

ROLE OF WOMEN IN RISK ADJUSTMENTS IN DROUGHT PRONE REGIONS

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Introduction

In the wake of extreme environmental fluctuations inherent in arid and semi-arid ecological regions it is inevitable that different classes of rural households evolve over a period of time specific risk adjustment strategies. The planners and organizational designers could benefit a great deal if they understand the nature of this "specificity".

For instance, whether the risk adjustments were influenced systematically or randomly by only or also the ecological conditions, economic status, historical experiences, access to factor and product markets, expectations about future outcomes, the gender specific differences in the household; participation in kinship or extended family networks etc would make a substantive difference to the options of policymakers. We do not assume that policymakers are fully aware of the stresses that poor households live with and that it is only the lack of will which prevents them from designing more appropriate policy environment. At the same time our argument is not that all the available options and knowledge have been adequately utilised.

Research explorations under such a context can be very frustrating. However, we had following modest objectives while starting this study:

Given the fact that credit plays an important role in risk adjustments is it possible to identify policy options that can particularly attend to the problems of poor women who often have to operate in the informal credit

market because of near total lack of access to formal credit market ?

Most studies on women have dealt with the issues regarding status of women or their contribution in productive activities. Most empirical studies have dealt with the time-task allocation patterns mainly to emphasise the generally unrecognized role that women play in local and global economic growth and national development. A review of recently compiled bibliography of women studies in India revealed a total lack of research on the role that women play in risk adjustment in particularly vulnerable ecologies. We are not implying that absence of the studies of this aspect is indicative of any particular phenomena. Our hypothesis is that given the very few studies on household adjustments with risk in the social science literature in India, the lack of gender specific analysis is only part of the total neglect. We also believe that conceptual framework which may enable proper understanding of the role men and women can play has not been adequately developed or designed suiting our conditions. The socio-ecological paradigm modified for the purpose might provide a beginning in the right direction.

Genesis of the Study

National Bank for Agricultural and Rural Development (NABARD), Swiss Development Cooperation and the Indian Institute of Management, Ahmedabad, monitored a study during 1981-83 on Impoverishment in Drought Prone Regions pursued by the author in a drought prone district of Maharashtra.

A four stage methodology was followed to generate valid and authentic understanding of the household survival studies in the drought prone regions.

First Stage

Assuming that our prejudices have an important bearing on the questions that we ask and the answers that we seek, the first step in the study involved benchmarking the assumptions of what researchers thought were relevant questions. No questionnaire was given even though it was developed essentially to demystify the role of the expert. We tried to demonstrate explicitly that questionnaire which was developed by an external expert had lot of questions which did not have relevance in this context and at the same time several relevant questions were missing in the questionnaire.

Second Stage

All the researchers including bank officers, students, full-time graduate and post-graduate investigators shared their perceptions through the process of intensive dialogue and cross questioning. It was discovered that there were several things which they had seen but not written just the way there were things which they had written without seeing.

Third Stage

The questionnaire was discussed and the point made earlier about the demystification was emphasised. One of the important objectives of this phase was to pursue the link of the household with the employer, money-lender, traders, banks and other individuals or institutions. The attempt was made to look at the village economy from the perspective of individual household with specific reference to formal and informal credit market. Since many of the options of households in one market say land or product were not

independent of constraints or opportunities in other market say the credit or labour, a multi-market model was used.

Fourth Stage

Apart from making the contradictions in the narrative of the farming households explicit, another important feature of this final stage was the sharing back all the information with the households. It was recognized that the findings of the social science research often were not shared with those who were researched, raising dilemma both ethical as well as scientific in nature.

A national seminar was held on the basis of policy recommendations for rural credit in drought prone regions identified through this study. NABARD Chairman presided over the Seminar (Gupta, 1983). There were only few recommendations with specific reference to women. Even on these recommendations the response of the planners was not very favourable. For instance it was suggested that women who headed the households permanently or seasonally (when males migrated away) should not be asked to bring the male coobligants while applying for loan. Despite the strong arguments the biases of those who matter persisted.

While we strongly believe that poor are too poor to be further divided on the issue of gender, we nevertheless recognize very strongly the need on the part of the male scientists, policymakers, and interventionists to increase their sensitivity towards the role that women play in the household decision making particularly in backward regions.

Policy Implications for Improving Effectiveness of Credit in Drought Prone Regions with Specific Reference to Women

1. There is a need for innovation in credit system. We need to learn from the traditional institutions like Rotating Savings and Credit Associations (RSCA). It is not conceivable that in the foreseeable future major institutional extension would take place. In absence of that it must be assumed that informal source of credit would continue to remain as important as ever. However, within the informal credit market formal innovations should be introduced by helping in organizing rotating saving and credit associations with the help of local school teachers or village development officials. In some cases even the enterprising women from poor or middle class families could be motivated to organise this RSCA. A training programme can be taken up to try this innovation on pilot basis.

2. From various examples the relationship among credit needs, use of technology, management of livestock, improvement of health infrastructure, ability to avail opportunities for migration and/or labour market comes out quite strongly in some cases. What cannot be ignored is that in one form or the other deficit in the household budget of poor leads to indebtedness which in turn generates both dependency and deprivation. Most of the indebtedness was on the account of necessary and unavoidable consumption or production investments. Only rarely in the cases under study did social reasons contribute towards indebtedness. Under such circumstances the definition of consumption credit vis-a-vis production credit have to be modified.

Several innovative ways could be discovered by which credit, product, and labour market could be linked.

- a) The employment guarantee under EGS could be converted into some sort of guarantee coupons or certificates against which banks should advance loan keeping some reasonable margin. The government should redeem the certificates in due course. A discipline can be built under which people would fulfil their labour obligations called for in the certificate. For instance if a family is entitled for 200 days of work they could be given a certificate only for 100 days against which 80 days worth of wages could be given to them in advance. There is no question of abuse in such system because poor people would not like to forego 100 days committed in the certificate.
- b) The frequent complaints of grain coupons under EGS being disposed of on discount could be overcome if the grain coupons could also be used as collateral by the banks, both cooperative and commercial. The government should in turn honour these coupons for what they are worth. There are precedences when sugarcane bills issued by sugar factories in a district of Uttar Pradesh were kept as security for advancing crop loans in 1976-77 in a pilot project designed by the author. Loans worth about Rs.30 lakhs were advanced against such securities enabling farmers to get money in advance during kharif season. In the usual course the bills would remain unpaid and they would not get any interest on this bills despite provision in the Cane Act. In this particular case sugar mill not only paid the interest on the loan but also paid the loan by purchasing the bills.
- c) On the one hand banks face considerable problem in managing and supervising credit and on the other hand they are generally averse to the idea of the appointment of credit agents for the purpose of supervision. It will be useful if poor women could be appointed as credit agents for mobilizing savings and extending credit of small size, say Rs.50 to 100. Nominal commission could be paid to these agents. There is no reason why when banks could trust the credit agents under small saving collection schemes in urban areas which run into crores, they can not trust the poor women in this regard. Such an innovation would go a long way in mitigating the stress of poor women and men in improving their chances of coming out of debt trap.
- d) In those cases where males migrated away and households were managed by either the older males or women left behind, the investment decision in crop and livestock for almost half of the year were made by the women. There was thus a need for both agricultural extension department to identify this need segment and devise strategies for reaching them and also for banks to recognize that these women may not be able to reach bank on their own. A suggestion made earlier may be recalled again that such women should neither be asked to produce a male co-obligant nor be discriminated against for want of

collaterals. It is well-known that as per the recent IRDP policies loans can indeed be given under single signature. Soon policymakers and government officials should make it mandatory for the banks to monitor the loans given to women particularly from poor families and in poorly endowed regions. "A change not monitored is a change not desired". The implication is that if government did not monitor this there was no hope of such a change ever coming about.

3. The health insurance, livestock insurance, and even general insurance have by and large remained restricted to urban areas. In no other places than in drought prone areas implementation of such schemes is called for most urgently. Government has already implemented one of the suggestions we had given regarding credit linked insurance. There is a need to link life insurance and livestock insurance also with the credit insurance. One danger of such linkage must be made explicit. If the access to credit remains skewed the access to such additional facilities would inevitably get skewed. Therefore simultaneous efforts for widening the access to formal credit will have to be made. One possibility in this regard is organizations of women cooperative societies distinctly separated from that of the men. It should be stipulated that wives of farmers having already borrowed from cooperative banks will not be eligible to become member of these societies unless those loans have been paid off. Also it may be ensured that only one of the family members could borrow.

There is a need for developing mechanisms to recover loans in kind and also for ensuring that these links were effectively maintained during the period of drought. For instance, if women could pay back in the form of farm yard manure, grains, fodder in the normal years their ability to borrow loans and improve productive efficiency would be considerably enhanced.

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