

# Thrift and Credit Groups and Community Development: the Hope Project in New Delhi/India

Heiko Schrader, Jyothi K.K. and Kamini Prakash<sup>1</sup>

## Summary

Recent approaches to micro-finance hold that poor people are able to save. Access to capital by means of saving or credit opens up opportunities to participate in the street economy and helps bridging problems of everyday-life. Without savings people usually depend upon expensive credit from moneylenders. Various NGOs nowadays take the approach "savings first, then credit". In this paper the authors argue that such programs do not only provide an end by itself; they are also a means to achieve broader goals. The Hope Project in New Delhi puts such a program into the context of community development. In a first step Muslim women's thrift and credit groups are formed to increase mutual trust in the neighbourhood. In a second step these women may join a handicraft cooperative and escape domestic marginalization by productive activity. The paper describes the process of institutionalizing women's thrift and credit groups.

## 1 Introduction

For some time now the discussion of development agencies on micro-finance has realized that the poor are indeed able to save – provided that adequate programs are available. Capital possession or credit – even if only a small sum is on hand – opens opportunities in the street economy or constitutes a financial buffer to cope with everyday problems. Without savings people have to take loans from moneylenders, which are very costly. These are setting up a spiral of debts and indebtedness. The "savings first, then credit" approach has now widely been adopted in a number of informal savings and credit schemes, promoted by various NGOs such as SEWA (Self-Employed Women Organization) in India. The formation of savings and credit groups and their linking-up with banks<sup>2</sup> has become a key issue in development projects. We will argue that thrift and credit groups can also become a tool to achieve broader goals rather than providing an end by itself. In an approach, taken by the Hope Project, an NGO in Hazrat Nizamuddin Basti, New Delhi, thrift and credit groups are used as a tool for community development. In a first step such

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<sup>1</sup> Kamini Prakash is Executive Director of the Hope Project, and Jyoti K.K. Program Director of Income Generation and Thrift and Credit. Heiko Schrader is a member of the International Board of the Hope Project.

<sup>2</sup> On the basis of a common fund and joint liability of the group towards banks, they become bankable.

groups are built among Muslim women to generate trust and joint responsibility in the neighbourhood. In a second step the women of these groups are supported in developing individual entrepreneurial activity or given the opportunity to join a women's cooperative, which is linked to the project and involved in handicraft production. The objective of this cooperative is to give marginalized Muslim women an opportunity of generating an income and become self-reliant. The Hope Project will eventually lead this cooperative towards financial viability and organizational independence.

## 2 Livelihood and Income Generation for Women in Nizamuddin Basti

The Hope Project Charitable Trust was founded in 1975 by the late Pir Vilayat Inayat Khan. Moved by the extreme poverty of the people living close to the tomb of his father Hazrat Inayat Khan, a famous Sufi-teacher in India and the West, he envisioned a social program. What started off as a modest milk program for kids 30 years ago has today evolved into a multifaceted project responding to various needs of the community. Beneficiaries are especially women and children, living in and around the Nizamuddin Basti, a 12<sup>th</sup>-century village, that grew around the shrine of the Sufi saint Hazrat Nizamuddin Aulia and was engulfed over the centuries by the city of Delhi. Today this predominantly Muslim "urban village" is characterized by its congested, narrow lanes, tombstones, bustling markets, and mosques. The shrine attracts landless, rural migrants, the disabled and the destitute and runaway children from the poorer regions of India and Bangladesh. Unhygienic living conditions, insecurity, malnutrition, and illness are common. Women, in particular, are vulnerable as female seclusion prevents them from leaving the *basti* (neighbourhood) and seeking employment. Early marriages and domestic chores ensure girls stay at home without completing their education.

The Hope Project strives to provide poor and vulnerable people with opportunities and resources, so that they can realize their hidden potential and are able to help themselves. Currently the project runs a community health centre, a crèche, a school, vocational courses, and income generation projects for this target group. 50 Indian employees serve around 400 children with the education centre, and more than 3,000 people are patients of the health centre. The livelihood and income-generation program addresses mainly Muslim women living in Nizamuddin *basti*, who have only few income opportunities. Coming from fairly conservative backgrounds, their families prohibit them from stepping out of the neighbourhood on their own without an escort of male family members. When the Hope Project started the income generation activities, staff members had to literally go from door-to-door persuading families to send women to the workshop where they could learn stitching, tailoring, and embroidery and help supplement the family income.

Finally, the Hope Project could encourage 15 women to join the embroidery, stitching and tailoring workshop. They got training and started producing a range of products such as cushion covers, table cloths, or dolls dresses. While initially the Hope Project gave employment to these women and sold these products in exhibitions and fairs, the idea was taken up after some time to make this women's project sustainable and financially viable and transform it into a women's cooperative. In a first step Hope continued providing the women training and design inputs, a workspace and sewing machines, and opening up market linkages, while the women should take responsibility on their own for the purchase of materials, pricing and production. It was envisaged that sooner or later the women should also bear the cost for training, rent, electricity, and other expenses.

It has not been an easy journey for the women to step forward. Some time ago the hand embroidery unit could link up with an exporter, who pays fair prices. However, producing for export orders means to fulfil certain quality standards, timely deliver the products and produce larger quantities. This can only be achieved by involving a large number of women (suggested was a final capacity of 300 participating women who were not available in the community). For the first order the workshop could involve some more women, and under pressure of Hope they finally fulfilled the requirements of this first test to the satisfaction of the exporter. Soon a larger order came in, and this time the women experienced a setback. Neither could they deliver on time, nor fulfil the high quality standards in large quantities. How to explain this?

First of all, the number of women involved in the project was still comparatively low, so that the order was simply too big and the quantity discouraging. Furthermore, the women had not yet developed an entrepreneurial feeling. They still acted as employees and did not understand the close relation between satisfactory fulfilment of the order concerning quality and time, and future benefits of their income generation project. Until then they had made an experience to earn a small income without being self-responsible. They had produced goods, and Hope Project had paid them by piece rate irrespective of the quality standards and sale-ability. Why then turning into a production unit being independent from Hope and bearing a risk? The more risky conditions for export orders were therefore less advantageous to them (at least in the short run). Another factor that contributed to the failure of this order was that the women were not willing to incorporate more women into their group because they were afraid of competitors, not realizing that cooperation of more women was a prerequisite for getting larger orders. To put it another way, the "old" women's group was a steppingstone in restructuring. To make progress meant raising a certain group feeling and solidarity among them.

Learning from these obstacles advisors proposed to develop two marketing schemes: one cooperative scheme for those mostly new women who have higher skills, are more entrepreneurial and shall finally design and market their products on their own, and another scheme for those women who just work on orders. This even did not

require integrating many new women into the old group. Instead either new groups could be formed, or women who wanted to work for export orders could form a pool and join production whenever an order came in.

Direct measures on the project level were to run training courses providing women an on-the-job-training and giving them the skills to produce for the market, and to involve a consultant training the women in quality standards, designs and price setting and developing product lines and markets. An indirect measure – and this is the focus of this article – was linking the income generation project with another approach. Hope Project had just begun organizing thrift and credit groups in the community to provide women access to capital for one's own entrepreneurial activity. Why not use this program as a means to channel new women, who belong to these groups, into the income generation project to provide them income opportunities? Based on these credit groups women can engender a feeling of solidarity, which is also necessary for running such a cooperative.

### 3 The Thrift and Credit Program

How do the poor tide over a crisis? With little or no savings, no access to bank credit and no social security system in place, most of them use their personal networks and turn to better off relatives or employers for help. Those with such connections are the more fortunate ones. Others mortgage their jewellery, their dowry, to get loans from moneylenders against high rates of interest (Schrader 1997). Such loans may help them temporarily but usually the living situation is such that in the long run their debts accumulate. Focused group discussions held in the *basti* revealed that some women were paying as much as Rs 7 per Rs 100 a month to loan sharks.<sup>3</sup> The formal banking system does neither provide credit to low-income households, nor does it attract savings from the poor due to bureaucratic procedures and inflexibility. The result is that the poor do not have a buffer against emergencies and are pushed below the poverty line in times of crisis. However, development finance has emphasized not so long ago that the poor are indeed able to save (Adams n.d.; Adams and Fitchett 1992) – provided that appropriate savings schemes are available. Therefore it has become received wisdom in development finance that thrift and credit groups may not only provide an alternative to the moneylender; they may also contribute to changing life situations of families, once the groups have opened up a credit line.

While since long the poor have helped themselves with traditional security systems such as revolving funds (Bouman 1994; Seibel and Schrader 1999), such schemes are closed systems, which lack refinancing possibilities and which are susceptible to collapse when group solidarity and group pressure diminish in a less embedded social environment. Instead of replacing these indigenous financial systems, development finance tries to use their strength and overcome their weakness by shifting

<sup>3</sup> As interest to moneylenders is usually paid in advance, the interest per month is more than 7%.

from rotating to accumulating funds and linking such thrift and credit self-help groups with banks (Seibel 1992). When women's groups have jointly accumulated a certain amount of savings instead of continuously redistributing it among themselves, it can be put into a bank savings account to acquire savings interest and constitute collateral for joint-liability group credit from the bank. In such cases the women's groups administered the division of credit among themselves. The main advantage for the bank is that group solidarity among the women's groups increases moral pressure on the members to repay their loans. This decreases the bank's transaction costs.

The Hope Project thrift and credit program that was implemented in late 2001<sup>4</sup> has achieved the goal of organizing at least 300 women in 20 groups of 15 members each within a period of two years. These groups collect savings among group members and disburse them as loans according to self-determined rules. In the majority of cases these loans are used for emergency cases such as illness or disasters, investment purposes such as improvement of housing stock or enterprise developments, or occasional social events such as marriages or funerals. However, Hope project also aims at stimulating group investment for productive purposes and community investment for improving the living conditions in the community.

The thrift and credit approach included an implementation plan, setting a time-schedule to achieve in-between goals, until it finally reached its full dimension. In a first step (until December 2001) women were mobilized<sup>5</sup> and group meetings organized to understand the women's needs and discuss the advantages of thrift and credit. In a second step (January 2002 onwards) groups were formed,<sup>6</sup> savings collected, group leaders nominated, and pass books issued to group members. In autumn 2003 21 groups with a total of 285 members were active, as well as two staff-members' groups and one children's group, together having 21 members. All groups (except the children's group) have elected two functionaries: a president and a secretary. Groups meet monthly, decide on a joint monthly savings rate according to the group capacities, discuss their group's achievements and problems, and community issues.

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<sup>4</sup> The thrift and credit program is run by the Hope Project and financed by the German NGO BORDA (Bremen Overseas Research and Development Association).

<sup>5</sup> The project coordinator (Jyothy K.K.) and the community workers of the Hope Project made house-to-house visits to get women interested to participate. This was followed by a three-day workshop with potential participants. Attendance in these meetings was mandatory for all women seeking to become members of a group. Staff was also included in this process, because it was seen as strategically important to get their support for the success of the program. Also women from the income generation project showed up.

<sup>6</sup> Groups were formed on the basis of the residential areas since neighbours tend to know each other and can stand as guarantors. Some groups are more heterogeneous with people coming from different backgrounds. This may be difficult in the longer run when the group begins discussing community issues and differing interests or priorities surface. However it would also provide group leaders an opportunity to develop mediation and conflict resolution skills. Apart from proximity of residence, there were no clear selection criteria for the formation of groups. The idea was to give everyone a chance to save.

19 groups are saving Rs 100 per month, one group Rs 50, and four groups Rs 25. All members earn 12% interest per annum on their savings, which is paid in quarterly portions.

Group leaders achieve training on accounting systems, loan disbursements and utilization, and leadership responsibilities. Furthermore, they obtain training on enterprise and business development to approach the goal of encouraging group members to be entrepreneurial and take investment credit. All group leaders form the federation of group leaders. The three main functionaries of the federation are a president, a treasurer and a secretary,<sup>7</sup> and these persons are in a communication process with the Hope Project Program Director. Monthly meetings of federation members take place to discuss federation achievements and problems, community and domestic issues. In spring 2002 the federation opened a bank account. In autumn 2003 the savings account had a total saving of Rs 230,903.

Each group having saved for half a year can provide up to two loans a month to group members not exceeding three times the amount of individual savings. Group savings always have to exceed outstanding loans within the group. Group members decide on the ranking of loan applications. A loan is usually available within three working days and will be notified in the individual passbooks and the different ledgers. Every member will pay 24% per annum diminishing rate interest on her loan. This will encourage savings and also ensure that the fund grows.

As already mentioned the Hope Project considers thrift and credit as a means and not an end. Therefore it promotes linkages among different women's projects. Group members visit other successful programs such as SEWA to learn about women's entrepreneurial activities. Within the Hope Project the main final goal is linking the thrift and credit group members with the Income Generation Project. In addition, the federation shall take up at least one community initiative.

To summarize the main elements of the program:

- Focus on groups instead of individuals as the basis for savings: The cornerstone of the program is the group. While individual saving lacks motivation and is difficult to achieve, saving within the context of a women's group motivates the members, gives them certain rules and makes saving a social event. Group members decide on credit purposes, serve as guarantors for each other and engender trust and solidarity. Group savings are bigger than individual savings, and therefore larger funds are available. Groups encourage social interaction, discussion of community problems and identification and implementation of practical solutions. Groups allow pooling together of community resources and

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<sup>7</sup> The treasurer of the federation runs a monthly-consolidated ledger for all federation groups and a cash book. Another consolidated federation's ledger is run quarterly, and a consolidated balance sheet annually.

- increases bargaining power of the individual. Groups can be linked in a federation.
- Savings first and then credit: Unlike the Grameen model that gives credit first and then encourages savings (Yunus 1984), the Hope Project program starts with savings and then provide credit after a duration of minimum six months.
  - Enhancing transparency and responsibility: From the beginning group and federation members decide on important issues, such as, the monthly savings amount, eligibility criteria for loans, fines for late payments, selection of members, accounting of income and expenditures, etc. This will engender homogeneity of the group and ensure that the community members themselves are eventually in a position to run the federation with minimal involvement of the Hope Project.
  - Linking up with the income generation project or encourage them to take own entrepreneurial activity: Once these savings groups are functioning well, the women can be motivated to participate in the HP women's income generation project to achieve additional incomes. Groups as a whole can book a certain share of an export order and organize how to spread the work among them. Solidarity and mutual responsibility may support self-responsibility and self-reliability to fulfil the order. Or, entrepreneurial women can be linked with the women's cooperative. Or, women can be supported in setting up their own business. Participating in income generation of their family women may increase their social status as family and community members.
  - Forming a platform for community development: Via the thrift and credit groups the Hope Project has direct access to information from, and may spread information into the community. It can lead the women and their family members into other programs (e.g. health education, pre-checks and vaccinations; girls' education) or take up community issues by organizing discussions. The federation will also be encouraged to take initiative for community investment.

#### **4 The Implementation Process**

Let us now have a closer look at the group meetings. The groups meet every month to deposit savings and provide loans if required. These meetings that initially started at the Hope office now take place in the homes of the women. The aim of Hope is to decentralize the project and get the group members and group leaders to take on more responsibilities. Book-keeping responsibilities are gradually being transferred to group members. 16 groups are maintaining their own note books and statement of accounts. Functionaries of each group have started taking down minutes of the meetings and going to the bank to deposit the savings. Initially the meetings were purely for the purpose of saving and book keeping. Now there is more discussion about loan disbursement, loan utilization and common problems faced by group

members in their everyday lives. For example, domestic problems and conflicts with mothers-in-law are frequently discussed. The group members have been supportive of each other and find strategies to overcome these problems. Another topic that comes up constantly is the threat of demolition by the Delhi authorities. Large parts of the community are illegal settlements insofar that the inhabitants have no legal property rights. Another problem addressed is that some women do not attend regularly (although they send their savings through other group members) or use to come late.

23 community members have dropped out and taken back their savings. Reasons for withdrawing from the program include: 6 changes of residence (e.g. marriage); 2 withdrawals of their savings due to daughters' marriage; 3 quarrels with mothers in law who refused to let their daughters in law participate in the program; 5 TB cases, the people being unable to attend, and two of them dieing; 7 cases in which the women were unable to save the required amount, 4 of them joining new groups with smaller deposit amounts.

The federation of group leaders was formed in September 2002. Its members named it Samrat Mahila Bachat Sangh and elected its office bearers. After drawing up the necessary bylaws etc., an account was opened in the name of the federation in Punjab National Bank. The signatories are: The president, the treasurer, and the secretary (a Hope employee). The federation meets every month. 8 meetings have been held so far. Members record the minutes of each meeting. The meetings are used to share account status and other information with the rest of the members.

Problems faced during group formation were as follows:

- Islam prohibits earning money on interest. This problem was anticipated by replacing the term "interest" by "benefit".<sup>8</sup>
- Some community members were previously cheated by another organization called Sahara so they were distrustful and scared of investing their earnings. However, after several meetings and discussions, a group was also formed in this area.
- The program coordinator being new to the Hope Project faced a big challenge in getting people to trust her. It was important for community members to perceive her as part of Hope and not just as any newcomer, because the Hope Project, working for more than 25 years in the community, is considered to be trustful.<sup>9</sup>

<sup>8</sup> Every return that relates to length of investment or credit is not in line with the *Shari'a*. Risk-involving investments, however, are allowed. Islamic banks provide interest-free profit and risk sharing investments and credit facilities. Investors obtain benefits for their investment (see Schrader 2000). As group credit also involves risks, the returns can be interpreted as "benefit for risky investment".

<sup>9</sup> From our point of view such a reliable background NGO is crucial to make such an approach successful, because there is a lack of trust between members of the community – at least what financial issues concerns. Hope constitutes such a trustful framework, although it does not take responsibility for deposits and loans.



There was a high level of distrust even among Hope staff members against the newcomer from outside the *basti*. This is the reason why the project conducted in-house meetings for all staff members and solicited their feedback before launching the project. The suspicion seems to have decreased, even disappeared with time. Today the Hope staff, 70 per cent of whom are members of the community, sees the thrift and credit program as one of the more successful programs run by the organization.

- One staff member is running a similar private informal "chit funds" and was not very cooperative, but this did not become a threat to a successful implementation of the project.
- Although women were hesitant to save for themselves, they were ready to save in the name of their children for their future.

## 5 Loan Purposes

A total of 37 members have taken advantage of the loan. Application forms were filled up with 2 guarantors from one's group. The total loan amount is now Rs. 90,600. Repayments have been regular. We anticipate loan uptake to increase in the coming year, when all groups have been existing for half a year. All loans disbursed were given by consensus after a discussion had taken place. Figure 1 shows the loan utilization purposes. Very large portions of credit (22%) have so far been used for repaying other loans. High is the share of consumption credit, while loans for investment purpose are much less in number. Loans for human capital formation (expenses for education) have a share of 12%.

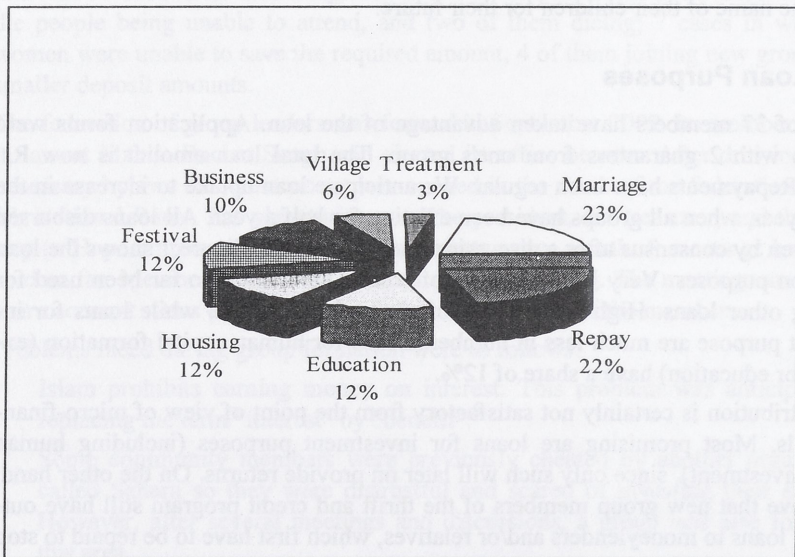
This distribution is certainly not satisfactory from the point of view of micro-financial goals. Most promising are loans for investment purposes (including human capital investment), since only such will later on provide returns. On the other hand, we believe that new group members of the thrift and credit program still have outstanding loans to moneylenders and/or relatives, which first have to be repaid to stop dependency and high interest payments. A follow-up loan would be for another purpose. Once this freedom from other debts has been achieved by means of saving, groups can be trained that investment loans obtain priority to consumption loans. Therefore, we are convinced that in the longer run the relation of investment loans to other loans will change.

## 6 Community-related Activities

Beyond the issue of thrift and credit and, in the longer run, income generation opportunities the thrift and credit project also aims at community development. Thus, the Hope Project organizes side activities, such as a talk on demolitions to be expected in the near future, since the Minister of Tourism is planning to "cleanse" Nizamuddin Basti and make this medieval village into a tourist attraction. A leading

authority on the Delhi Master Plan has formed a network of community-based organizations to fight against demolitions of so-called unauthorized colonies and encroachments, and he gave a talk to community members. Information on this event was passed through the channels of the Hope Project and the thrift and credit group. About 100 people attended the meeting during which he explained the laws and the multiple authorities that govern the city, including its heritage, and gave practical suggestions on how residents can use the law to protect their rights and deal with the civic authorities. However, there has been little follow up from the side of the community. This is probably because the demolitions have been postponed to after the state elections.

**Fig. 1: Loan Utilization 2002-2003<sup>10</sup>**



Another event was a talk on Muslim Personal Laws with special reference to women, held in collaboration with the Sarojini Naidu Center for Women's Studies, Jamia Millia University. A senior advocate from the Supreme Court addressed the audience of about 100 people on laws governing marriage, divorce and maintenance.

## 7 Entrepreneurship, Trust, and Self-reliance

Crucial to the thrift and credit program as run by Hope is not only to encourage savings but also providing Muslim women income opportunities in their close environment by encouraging individual entrepreneurial activity or linking them with the

<sup>10</sup> The loan utilization figure represents the thrift and credit groups from Nizamuddin East. They belong to the poorer section of the population, while usually people from Nizamuddin West are better off.

women's handicraft cooperative. From a present point of view this final goal could only partially be reached. Only few members started entrepreneurial activity on their own (see case studies, annexure). The members of two thrift and credit groups now attend the Hope Project sewing and tailoring classes; some of them already belonged to the women's production unit named *Suvidha*, while others want to become members. Although *Suvidha* had existed for some years now, it needed several improvements, such as developing new products and designs, better quality control, introducing a pricing formula and a book keeping systems, and keeping a stock inventory. A consultant was recruited to assist the Hope Project in bringing about these changes after assessing the situation. Recently *Suvidha* succeeded in publishing a catalogue of the products.

It is obvious that it is much more difficult to integrate women of the thrift and credit groups in the women's cooperative than the other way round. In some cases Muslim women from orthodox backgrounds are not allowed to work outside their homes. But there are also certain constraints from the side of the existing cooperative. *Suvidha* members still do not consider themselves to be entrepreneurs due to the history of this group, and it will take some more time to get them an independent cooperative. Thus, they will have to understand that more women in their cooperative provide more opportunities in getting larger export orders.

Two key issues deserve closer consideration: personal trust in the community<sup>11</sup> and self-reliance of the women. Concerning thrift and credit, in low-trust environments groups do not emerge, or they will soon collapse because of the free rider problem,<sup>12</sup> which will have a very negative effect upon the whole program. Personal trust into other (potential) group members is particularly required in the formation process of groups. In a later stage trust in the group leaders and other functionaries of the federation is very important. Furthermore, group members have to trust into the repayment ability and willingness of the debtors among the group members, because all members take joint liability for the credit. However, also an aspect of 'system trust' already applies in the group formation process: (potential) group members have to trust in the mechanism of thrift and credit groups that they do not necessarily understand, and later on in banks. Here a long existing social project in the community is very helpful, in which such a program can be embedded. The "social capital" of such a project stands as a qualifier for the functioning of this mechanism and soundness of the undertaking.

We also believe that trust in such an organization can to some extent substitute lack of trust in low-trust environments, because people may believe in sanction mechanisms of this organization instead of relying on social sanction mechanisms of the

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<sup>11</sup> For a recent discussion of trust and social capital see e.g. Schrader (2004).

<sup>12</sup> The free rider problem in economic theory describes opportunistic behaviour at the expense of solidarity. In this case group members will value their individual benefits from credit defaults higher than the loss of reputation.

community. The longer a thrift and credit program will successfully exist and the more members will participate, the more trust will grow – first between group members and later on in the federation and the neighbourhood. Communal investment for the purpose of community development will not only increase this mutual trust, but also make this program viable and independent from the social project and the members self-relying. In the same way community trust and mutual responsibility seem to be crucial for the functioning of the women's handicraft cooperative, whereas we have to admit here that the history of the cooperative women formerly being employed as wage labourers provides a stepping stone for this goal.

Self-reliance has since long been an issue in poverty-oriented development policy. Self-reliance of vulnerable target groups is of particular importance. Muslim women who have since long been excluded from social life have to get some support in achieving this self-reliance. Making them members of thrift and credit groups or a women's cooperative already means to open up their life-world beyond their homes and their way to the market. To make them participate in income generation for the family budget (sometimes being even more successful than their husbands) or human capital investment makes them slowly change their roles in family life.

Address of the Hope Project: Hope Project Charitable Trust, T-22, Phoolwali Gali, Basti Hazrat Nizamuddin, New Delhi 100013, India, Email: hopeproject@vsnl.com, Web Site: <http://hopeprojectindia.org>

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## Annexure

### *Members' Perceptions of the Thrift and Credit Program: Three Case Studies*

#### 1<sup>st</sup> case study:

I am Shahjahan. I have a family, which includes my husband and nine children in Nizamuddin Basti. My husband is working in a dry cleaning shop. I am from an Orthodox Muslim family and I have a small petty shop at my mother's place in Okhla, Delhi. I am very proud to tell you that I was a member of the first thrift and credit group that includes 12 other women from the basti. One of the community workers of Hope Project visited my house and talked to me about the thrift and credit program. Those days my family was struggling for its daily bread (...). I asked her: 'Are you not talking about it for your own benefits?' The community worker smiled and told me how this program could be helpful for families like mine. Before leaving, the community worker invited me for an informal group meeting. Only today do I realize that this program actually saved my family from poverty (...).

I discussed the issue with my family and managed to get permission from my husband to attend the group meeting. In the beginning of the meeting itself all the participants raised the question: 'What will we get out of it?' The program director, who was facilitating the meeting, explained the benefits of the program but we did not understand everything and continued to have doubts as it was related with money matters. Then we had a second meeting. Now the concept became clearer (...). During the third meeting we decided to form a group. With the help of the program director, we framed rules and regulations for the smooth running of the program. For example, who is eligible for loans and what should the interest on savings and loans be. Initially I struggled to deposit my monthly saving. But somehow I coped through the proper management of my household expenses. Finally I saved some amount. After six months I took a loan from my thrift and credit group (Noor Mahila Bachat Sangh) and started a milk business. I get milk from mother dairy and sell it to community people for a higher price. In this way I can earn some money and also get free milk for household consumption. Slowly I repaid the money and continued my saving. Now I want a second loan for buying a big fridge, in which I can store more milk. However, I need a big amount as a security: Rs 15,000. I also explained to my friends and relatives about the thrift and credit program. Some of them have become members. Initially I thought this program won't last long but it was beyond my dreams.

#### 2<sup>nd</sup> case study:

I am Akhila, 27 years old and born and brought up in Delhi. I got married to Mr. Farooq. He works in a men's beauty parlour. I have two children staying in Nizamuddin Basti. When I heard about the thrift and credit program, I was happy because I am not part of any other saving scheme. I decided to go to the meeting and

invited my mother-in-law to attend as well. I also needed to get permission from my husband. But he was very reluctant and discouraged me from going to such programs. But I don't give up easily. The next day when he was in a good mood, I asked him again and told him how the program could benefit us in future. I managed to convince him but my mother-in-law was still against it. So I asked her to become a member as well so that I could attend the meeting with her.

As per the rules of the program, the members elect their office bearers. I was elected as the President of the group. As if that wasn't enough. At the federation meeting, the federation members elected me as the Treasurer of the Federation. You should have seen my mother-in-law! She was so angry with me that she told my husband to make me withdraw all my savings. She kept warning me that if there were any problems, I would be in deep trouble. So I decided to turn to the SHG. I took my mother-in-law to the office. Here the Hope staff and the members of my group explained to her that they had elected me as Treasurer because I can read and write. They told her that she should be proud of me because the members looked up to me and had given me such a responsible position. After that my mother-in-law started attending the meetings and when she saw members asking me for my opinion and listening to me, she was happy. Now if I don't have any money in my hand for saving, my husband gives it to me. I have won my family's support and the community's respect thanks to the thrift and credit program.

### 3<sup>rd</sup> case study:

I am Kasima. I have four children and my husband runs a small tea shop in the basti. I heard about the thrift and credit program from a community worker and I was thrilled because I am not part of any other saving scheme. When I shared the news with my in-laws, they discouraged me from taking part in such programs, but I ignored them even though I too had doubts about the program. In spite of these doubts, I decided to join the program because I realized that it could save my family from poverty. I did not tell my family members because I was scared they would try and stop me. After attending the three mandatory orientation meetings, I became a member of Sanjana Mahila Bachat Sangh. After six months, I took a loan from my group for doing some maintenance work in my shop. We also added some things to the shop. My husband was so happy that the shop was running without any problems. From the income of the shop, I started to repay the loan and paid for the daily household expenses as well. Seeing the success of the shop, my in-laws decided to keep it for themselves. This was a bit of a shock and I wondered how we would cope, especially since my daughter's school fees were due. I fought for my share of the investment. Fortunately they returned it to me and I used it for paying the fees.

Now my husband is working as a driver and my four children are going to school. But the best is that my mother-in-law and sister also want to become members of the thrift and credit group.