

Group Lending in South-India A Gender Perspective

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Presentation Outline

- Context
- Methodology
- Research Questions
- Main Results
- Concluding Thoughts

The context

The Self-Help-Group Model

● SHG as « microbanks »

- Stage 1 – group formation (12/20 members)
- Stage 2 – savings and internal lending
- Stage 3 – linkage
 - external loan (group loan), which is then lend to the members individually

● Linkage types

- MFI
- Banking linkage
 - Direct linkage (17%)
 - NGOs as Facilitators (75%)
 - NGOs as financial intermediaries (8%)

The SHG movement: main strenghts

- A dramatic growth...

- Number of clients:

- +82% per year since 1993 (2 924 973 linked groups in 2007)

- Volume of credit disbursed:

- + 110% per year since 1993

- A strong focus on women

- 90% of the clientele

- A strong focus on rural areas

- 80% of the clientele

- The SHG model: 2/3 of the total Indian microfinance supply

But many weaknesses

● Quantity at the detriment of quality

- Rigid and standard supply
- Limited amounts (100\$ on average)
- Short term (one year)

● Microfinance NGOs:

- A « credit plus » approach
- « Women empowerment » as a permanent and recurring discourse
- But no real gender strategy (FWWB, 2005)

Research questions

- Members' perspective
 - social and financial aspects
- Group management
- Diversity of behaviors

Methodology

- An emphasis on the production of primary data
 - Diversity of socioeconomic contexts (rural areas in south India)
 - Diversity of microfinance NGOs
 - A focus on poor women (low caste)
- A combination of quantitative and qualitative tools
 - MIS, survey sampling
 - Live histories, group discussions, observation
- The challenges of empirical analysis
 - Poor MIS
 - Lack of transparency, NGOs control
 - Getting reliable figures on income, debt and savings

Members' perspective (1)

- Strong patriarchal norms
 - Men as breadwinners
 - Control on women mobility
- Daily practices
 - Men's « laziness »
 - Significant women's contribution to household income
 - Men's suspicion and resistance to social change
- Women's perception of « empowerment »
 - Challenging patriarchy is hardly conceivable
 - Women are rather looking for compromises, adjustment, bypassing and resistance

Members' perspective (2)

● Tensions and conflicts

« The SHG solve some problems but create others »

- Intrahousehold tensions, group tensions, internal tensions
- The tricky question of time

● Compromises

- *Additional women obligations as a counterpart of group participation*

● Mutual learning of resistance practices

- The group as a platform for discussions, exchanges and mutual learning to bypass patriarchal hierarchy

The example of financial practices

● The context:

- A permanent paradox: managing family budgets without any control on family income

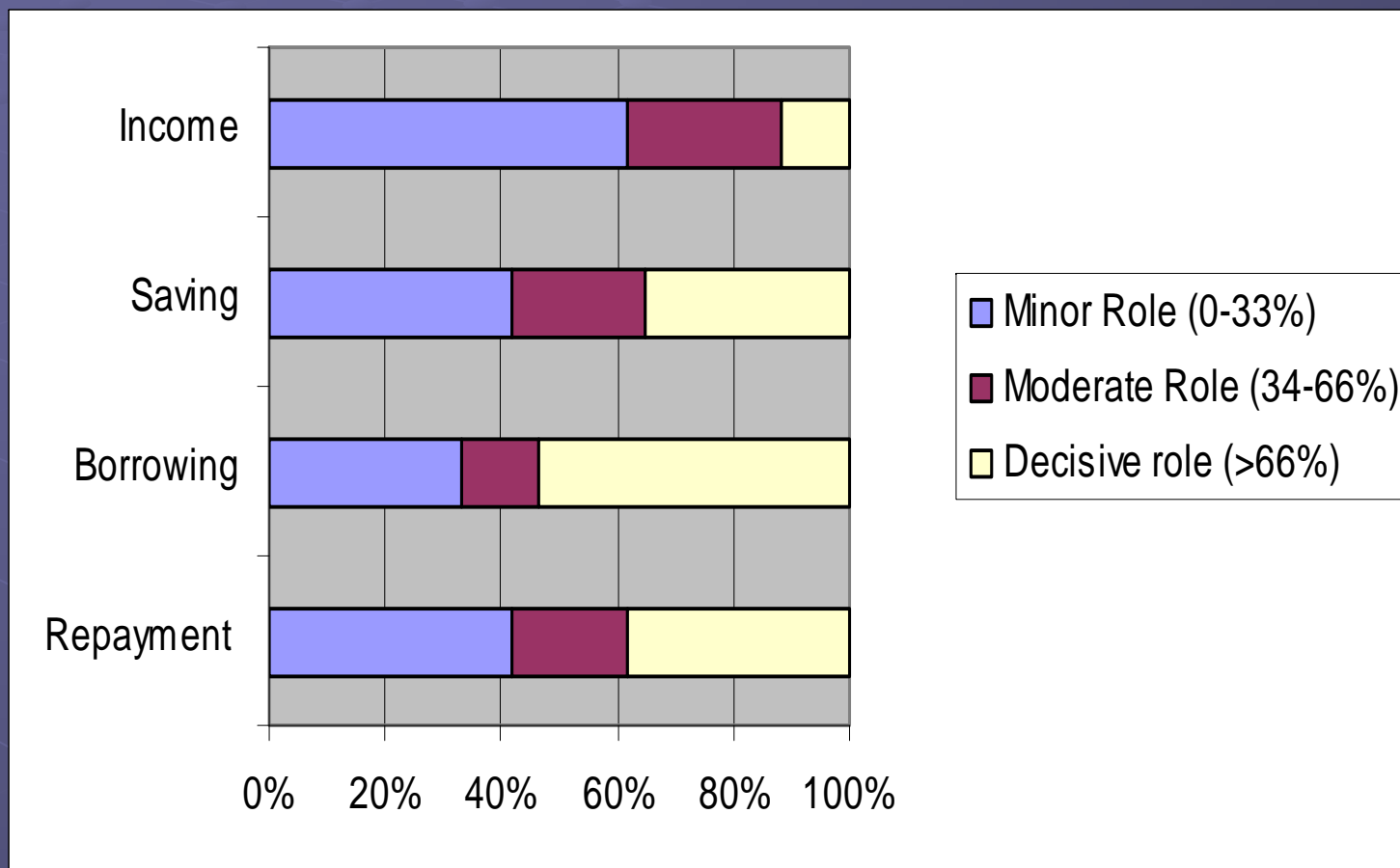
● The consequences

- Diversity of financial women-led practices (borrowing, saving), partly clandestine
- Diversity of financial women circuits

SHG impact on financial practices (1)

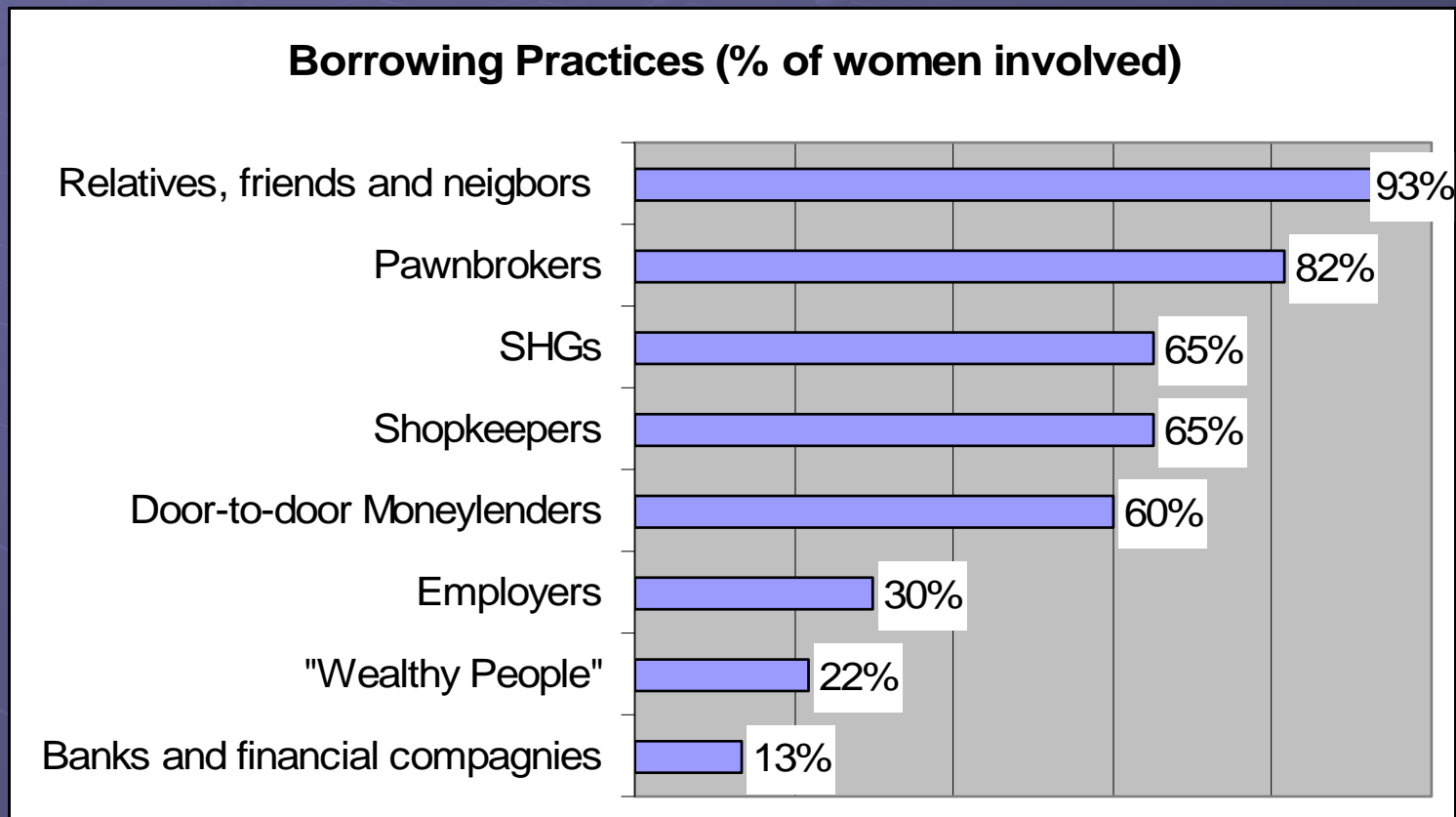
- Additional source of borrowing
 - But amounts remain limited compared to global indebtedness (5 to 30%)
- Additional pressure (regular instalments and social pressure)
- Internal arrangements
 - Flexibility
 - Strengthening of women financial circuits

Women responsibilities in household budget management



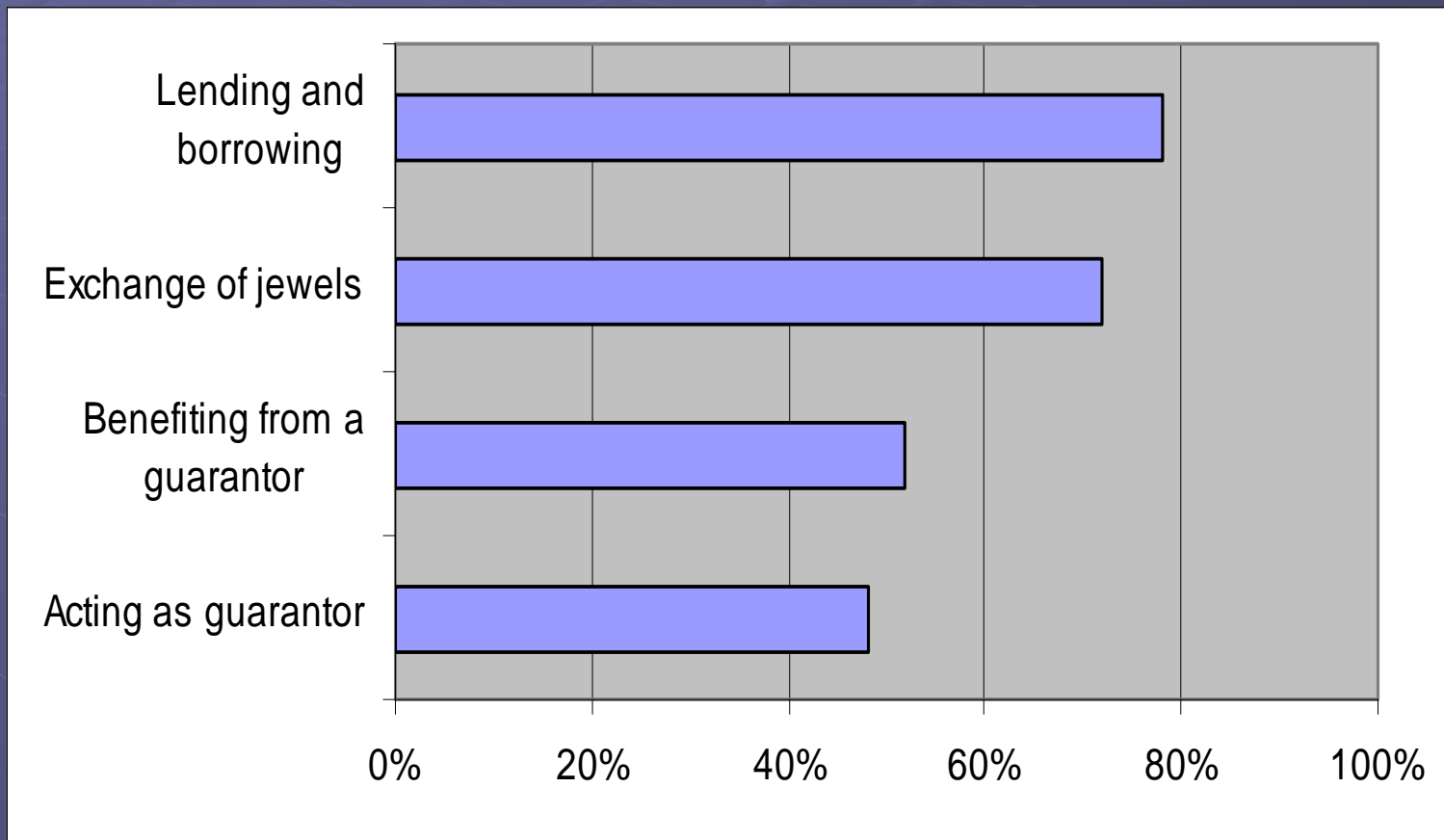
Source: author's survey, 2007 (Tiruvallur District, Tamil Nadu, India)

Women borrowing practices

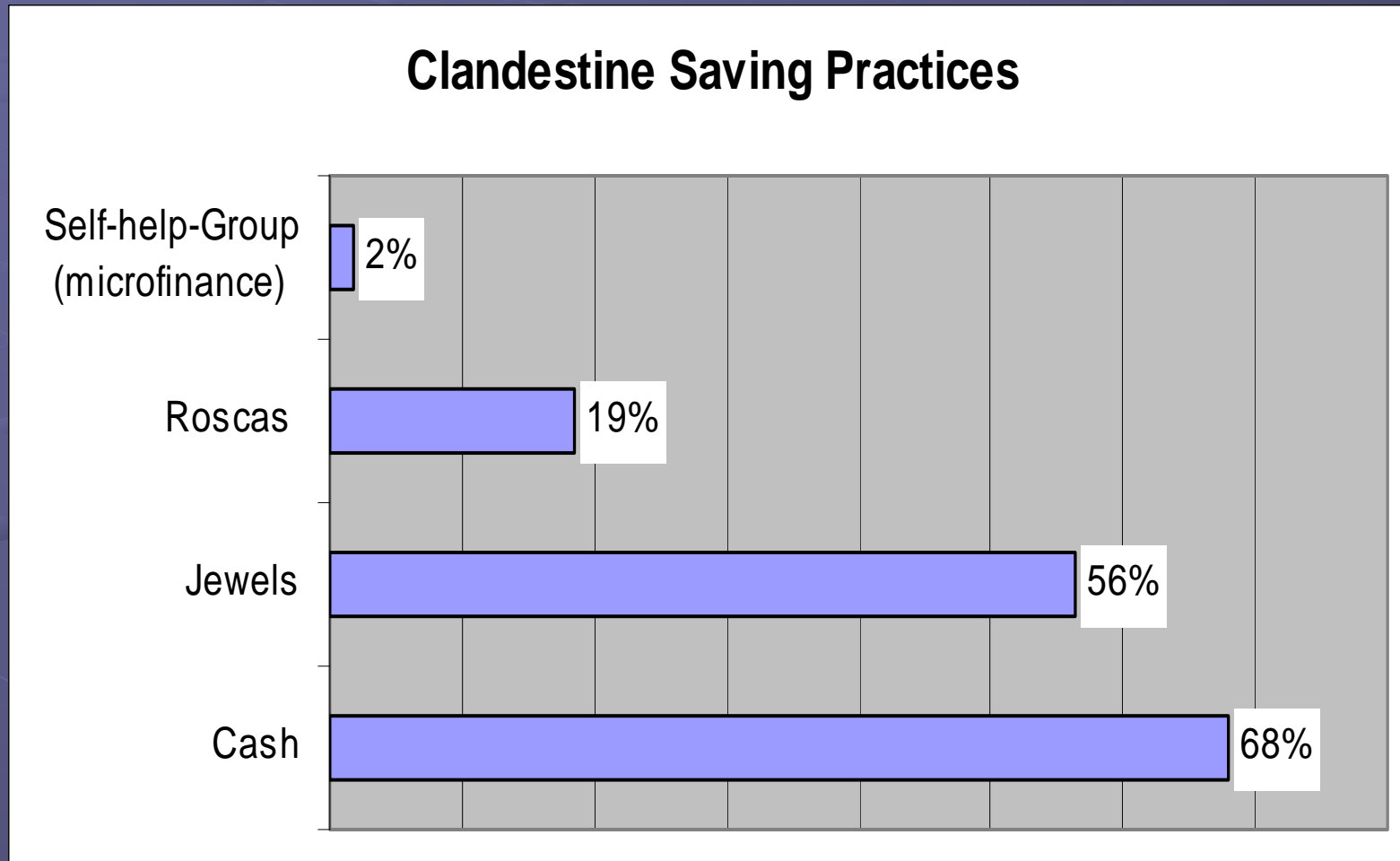


Source: author's survey, 2007 (Tiruvallur District,
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Women financial circuits



Women clandestine saving practices

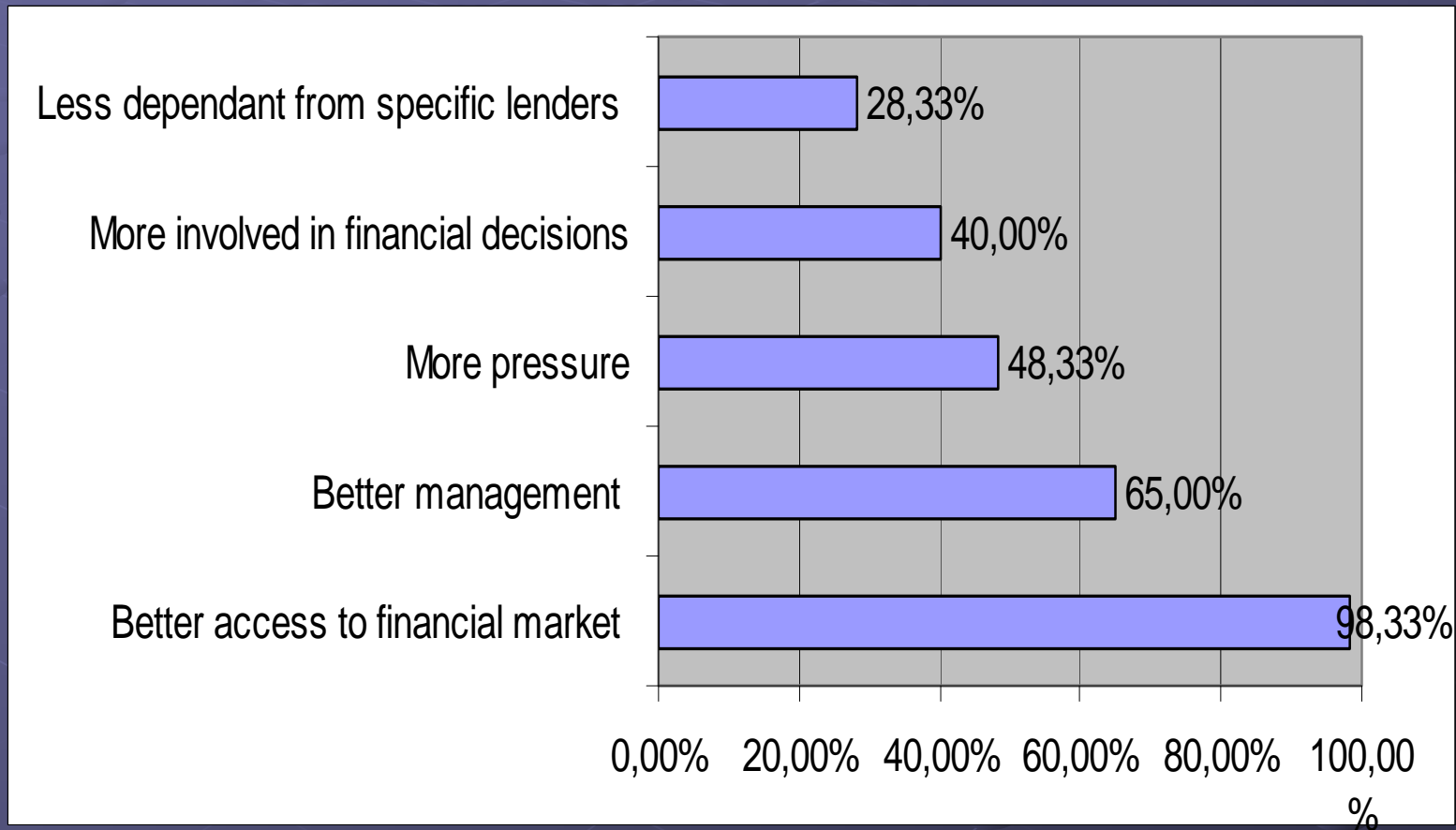


Source: author's survey, 2007 (Tiruvallur District, Tamil Nadu, India)

SHG impact on financial practices (2)

- Better access to the financial market
 - Better creditworthiness
 - Better information through mutual learning (informal financial market is non transparent and highly segmented)
 - The consequences:
 - For some, broader range of choice and diminution of dependance toward specific moneylenders (around 30%)
 - For others, vicious spiral of debt
- Better management
 - Regular instalments
 - Mutual learning in terms of management know how (strategies and tricks to bypass male and in-laws excessive control)

Microfinance impact on financial practices



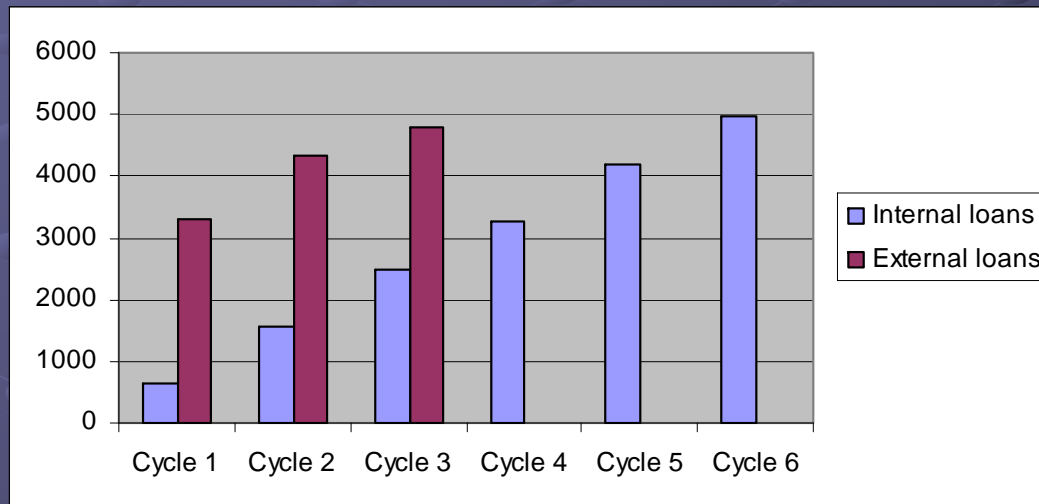
Source: author's survey, 2007 (Tiruvallur District, Tamil Nadu, India)

Group management (1)

- The decisive role of kinship relations
 - Positive: solidarity, incentive and enforcement
 - Negative: conflicts, bias in selection
- Leadership
 - Positive: « Multipurpose » group leaders and field workers
 - And negative (Power asymmetries)
- Support from microfinance NGOs
- Local socioeconomic context

Group behaviors

- Financial circulation: passive *versus* hyperactive
- Types
 - « Average » behavior: progressive lending
 - example IRCDS (Thiruvallur District ; 2003-2006)



Source: IRCDS data

- « Elitist » groups
- « Egalitarian » groups

Individual borrowing behaviors

● Types

- Totally inactive (around 10%)
- Partially inactive (around 30%)
- Irregular (around 30/40%)
- Hyperactive (around 10/20%)
- Drop out (10%)
- Non clients

● Explaining factors?

- Diversity of profiles
- Diversity of needs
- Diversity of power and social relations

Concluding Thoughts

- The ambivalence of the SHG model
 - flexibility
 - highly vulnerable to capture by vested interests and to inequitable distribution of the benefits (Harper, 2002; Johnson, 2004)
- The ambivalence of leadership
- Can hardly promote directly social change but rather mutual learning allowing a better resistance to patriarchy
- Considerable hidden costs
- Group lending as a second rate system (Harper, 2007)?