Microfinance and Gender-Based Violence: Experience from the Grameen Bank Lending

Aminur Rahman

Policy Branch

Canadian International Development Agency

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Introduction

Disclaimers
Presentation Out line

Research Context and Methods

Finding

• Institutional Financial Sustainability (IFS)
• Gender Ideology in Lending
• Social Collateral as Disciplinary Technology
• Escalation of Perceived domestic violence
Research Context

Objective
  • Examine the prospects of sustainable women’s empowerment in a patriarchal society through two indicators:

  • Variables
    • Men’s and society’s acceptance of women’s new economic roles and their emerging empowerment
    • Women borrowers’ willingness and ability to transmit the empowerment ideology to their children – intra-generational ideological change
Research Methodology

Thirteen months of anthropological fieldwork in a rural community

Study population: 295 households

Primary informants:
I. 120 women borrowers
II. The male members of the households
III. 12 bank workers (nine male, three female)

Main research techniques were:
i. Participant observation
ii. In-depth unstructured interviews
iii. Case studies collection
Theories

i. Practice Theory: Pierre Bourdieu
ii. Hegemony: Antonio Gramsci
iii. Public and Hidden Transcripts: James Scott
iv. Entitlement: Amartaya Se
Growth of the Grameen Bank, 1985-94

Source: Adapted from Khandker, Khalily and Khan 1994
Focus on Institutional Financial Sustainability

- Encouraged increased loan disbursement and loan recovery
- Led to recycling of loans and building household debt
- Unintended consequences of dominance and violence

Three set of data to examine these consequences:

i. Gender ideology
ii. Lending structure and
iii. Social collateral- repayment discipline
Grameen Bank Membership Patterns
(women and men), 1983-94

Men declined from 55% to 6%

Women borrowers increased from 45% to 95%, (700 times)

Sources: Hossain 1988; Khandker, Khalily and Khan 1994
Public Transcripts

• Targeting women provides speeder improvements in family conditions and solidarity for women

Hidden Transcripts

Positional Vulnerability and Gendered Status

• Positional Vulnerability: Submissive, shy, passive, immobile and more amenable to the loan repayment discipline

• Gendered Status: Honour and Shame: Women’s honour becomes a safe guard for lending
Village Social Organization

Geram (Village)
Shamaj (Village Council)
Mutabbar (Village leader)

Para (Neighbourhood)
Para-Mutabbar (Neighbourhood Leader)

Gusti-Bari (Lineage – Homestead)
Murubbi (Homestead – Leader)

Ghar–Khana (Household)
Khana–Prodhan (Male Head)

Khana–Shadasha (Household Members)
Male and Female

Female
Who Asked Women to Join the Bank (N=120)

108 women (75%) were sent by household males to join the Bank.
Users* of Women Loans 1994-1995
*50% or more of loan is used or controlled by indicated user

78% of women loans were used by men and in 60% cases women passed on the entire amount without any control over the investment.
Entitlement and Disentitlement

Normative Entitlement (*Societal*)

Economic Entitlement (*Bank*)

Disentitlement Disfranchisement (*Household*)
Lending Structure

• Group lending
  ▪ Sequential rather than simultaneous lending
    ▪ Fifty-two week time cycle
    ▪ Weekly instalment is 2% of the principal amount paid in fifty equal instalments
      ▪ The interest and emergency fund payment is 12.5% greater than regular weekly instalments and must be repaid in the remaining two weeks of the year.
### Projected and Actual Use* of Loans to Women Borrowers 1994-95

<table>
<thead>
<tr>
<th>Activities Based on Loans</th>
<th>Approved Loans</th>
<th>Actual Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cow</td>
<td>35 (16%)</td>
<td>8 (4%)</td>
</tr>
<tr>
<td>Rice Husking</td>
<td>84 (39%)</td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>42 (19%)</td>
<td>71 (33%)</td>
</tr>
<tr>
<td>Rickshaw/Van</td>
<td>7 (3%)</td>
<td>11 (5%)</td>
</tr>
<tr>
<td>Agriculture</td>
<td>49 (23%)</td>
<td>6 (3%)</td>
</tr>
<tr>
<td>Moneylending</td>
<td>20 (9%)</td>
<td></td>
</tr>
<tr>
<td>Land Transaction</td>
<td>19 (9%)</td>
<td></td>
</tr>
<tr>
<td>Sponsoring HH Migrant Worker</td>
<td>13 (6%)</td>
<td></td>
</tr>
<tr>
<td>Medical Expenses</td>
<td>8 (4%)</td>
<td></td>
</tr>
<tr>
<td>Wedding/Dowry</td>
<td>4 (2%)</td>
<td></td>
</tr>
<tr>
<td>Household Expenses</td>
<td>17 (8%)</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>40 (18%)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>217 (100%)</strong></td>
<td><strong>217 (101%)</strong></td>
</tr>
</tbody>
</table>

*50% or more of loan is used or controlled by indicated user

**General Loans (N= 114) Seasonal loans (N=103)**
Sources of Funds for weekly Instalment*
50% or more funds collected from indicated sources

66% fund for weekly instalments arranged from other sources than loan investment
Sources of Interest and Emergency Funds* (N=106)

*50% or more fund arranged from inform these sources

80% of fund borrowed from informal Borrowing
Social Collateral and Repayment Disciplinary

- Joint liability of borrowers
- A means for monitoring, supervising and building solidarity
- Less discussion on the disciplinary imperatives means
- Use of Social collateral for disbursement and recovery of loan

**Social Collateral is Maintained by:**

i. Sequential loan disbursement
ii. Establishing the credibility of loan centers
iii. Using the local power hierarchy
Sequential Loan Cycles (Disbursement and Repayment)

(Hypothetical Time Cycles)
The Loan Center
Hierarchical Structure of Grassroots Lending

- **Area Office**
  - Area Manager
  - Program Officer

- **Bank Branch**
  - Branch Manager
  - Bank Worker

- **Loan Centre**
  - Loan Centre Chief
  - Loan Group (6-8 units)

- **Loan Group**
  - Group Chairperson
  - Individual Borrowers (5 people)

- **Initiation of Individual Loans**
- **Decisions about Individual Loans**
Perceived Incidence of Verbal Aggression and Physical Assault (N=120)

- Increase in verbal aggression and physical assault (13.33%)
- Decrease in violence (17.50%)
- Neither decrease or increase (11.67%)
- Increase in verbal aggression (57.50%)

Pie chart illustrating the perceived incidence of verbal aggression and physical assault.
## Other Findings

<table>
<thead>
<tr>
<th>Sources</th>
<th>Findings</th>
</tr>
</thead>
</table>
| 1996 Anne Marie Goetz and Rina Sen Gupta: *Who Takes Credit?*…World Development 24(1) 45-63 | • Lending processes often victimized women borrowers and contributed to their dis-empowerment  
• 63 per cent of the women loans was controlled by male family members  
• Women bore the risks and burdens of institutional debts |
| 2001 Lamia Karim’s 24 months doctoral work on Grameen, BRAC, ASA and Proshika | • The microlending practices and repayment pressures of these institutions cause intimidation towards borrowers and increase violence against women  
• Microcredit interventions in rural areas lead to the reproduction of usury. |
| 2002 Ana Marr's doctoral research on the Communal Banks in Peru | • Severe sanctions on borrowers in order to achieve high repayment rates.  
• Sanctions and repayment pressures damage the cohesiveness of the group, undermine the empowerment of borrowers, lead to household debt-building, and create more poverty |