

Mahila Milan Crisis Credit Scheme

A seed from which many processes will bloom

Everyone who associates with Mahila Milan HAS TO HEAR ABOUT THE MAHILA MILAN BANK? Well, we call it our bank. It actually began as a crisis credit scheme which has 600 households as its members, when was started in 1987, today it is an informal bank which has members in over 14 cities in India, and if all goes well may even become a formal bank in the next few years!

How we began to think about savings:

In 1987, residents of six pavement clusters had just completed a shelter training programme - it was designing shelter alternatives for themselves - and they discovered that their pursuit was not just a physical structure to live in, but a new way of life.

Most of the participants of that training were women from those pavement clusters. Their collective explorations, their exchange of ideas and shared experiences created bonding - social and emotional which demanded sustained interaction. No one had to tell any of us to meet each other. It had become such a way of life that we missed it if we did not chat with each other!

The first outcome do that intense interaction was the formation of Mahila Milan a federation of these five/six pavement clusters which then proceeded to design various schemes for itself. Some of these schemes were :

1. Formation of proposed Cooperative MILAN NAGAR to seek alternative land.
2. Opening accounts in banks to start saving money for their new home.
3. Ensuring everyone had a ration card.
4. Dealing with problems of crisis such as coping with medical emergencies, dealing with police and many others.

The crisis loans and savings emerged out of our observations, that women would try and remove their savings from the bank every time there was an emergency. In discussions which followed, we all agreed that we must save money for our houses, but we needed another solution for our crisis and immediate need for money.

So everyone felt why don't we all save whatever we have - Rs.1-2 whatever remains after a day of expenses. And pool this together. Whenever any of us have a problem, we can use this money and repay the fund.

All their own money? Yes. All the money is our own collected by the nominated leaders. Initially, SPARC had put aside the equivalent of the capital to compensate any losses.

But we have never needed this.

But why? This process of exploration was new. SPARC did not wish to control or run the process. Instead it wished to support the groups process to manage this program. This way, no individual savings would be lost, yet we did not have that money so that members could feel it was like charity.

So how did this scheme function?

Firstly you need to know that most of us, the leaders and members were illiterate. But that does not mean we cannot calculate and maintain accounts or "HISAB" in our minds.

We tried to think of the most effective way of creating a system which we could manage and maintain. This is what we did. Mahila Milan provided each woman with a plastic bag. This plastic bag contained coloured square bits of paper. So for instance pink - Rs.1, yellow Rs.2 and Green Rs.5. So when a member saved Rs.10/- when she gave this money her plastic bag should contain 2 green bits of paper.

All bags from each cluster are stored in a larger black bag. Representatives from each area collected money every day from various people and brought to the Byculla office where others also nominated by the group keep the money and put the paper bits in the bags.

With the help of the SPARC representatives, a register was also maintained and gradually - some literate person from Mahila Milan has begun to maintain it.

So thats how money was saved. But what is the motivation? Where is it kept? Can they be sure it will not be "stolen."

All poor women try very hard to put aside some money. Infact the women themselves say that from their childhood their mothers teach them to put aside something for a rainy day. But this is usually a very small sum. By all women (who have this small amount) agreeing to save collectively and creating a mechanism to do so, the scheme began.

The money is collected and kept by the appointed persons in a cupboard in the centre with keys always being in their possession. Everyone who participates must have faith. Since it belongs to everyone, and is meant for their own use - their collective guardianship protects it.

Meant for their use? Yes. Any time of the day and night - if any member has a crisis or an emergency and need for the money, they have to go across to the leader's home and make the request.

And they get the money? Just like that? Yes. But remember that everyone knows everyone else. Everyone has knowledge of everyone else's life. By lying - the person can get nowhere. In most instances when crisis especially

tragic crisis occur - the leadership itself seeks out the victim to assist - in all possible ways - the credit aspect only being part of it.

So how do the negotiations take place?

The entire saving membership has developed broad consensus on general terms. Those who need money apply. The person asking for credit needs to say for themselves how much they need and for what. The person taking the loan decides the terms of repayment.

You mean the borrower decide? Yes. The borrower decides. Because the money is their own, it Must and WILL BE returned. The trust demands that commitment.

And does everyone repay? What about delays? Yes, everyone repays. In a few instances the collectives have decided not to take repayment due to circumstances of bereavement. Often when delays occur the focus of leadership is understand why the person is not paying. In some instances people have needed to take additional loans and repay both together.

What about interest rates?

Initially there were no interest rates. Instead if the loan is taken for a small business they charge a Re.1 fee as a service charge..

No interest? What kind of credit is that? No interest. People saw this as community support. No one charged to each other for anything. Everything is volunteered. It is not as though they did not discuss the issues at great length and in details - there were endless meetings about it. They finally found this mechanism as a process which suited them together. Allowed them to be useful to each other.

So how much is the limit and who decides this? Usually Rs 500 is the limit. If people want upto 100, they need to approach only one person. Upto 500, it is three persons. More than that all eleven have to meet.

Surely that is not able to fulfill all their needs: Of course not. You will recollect that women have simultaneously been encouraged to save in banks for their houses. By creating this crisis credit scheme the group also develops indirect mechanism to ensure women don't deplete their housing savings.

And that absolutely "floods" banks. nationalised banks usually have poor persons who open accounts and save, but quickly deplete the account.

Just imagine the "power" of Mahila Milan opening 600 accounts and proudly flashing calculations of over Rs.5,00,000 in accounts!

The fall out of this dual process was:

1. Internally - Mahila Milan was able to see its members through that process of setting up the savings process. This dual system provided borrowing, but sought to assist repayment supportively.

The leadership began to learn to handle finance, to juggle its role and function of giver and taker and collective functioning. Supportive and nurturing leadership style came easily to women - thereby reinforced also and acknowledge by men too, as they benefitted as well.

2. Externally - banks sought to interact with this "caucus" now these "poor" were not such an unknown and unpredictable entity. Mahila Milan began to gain informal "powers."

As SEPUP / DRI (these are loans which urban poor were eligible to in the period 1985-1989, where loans for small businesses upto Rs 5000 were given to poor people at 4% interest) loans quotas for banks got set up, the managers sought SPARC. Would SPARC like to assist the poor take loans? The response of course was - best deal with Mahila Milan. We would process people and bring them to the bank and assist both. This way all those who needed business loans of more than Rs.500 began to deal with banks.

But Mahila Milan does not operate only in Byculla amongst Pavement Dwellers.

Yes, although we began in Byculla on the pavements there, women from other areas where SPARC/NSDF worked began interacting with us. The men from the other federations would be very surprised with the level of clarity in articulation - when they saw us, women from pavements who were illiterate exhibiting such powerful and confidence, - it set (mostly men) who attended the workshop - of examining possibilities of undertaking such processes in their own areas. So they invited Mahila Milan to open "wings" in different places. This occurred first in Bombay and later in other cities.

Do the same rules apply everywhere?

We don't view this as a matter of schemes, roles and procedures. Instead, we view this as process which brings people together to fulfill mutual needs. We usually promote the process through experience sharing. So some variations exist - but the processes are similar.

What then?

A process initiated to sustain and enhance community feeling has also able to assist women develop a collective leadership to build credibility internally and externally and begin to participate in banking.

In 1990, SPARC informed us that India now had a National Housing Bank. We got excited. Can we put our money into this bank? Would it give us a housing loan? We found that it was set up to serve our needs. We also found that

although we were able to use the bank for keeping our money safely, it gave us a very low interest level, and when the time came for us to seek a housing loan, they could not give us a loan.

Then what?

It was 1990 by this time, and Mahila Milan collectives in about 8 cities from 100s of slums had begun to set up savings programmes. Those of us from Byculla would travel to different places and help them by sharing our experiences, and invite them to come and see how we do our own work.

Around this time, three cooperative societies got land tenure in Bombay. Each of these cooperative societies belonged to three different federations. One was Jankalyan Cooperative Society at Mankurd, Bombay, this belonged to the railway slum dweller's federation. The second was Adarsh Nagar, at Dindoshi in Georagan, and the third was Markandeya Cooperative at Dharavi.

The Mahila Milan's Savings groups in each of the society and our collective practice of savings which formed the basis on which these cooperatives got their loans. But in all these instances, we also observed all the problems and the difficulties that they had in getting the money. The procedures, the documentation, the formalities..... all this was so unsuited to the poor person's capacity.

Why can't you start our own bank?

We are often asked this question. In fact we asked ourselves the same thing after we discussed with various financial organisations about deposit schemes for our savings. We found that everyone was happy to take our money if they did not have to bother with the collections. But they were not ready to change their procedures to suit us, and we had to do everything that was suitable for them.

We also found that we were not happy with this unequal relationship. But opening our own bank? that was like a giant step forward, one which we knew we were not yet prepared for.

So then what happened?

We decided to undertake this activity just like we do everything else. Start slowly and move ahead gradually. We found that as our savings and credit system was growing steadily, and in some places we were able to give both consumption and crisis loans as well as small business loans. If the business loans were more than 500 Rs we changed them Rs 2 on every 100 rupees they borrowed. This is 2% per month. Compare this with 10% per month that we have to pay the money lender.

Things have changed a great deal within the older groups like ours. Now, we have our own pass books which record loans, savings withdrawals. We are all numerically literate as a result of this programme, and are on our way of

learning to read. We continue to give loans, collect repayments and savings, and have begun to explore different kinds of insurances against death, accidents, and other problems.

We realised that we needed more money than our own savings for lending more money for businesses, and we need some alternative arrangement to ensure we get money when ever we begin construction.

SPARC has been finding out schemes, funds for lending etc. from different government departments. Compared to 5 years ago, the situation seems to have changed. The government people are now saying themselves that poor people need loans, and banks are not handling this properly.

So what they want is to give loans to organisations like SPARC who have to then lend it is groups like us. We discussed this at great length among the three organisations, and come to the conclusion that for the long run this is not a good idea. Why should only SPARC have to be responsible? Are we not capable of being responsible?

So we came up with a plan. Until we work out a legal organisation ... a bank or a company, SPARC would undertake this activity of borrowing on our behalf, or negotiating officially for us. This would help us gain the necessary experience for setting up systems, and exploring a legal structure which is suitable for us. It would also ensure that we help all the federation members who need help at that moment. Most important, it would guide us to ensure that we do not design something which is destructive to our process.

So as a result, we have negotiated with a government programme called the RASHTRIYA MAHILA KOSH (the national Women's Fund) They give SPARC a credit line of Rs 35,00,000 which we will disburse for business loans upto 5,000 per person. We also negotiate with HUDCO for cooperatives to get loans for housing. When everything works out, we will be able to ensure everyone saves, that their money is will invested, that everyone who is member gets a loan for crisis, consumption, income generation house construction and repairs and maybe even for future children's needs.

This idea has excited poor people not only in India, but also in other countries. We have communities in Thailand who began similar programmes after their representatives came to India, and visited us. We also have a similar process going on in south Africa where groups within a year and a half of linking with us, they have 85 groups all over the country saving. And they too are thinking of setting up their own organisation.!!!

What we have learnt from these experiences is that just because someone else has begun a programme, you cannot start one yourself. You need to NEED that programme. You need to be basically organised and you must have leadership collectives which are trusted by the communities.

Everyone in our federations agree that women play this role very well, and now it has become more and more easy to gain this recognition from communities for our new members. This is because we are all live examples of this process, and we share all our successes and failures and problems with all our friends.

You can only create steam if there is a fire (of need) and water (the solution). This combination only can produce steam (the workable solution) for the community. And each group has to start painfully from the start. There is only a certain help that someone else can give you by showing you the way. they cannot walk that way for you.