advancement. Instead, after Rinia had formally withdrawn as a member, each week she lingered at the center building's doorway to see and talk to her friends. Like Rinia, 68 percent of respondents reported they had become close friends with one, and as many as three, other GB member(s) since becoming members themselves. Seventeen percent reported making four close friends at the center, and six percent had made eight close friends at the center. When asked why they felt closest to the women they identified as new friends, 35 percent said that their close friends would come first if the member needed help, and 31 percent felt close because they confided in each other. The remaining respondents felt close to their new friends because they were neighbors (25 percent) or were in the

same lending group (22 percent). All of those who reported having made friends also reported visiting their friends during the week between center meetings.

While members did not all welcome the opportunity to interact at the center, regular group interaction is an obligation of membership. Well known in Center A's village is the story of Bandanna Rani, a low-caste Hindu woman, who scandalously (given that most marriages are arranged) married Shanti Lota's high caste son out of love. Although both women were GB members, Shanti Lota refused to speak to or acknowledge Bandanna Rani due to Bandanna's perceived breach of religious marriage practice. Both women, however, sat on adjacent benches each week at the center. During the meetings, other members encouraged their interaction by teasing or including them in conversations. Without GB membership, the social pressure for their interaction would be reduced by religious differences throughout the caste segregated Hindu neighborhood, rather than intensified at center meetings. Given this division between the women, it was interesting to note that the "biggest change" Shanti Lota had seen in herself since becoming a member was that she had traveled outside the Hindu neighborhood to visit a Muslim center member. Shanti Lota did not visit Muslim villagers in her 36 years in the village before becoming a GB member. Maya, a GB member from Center A's beginning, shared this story with me and also explained that quarrels among the members in her *para* were less frequent "because every week we sit together and if there is anything in our minds we settle it. If we do not speak to each other [at the center] then it means we have a problem in our mind. [Not speaking] creates bad feelings for everyone. So because of [the center meetings] the quarrels are now less."

What factors do GB members identify as comprising their social capital?

While the GB worker documented each member's and group's payments, the women used this "empty" time during the approximately 90 minute meetings to "share their hearts" in a space³⁰ apart from male family members. One member's husband said that he would not dare to go to the center because it would be "shameful" for a man to go to a place where women sit together and

talk about “women’s business.” Eighty-three percent of all respondents said that when waiting to pay their installment they used the time to talk with other members. The remaining 17 percent said they used the time to listen to conversations between other members. Sufie, for example, explained that center meetings gave her the opportunity to talk to people and that this talk has shown her “how to maintain relationships with others.” In Maya’s words, “before the center we were not comfortable with the other people [we now know from the center]. Now we meet once a week where we discuss good and bad things.” According to Rokeya Begum, the information contained in the conversations at the center is *anonder bishoy* (the subject of our joy).

Before membership, the extent of the women’s networks often depended upon whether they were *gramer meye*, *boji*, or widows. However, after joining GB all of these women believed their interaction at center meetings enabled them to expand their existing networks. Rokeya Begum was a *gramer meye* and the first Center A lending circle organizer. She explained that although her natal family was well known in Center A’s village, she did not interact with most of the GB members before membership because she did not know them. “Now,” she explained, “membership has made me more popular because more people know me.” In contrast, Paru was a *boji* who moved from her father’s village to her husband’s village two years before she joined GB. During those two years she did not know anyone in the village outside her husband’s *bari*. She emphasized that, because she could regularly meet with women from different areas of the village at the center, she had had an opportunity to establish her own information networks. Because of Paru’s new networks, she believed, she learned of and enrolled in the government’s mass education program. Through this program Paru learned to read. Soburon was also a *boji*. However, she lived more than 20 years in the village before her husband’s death made her especially dependent on her new networks. GB loans allowed her to purchase a cow whose milk she sold for profit. At the center meetings, Soburon repaid her loan and secured promises from members to save their nutrient rich rice water -- the water that remains in the pot after rice is boiled -- for her cow to

drink. She explained that her “rice water network” is larger than it would have been without her GB membership because she has made friends and now goes to see the women from outside her kinship network.

Seventy-one percent of the respondents reported that, before membership, they did not know the village’s geography. With few exceptions, the women were secluded within their *baris* where they interacted almost exclusively with their husband’s kin. Eighty-two percent of the respondents acknowledged they did not visit or interact with women from the center before membership. Fifty-three percent did not interact with others from the center because they did not know them. Rinia remembered that before membership she was afraid to go out of her *bari*. “But now,” she explained, “I am not afraid to go out. The other women are familiar to me. I am familiar to them so they will not wonder why I am in their *bari*. Before I joined GB I did not know them so it would not have been natural for me to visit them.” Twenty-four percent of all respondents reported they did not visit each other because “*boji* are not allowed to leave the *bari*.”

But for Khaleda, GB membership has eased the mobility restrictions imposed on *boji*. “Before GB membership,” she explained, “people in my family would ask where I was going if I wanted to leave the *bari*. Now they don’t ask. They know I have places to go and are only curious to know where I have been after I return.” Eighty-nine percent of the respondents reported that they now go places, and feel comfortable going places, they did not go before membership. Their new mobility included travel to the center building³¹ (100 percent); marketplace and village shops (13 percent); and the health and family planning clinic (11 percent).

Before membership, 43 percent of all respondents never went to see other women from the center -- or visited members they knew only once a month. After becoming members, 75 percent of the respondents reported stopping in at *baris* across the village to see other members from their center weekly or daily. Rokeya Begum remembered that, before becoming a GB member, she did not stop in to see many of the other women from Center A because she did not know them and “no

one goes to another person's *bari* without a purpose." "Now we are members and that gives us a reason to stop to see other members," she added.

The women's interaction apart from center meetings often begins for business purposes -- discussing alternative economic opportunities or helping with loan repayment. Seventy-four percent of all respondents reported that they had helped other members to make up shortfalls on GB loan installments. These initial economic transactions often developed into personal relationships. Hasina explained that since joining Center A, she has gone to many different areas to collect personal loans she made to other women. "I never did this or had this exposure before GB," she said. "Now if someone asks me to sit down and talk with them in their *bari*, I can and I do."

According to respondents the newly formed economic ties have also provided an avenue for exchange of limited resources. For example, Rashida can now borrow a *sari* or gold jewelry from another member to wear to her relatives' *bari*. Maya, on the other hand, confided that she did not have tangible goods worth lending, but candidly proclaimed that since becoming a member she frequently lends her knowledge to friends from the center. Before membership, such exchanges were not practiced between unrelated women, according to Rokeya Begum, because "our ties were confined to a small group of people...my mind resisted asking to borrow, because if they had refused I would have been ashamed, but now we are friends. We have more trust so we can borrow and lend such things [among members]."

The opportunity for exchange between members seems to have especially benefited *boji* who, before membership, often had no choice but to rely on ties in their natal village during difficult times. Anjura remembered that "it was not unlikely for our husbands to send us back to our father's house for a loan or some help when [our family] had economic or social problems." Now, according to Anjura, this practice has largely stopped, because GB members have their own networks that enable them to borrow or seek assistance from villagers in the community where they

live. The frequency with which survey respondents visited their natal village reflected Anjura's experiences. Before membership, 15 percent of the responding *boji* made weekly visits to their natal village, whereas only 3 percent made weekly visits to their natal village after membership. Similarly, 31 percent of the *boji* visited their natal village once a month before membership, but after membership 20 percent visited their natal village once a month. Twenty-five percent of the *boji* visited their natal village once every three months before membership, but after membership 21 percent visited their natal village once every three months.

Community members' enhanced ability to participate in *somoj raka kora* (social obligations) provides further evidence that center meetings have strengthened members' resource networks. Social obligations in rural Bangladesh include serving unexpected guests *muree* (puffed rice) or joining in marriage celebrations. But before membership, many of the members said they did not welcome guests into their *bari* and would not travel to visit other *baris*. The absence of this social exchange often resulted from limited networks and finances -- often the members did not know anyone from the village, were not known by others in the village, and did not have refreshments to offer a guest. Ninety-four percent of the respondents reported GB membership enabled them to meet social obligations in the village. Eighty-one percent of the respondents reported that they were better able to fulfill a broad spectrum of social obligations since their membership in GB. For 8 percent of the members, this meant that they had received invitations to social occasions. "We are no longer invisible," was a popular response to my inquiry regarding social obligations. Others attributed the change in their social life to economics. Forty-five percent of the respondents said they could now serve guests refreshments, 26 percent were able to give a wedding gift, and 19 percent could give a better wedding gift than they could before membership. All of the respondents agreed that they had more social invitations, because of friends made at the center, than they did before membership. In general, Center A members identified their social capital as: their interaction both with women at the center and outside the

center; their newly gained mobility outside of their *bari* to visit other members and travel to “public” spaces in the village; the exchange of scarce resources; the opportunity to rely on networks in a “marital” village rather than a natal village; and, the ability to participate in social obligations.

Has participation in regular center meetings reduced members’ practice of purdah or increased their participation in democracy?

Seventy-two percent of the respondents reported that they practice *purdah* by covering their head with an *achol* (end of their sari), while the remainder cover their head with an *orna* (scarf). Thirty-four percent of the respondents reported that they occasionally wear a *burqa*³² when they leave their *bari* but only when they are going to visit their daughter-in-law’s *bari* or father’s *bari*. Of the 66 percent who reported never wearing a *burqa*, 79 percent did not wear one because they did not have one. The remaining respondents reported that they did not wear the garment because they did not like to wear it.

The 1997-98 union council elections were the first elections in which the national government encouraged women to run for office on the local union councils. Ninety-five percent of the respondents³³ said they voted in the union council election, reflecting Bangladesh’s national voting average for women during the same election. Of the 95 percent who voted in the 1997 union council election, 87 percent reported that they chose which candidate to vote for without advice from family or friends. Fifty-nine percent of the respondents said they did not discuss their views on the candidates with members at the center meetings. One of the members explained that the GB employee asked the members to not talk about the upcoming election at center meetings because such discussions were “too divisive.” None of the respondents ran for a union council position. However, in the district that was home to Centers A and B, 397 female GB members³⁴ ran for union council offices. Although Rokeya Begum, a very outspoken woman with demonstrated influence in Center A’s village, was frequently seen campaigning for her favorite candidate, she did

not run for a position on the union council. When asked why she and the other women did not run for office, Rokeya Begum explained, “if the men in our village see our courage they may take it away.” After the elections many members casually reported that they regretted not running for a position.

Has the social capital formed among Center A members affected the daily lives of villagers who are not Center A members?

Non-GB villagers’ perceptions of change in GB members and their community informed my inquiry into the broader implications of social capital cultivated at the center. An influential male leader in the village remembered that before Center A was established, women in his *bari* frequently quarreled. He explained, “suppose a woman was drying her *paddy* (unhusked rice) in the sun but another woman’s chicken started to eat it. This would start an argument and sometimes the men would get involved.” “Now,” he observed, “there are fewer quarrels because the women know they will have to meet once a week at the center.” The village leader concluded that the women would prefer to keep their quarrels to a minimum rather than lose face among the group at the center meetings. Similarly, the village’s NGO health worker³⁵ reported that she noticed changes among members during her weekly rounds in the villages’ *baris*. “These women who sit together at the center,” she explained, “did not know each other before membership but now they do.” “Suppose a member’s child is out and doing something wrong outside the *bari*. Because the women know each other now,” she observed, “they [also] know who this child belongs to. I have noticed that now they help the child and the mother by making sure the child does not do anything wrong. They help the child to behave.” The resident family planning worker also attributed changes in the village to the regular center meetings. “Every week the members sit together,” she explained:

You know in my student life I spent time with other students at school...I think it is something like that. Now [the GB members] also enjoy sitting together with the other women and they get pleasure from this. [At the center] they exchange their feelings among

each other. So their consciousness does not allow them to quarrel with each other any more. There have been changes. If the members have any problems now they can settle them in the meetings.

The relationships formed at Center A, in the opinion of one elderly village man, have benefited the larger community. He believed that, since the center was established, *adan-prodan* (give and take) had increased among people in the village. Changes a self-sufficient landowner's wife noticed in GB members' social interactions prompted her to include GB members in her *para*'s social and economic circles. In Hosnara Begum's view, GB members had been "socially and economically promoted one degree" because of the way they could "talk" to other villagers, share resources, and take care of themselves.

One Center A member's husband had also witnessed these changes. Although Hafez was initially suspicious of GB's intentions, he said that he no longer minded that his wife was a member, in part because he had more friends at the tea-stall. He explained that when he went to the tea-stall before his wife's membership, he recognized most of the other men there but only spoke with his established circle of friends. "But now," he continued, because of our wives' friendship at the GB center this "has given us something to talk about at the tea-stall so we have become friends."

DISCUSSION

Lending Groups

Although much emphasis has been placed on the "peer support" function of lending groups, my findings suggest that Center A lending groups were seldom formed from preexisting direct relationships. Instead, the lending circles in Center A were primarily formed by one woman who took the initiative, who may or may not have been the center chief, to make herself the center's lending group liaison. She matched those loan candidates with lending group vacancies. In many cases, the women who became members of existing five-member groups did not know the four

other group members. The women's economic interest in receiving a loan, rather than the opportunity to support a group of peers, seemed to mobilize the women to form Center A's groups. Most members agreed that a candidate's ability to repay her loan was the primary criteria in selecting a group member.

Change in Self-Image

The norms of GB membership seem to have facilitated information sharing and trust among women who, prior to membership, rarely interacted outside their kinship groups. GB center norms may have provided many members with the opportunity to build relationships with other women they did not know. Meeting norms have also provided the women with an opportunity to develop their individual identity. Meeting and joining with friends while walking across the village to the center meeting, sitting in conversation at the center with a diverse group of women, handling money for the group, and receiving personal address from a GB employee provides each member with a regular opportunity to engage a community as an individual and a citizen.

The form of address used at GB center meetings provided each woman with regular personal acknowledgement as a member of the larger community. Network analyses and survey questionnaire data suggest that personal address at center meetings enhanced members self esteem as evidenced in members' belief they were receiving respect and public recognition. The confidence and freedom flowing from the norms of GB membership have emboldened members to establish personal identities that can succeed into reputations and group membership.

Collective Identity

The network analyses data demonstrates that each woman's network grew with a corresponding increase in direct relationships. Center members' feelings about meeting at the center building also suggest the women are gradually forming a group identity. The respondents' anticipation about weekly meeting at the center demonstrates that members value the weekly opportunity to convene in a common space where they have made friends. Their feelings and

network analyses findings point to the importance of regular and frequent meetings. These findings suggest GB administrators should not change the weekly meetings to bi-monthly meetings.

Respondents' negative feelings about missed meetings focused on the missed opportunity to interact with other members rather than economic obligation. The thought that a husband would prevent a member from continuing her affiliation with the center brought disappointment to many women's faces that was then clearly articulated. They immediately shared their thoughts about how they would feel if they missed the opportunity to leave their *bari* and exchange news with friends at the center. The members' feelings were rooted in a desire to interact with friends made at the center, rather than fulfill economic obligations of membership. Most of the women reported that they had made one to three close GB friends from the center by simply waiting to repay loans each week. These feelings of friendship were not defined by economics. The friendships were defined by a security that a close friend would come to help another friend or be a confidante. The friendships made at the center demonstrate how the simplicity of regular interaction has transitioned from the initial desire for a loan to a desire socializing. The meetings have brought each member a broader social network she can call on for social support or simply enjoy as part of her broader social life.

Even when social realities did not predetermine the formation of friendship at the center, such as Shanti Lota and Bandanna Rani's story demonstrated, this did not dilute the power of interaction at the center. When members told and retold this story they always mentioned that other members would pressure the women to interact or to at least acknowledge each other. The social pressure from Muslim and low-caste Hindu women for a high-caste Hindu woman to interact with a low-caste Hindu woman was unprecedented. The women's interaction at the center especially encouraged a collective identity because it provided a weekly opportunity for conflict to transition into cooperation. Even if the women never settle their dispute, 38 other women have had the chance to be part of a dynamic that encouraged harmony rather than promoted division.

Social Capital

The components of social capital in healthy communities have been broadly defined by scholars and practitioners. But given the chance, how would members of a community define the components of their own social capital? In general, Center A members identified their social capital as the ability to: interact with women inside and outside the center; rely on new and stronger networks; move out of their *bari* to visit other members and travel to “public” spaces in the village; exchange scarce resources; and to participate in social obligations. *Bojis*’ increased reliance on marital village networks, and reduced travel to their natal village, suggest that they had become less isolated and more invested in the community. The members’ social capital has been powerful because it enabled them to strengthen their place in their family and in village life.

Rokeya, Paru, and Soburon’s stories showed how social capital built at the same building was used for different needs. The self-identified components of social capital have expanded each woman’s life options and introduced new social opportunities for the group. Interaction at the center has graduated into new and strengthened networks while mobility has given each woman a socially sanctioned license to move about the village and, therefore, the opportunity to call on and continue to build her networks.

***Purdah* Practice and Democratic Participation**

Survey results suggest that Center A and B members had not stopped practicing *purdah* after becoming members. Moreover, Center A members had not employed their networks to run for office in the latest union council election. Members had not leveraged the social capital of center membership to break away from the traditional practice of *purdah* or break into the predominantly male union council. The women continued to honor *purdah* and remained wary of flexing any political muscle. As articulated by Rokeya Begum, such democratic actions would be misinterpreted by male villagers and would result in a backlash. Perhaps the GB employee could

have facilitated members' participation in democracy by nurturing a center environment where political discussion would have been considered thought provoking rather than divisive.

Although these results did not show that social capital attained at the center empowered GB members to enact two particular sweeping changes, they did suggest that the members were able to honor cultural practices they valued while becoming increasingly aware of their new power. The members demonstrated their ability to balance cultural practices and build awareness of where their power may lie in the future. Perhaps most importantly, the members enlisted their social capital in ways that made sense to their daily lives.

Effects Beyond the Center

Villagers were who not GB members reported collateral community benefits of the GB members' regular interaction. Villagers reported, or at least credited, GB membership with producing fewer quarrels among members, more child-care, and extended networks for the village as a whole. The members' experiences and new found relationships brought feelings and actions of reciprocity to the broader community. These perceptions suggest that the women from Center A were gradually strengthening the community's social fabric.

Conclusion

A rural Bangladeshi woman's identity and relationships are traditionally decided by patriarchal practices and *purdah* norms, which contribute to her isolation and therefore limit her involvement in community life. NGO involvement can change this dynamic. My observations at one GB center have shown how NGO affiliation enables members to attain dignity while simultaneously altering traditional village practices. Villagers have done so by taking advantage of the center space to establish and strengthen social ties that reach beyond their familial networks. This process has been nurtured by GB membership norms at the center building. For example, when GB workers address rural women by their first names, the women gain confidence that flows from personal recognition. This untraditional form of address, in combination with regular

interaction in a common space, enables members to expand their opinions of themselves from “only” daughters, wives, or mothers to individuals with identities apart from traditional strictures. Emboldened with the awareness of identity beyond kinship ties, each member began to build a collective identity with an extra-familial group beyond her *para*. While participating in the obligatory meetings, members enlisted their networking skills by building new networks or strengthening existing relationships in a socially sanctioned gathering place. Although the social capital cultivated at Center A had not manifested itself into change in *purdah* practice or participation in democracy observable from the outside, it had enabled the women to gradually become invested in community life in ways they were not before GB membership. In addition, the relationships established and strengthened at the center have positively affected villagers who were not GB center members.

Perhaps most important, these findings suggest that the social implications of microcredit lending can be as powerful as the economic implications. Indeed, microcredit alone does not enable rural women to prosper. Sustainable prosperity -- both economic and social -- seems to be cultivated by regular and frequent interaction at a sanctioned gathering place. GB’s approach to loan repayment at the center has enabled women, as individuals and an integral part of the larger community, to continue to prosper through trust and community cooperation networks long after the initial acquisition of financial capital. Those hoping to build similar programs should look beyond lending group rhetoric and towards the “center” model. Rather than focus on an implicit impact gained from small groups, borrowers should also have ample opportunities to interact with a larger group of individuals who share their common experiences. Impoverished rural Bangladeshi women were strategic planners well versed in household economics and networking, within the confines of kinship groups and *paras*, before NGOs arrived on the scene. GB membership at the center investigated simply gave each woman an additional opportunity to put her social skills to work among a group of women she would not have otherwise interacted with.

This opportunity created a community where 40 women have a more complex web of exchange and visiting networks simply because they were obliged to meet weekly and repay loans. The collective nature of group lending GB style has far reaching implications on rural women's ability to build social capital and for villagers outside the organization to benefit from its acquisition. NGOs can learn from GB's institutional framework by providing clients with an opportunity to share experiences and make friendships in a safe environment. This will enable borrowers to prosper in ways not made possible only through access to financial capital alone.

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Endnotes:

¹ A portion of this paper was initially prepared for presentation at the Institute for Women's Policy Research Conference, Washington, DC, June 14, 1998.

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³ Landless is defined as owning less than .5 acres of cultivatable land and/or owning assets with a cumulative value less than the value of one acre of medium quality land.

⁴ Over time, GB has primarily sought to lend to women because they are the least empowered among Bangladesh's rural poor (Khandker, Khalily, and Khan, 1996). As of November 1997, women comprised 98 percent of GB borrowers (*Grameen Dialogue*, January 1998).

⁵ As of November 1997, the average loan size was US\$100, repaid over 52 consecutive weeks. At that time there were 2.2 million loan recipients and a total of US\$2.1 billion in loans disbursed (*Grameen Dialogue*, January 1998).

⁶ Initially GB loaned to groups of ten or more borrowers. The groups proved too large to be effective (Islam, Wahid, and Khan, 1993). At GB the five-member groups are formed by members themselves with the restriction that the women of one group cannot be from the same household. A household is defined as those who share a cooking pot.

⁷ The Sixteen Decisions include pledges for members to develop their families through education, planting vegetables, installing sanitary latrines, and avoidance of giving or receiving dowry. For further information refer to Hossain (1993).

⁸ The terms GB worker and GB employee will be used interchangeably to refer to the individual responsible for weekly collecting GB loan payments at a number of center buildings.

⁹ *Bongsho* is a kinship term that applies to a Muslim rather than Hindu villager. It "points to the quality of a patriline...as an inheritable and shared attribute [and] it is the most explicit marker of a person's belonging" (Kotalova, 1996, p. 113).

¹⁰ Other programs have not been as successful. See Adams and Vogel (1986) and Braverman and Guasch (1984).

¹¹ The mobility of *boji* (village wives), throughout the areas investigated for this study, is especially restricted due to the belief of villagers that new wives do not "belong to" the village. Therefore *boji* must more closely adhere to *pardah* restrictions than *gramer meye*.

¹² A *bari* (homestead) is a cluster of sleeping houses (approximately 200 sq. ft.) and cooking huts (approximately 20 sq. ft.), inhabited by kinship members, and built around a central courtyard.

¹³ Kotalova (1996), noted that new wives do not have the opportunity to travel through the village unless they do so on their own at night – something that is not at all likely.

¹⁴ *Gramer meye*, in Center A's village, are comparatively freer to move throughout the village than *boji* are because they "belong to" the village.

¹⁵ In general, *pardah* is practiced by women across rural Bangladesh to uphold Islamic standards of modesty and morality. However, each woman's definition of and ability to practice *pardah* varies according to village, social status, and economic status. A traditional way to practice *pardah* is to wear a *burqa*, a black garment which covers a woman from head to toe. "Purdah is an Islamic norm which secludes women because of the moral danger promiscuity represents in a society of men" (Blanchet, 1984, p. 119).

¹⁶ A *para* is a neighborhood. A number of *baris* inhabited by families from similar *bongsho*, *castes*, or religious groups may comprise one *para*.

¹⁷ Hindu religious monument erected to commemorate the deceased.

¹⁸ Proshika is a nation-wide Bangladeshi NGO that focuses on education, microcredit, and consciousness raising for the poor.

¹⁹ At the time of the network analyses one position in Center A was vacant due to the death of a member.

²⁰ One woman in Center A was not interviewed with the survey questionnaire because she was in her natal village recovering from the birth of her first child. However, she was later interviewed.

²¹Each GB “branch” was designed to supervise between 50 and 70 center buildings located within a 2.6 mile radius of the branch building. Members receive loans at the branch office and repay the loans at the center buildings. As of November 1997 there were 1,100 GB branch offices across rural Bangladesh (*Grameen Dialogue*, January 1998).

²²At the time members were interviewed with the survey questionnaire Center B seemed to be in transition. Seven women could not be reached for an interview because they had left the village due to loan default.

²³Repayment and attendance figures were provided by the GB employee in charge of Centers A and B.

²⁴Widows in rural Bangladesh are among the most vulnerable of all the poor. In the words of one respondent from Center A, “those who do not have husbands have no limit to their pain.”

²⁵All personal names used in this paper are pseudonyms.

²⁶The center chief is an elected position. All center members vote for one member they believe will be the best center representative (center chief). At the time of the investigation Rokeya Begum was Center A’s center chief.

²⁷A widow continues to be called by her late husband’s last name. This made it particularly difficult to distinguish how many widows resided in Center A’s village.

²⁸In this context the number ten is used colloquially to mean “more than a few.”

²⁹Kotalova (1996, p.117) explains that “*apon*” denotes a close family relationship rather than a distant or fictive family relation. Amena’s words indicate that her friends from Center A have become as close to her as her relatives.

³⁰There is a feeling of mutual ownership of the Center A building. This feeling may be rooted in the fact that when the center was only two years old, each five-member group pooled their money and collectively purchased their own bench where they sit every week.

³¹None of the women felt they were “breaking” *purdah* to walk to the center building.

³²A black garment that fits a woman from head to toe, with a veil, effectively covering her entire body.

³³Elections in Center B’s district were held two months after the survey was implemented. Therefore, Center B members’ voting practices could not be compiled with those of Center A members.

³⁴My thanks to Mr. Muzammel Huq for retrieving this information for me. It was later published in “Results of Union Parishad Election 1997,” by Grameen Bank’s headquarters in Dhaka.

³⁵This woman lives in Center A’s village but works for an NGO that is headquartered outside of the village. A portion of her employment obligations include visiting each *bari* in Center A in order to educate the villagers about health and sanitation issues.