

# PROGRAMME REPORT



*MRAP Participants with Dr. Malcolm Harper, Mr. N. Srinivasan and GMF Team*

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*This document summarizes the activities covered under Microfinance Researchers Alliance Program (MRAP)- a research capacity development programme funded by Ford Foundation in the span of 3 years*



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# INTRODUCTION



## **Requirement for MRAP**

In India, while microfinance has continued on its acclivitous path, the impact and values of different models are yet to be completely understood, necessitating the growth of the research community. However, the microfinance research community has not developed as rapidly as the sector itself, resulting in the loss of opportunities for synergies between practice and research. Research questions often do not stem from observations made in practice and, in return, implementation of microfinance programs is not often based on research findings. Researchers are hampered by the fact that under the current Indian university system funding for research is scarce and with funding agencies hesitating to sponsor research conducted at universities, carrying out rigorous research projects has been very difficult. This, coupled with the wide gaps in communication between researchers, has led to the unsatisfactory quality and quantity of research and further, the failure to consolidate individual results and accumulate knowledge into a common knowledge base for the sector as a whole. The divide and alienation of the essentially concomitant avenues of research and practice, clearly indicates the need for the development and establishment of an efficient and effective research system including a unique repository of knowledge and information, a strong researchers' network and training on research methodologies.

The Center for Micro Finance (CMF), at the Institute of Financial Management and Research, recognized these problems and developed an initiative to reduce the discrepancies existing in the relationship between research and practice. The program, launched as the Microfinance Researchers Alliance Program (MRAP), was funded by the Ford Foundation. The program centers around three main objectives:

- To build research capacity among Indian researchers who are conducting or are interested in conducting research in microfinance
- To build a strong network of Indian researchers working on issues in microfinance and translate individual knowledge into a sector-wide knowledge base; and
- To foster "knowledge partnerships" between researchers and microfinance institutions and promote research-practice dialogues.

## **Launch of the Program**

On 28th March, 2008, the Microfinance Researchers' meeting was held in Delhi with an agenda to get a sense of the restraints researchers were facing when conducting research on microfinance and to seek the potential of developing a common platform to facilitate exchange between researchers, interaction with practitioners and help overcome some of the restraints identified during the discussion. Some of the existing and ongoing research in the field of microfinance was presented, followed by debate on the issues faced in microfinance research and the opportunities and the need for capacity building of researchers in the sector. This open discussion helped identify some of the constraints faced by researchers, and a common platform was suggested for data and knowledge sharing, which helped develop the future direction of the program.

MRAP was envisioned as a forum where the participants could benefit from workshops, research seminars and exposure visits planned to encourage researchers to undertake relevant, focused and quality research. Each participant was expected to conduct research in partnership with a micro finance institution, in order to gain experience and exposure to the processes and results of practice in the micro finance sector. Additionally, MRAP was eager to provide opportunities for researchers to share their research and engage in dialogue on current issues through a common online platform

CMF went on to recruit participants for the program through advertisements in the Economic and

Political Weekly, notifications to Universities, direct emails to potential participants, creation of a website for MRAP and announcement posts in blogs and newsletters. The selection process was highly rigorous and competitive.

A list of prerequisites was determined for potential candidates. It was necessary that they were:

- An Indian Citizen
- A PhD holder in academic disciplines including economics, political science, sociology, anthropology, women's studies, statistics and finance.
- Associated with a university, teaching college or a research institution.
- Motivated, enthusiastic mid-career researchers who are able to commit time and effort for 3 years of research.
- Experienced in leading a field research team.

CMF launched the programme in Delhi on November 14-15, 2008. The programme was dedicated to presenting the details of the program to these participants. Mr. Vijay Mahajan, Chairman of BASIX, delivered the inaugural speech in which he presented a succinct overview of the history of microfinance and rural development in India. Other eminent speakers present at the event included Dr. Nachiket Mor, member of Board of Governors of IFMR, Justin Oliver, Executive Director of CMF, Annie Duflo, Research Network Director at Innovations for Poverty Action (IPA) and Dr. Malcolm Harper, Professor Emeritus, Cranfield University, who encouraged the candidates by presenting topical research issues, detailing existing research. Small moderated group discussions were conducted where the candidates had an opportunity to discuss their current or future research ideas among themselves, and it also helped the candidates to network among themselves. Each potential candidate was interviewed individually which gave CMF the opportunity to learn about the experience, enthusiasm, skills and research ideas of the candidates, enabling the team to conduct a thorough screening process. From the 34 candidates that were interviewed, 26 were chosen to be MRAP researchers.

## **Indicators of Success**

While designing this program, we developed four indicators to measure the success of the program. This report will highlight the strategies that we developed to meet the goals of each indicator, challenges we faced during the implementation of those strategies and how we overcome those challenges. The four indicators were:

1. Development of the research capacity component and the completion of the program: For CMF intends to provide rigorous inputs for capacity building through workshops, courses, etc., observing initial participants completing the three-year program with limited attrition should be by itself considered a proxy for success.
2. Creation of researcher-local MFI tie-up: A tangible indicator of success was the creation of a strong relationship between each participating researcher and an MFI. This program should cultivate an environment in which not only can each researcher act as an independent consultant to the MFI, but the MFI can also provide food for thought for future field studies.
3. Publications of research: All participating researchers should have initiated a research study during the program and, by the end of it, have written a (preliminary) paper for publication.
4. Launching of the e-platform: At the end of the program, the e-platform should have been considered a leading information clearinghouse for researchers with approximately 30-50 registered researchers actively participating in discussions.

This report focuses on how we achieved the above mentioned indicators and completed the program successfully.



# RESEARCH CAPACITY DEVELOPMENT COMPONENT



In order to run this program, we designed research capacity development component which comprised of several support services as described below. The components were:

1. **Board of adviser committee:** We involved Dr. Malcolm Harper, Mr. Srinivasan, Ms. Annie Duflo and Mr. Justin Oliver as the advisors for MRAP scholars. These advisors actively participated in MRAP seminars and provided feedback to MRAP scholars' research ideas.
2. **Workshops:** The primary objective of the workshop was to build research capacity of the participants and to facilitate their understanding of the microfinance sector by providing the most up-to-date information of the sector. With this in mind, participants were expected to attend two workshops in a year. Such workshops were intended to provide a hands-on experience of rigorous research methodologies and instructions of conducting household surveys, data analysis, etc. A variety of workshops have been conducted covering a wide range of issues and topics on research methodology and micro finance, with the long term goal of culminating in the participants carrying out their own research in the field.
3. **Exposure Visits:** In order to substantiate the MRAP scholars' theoretic understanding of microfinance with rigorous research methodologies and ground level research operations, CMF organized exposure field visits for MRAP participants at its own research projects sites.
4. **Seminars:** Research seminars were the primary opportunity for the participating researchers to present the progress of their research and receive feedbacks from advisers, CMF research Associates, Ford Foundation, and other experts in the sector.

### **CMF Workshops on Research Methodologies and Survey Preparation**

A series of workshops were conducted that primarily focused on identifying relevant research questions and techniques, understanding different research methodologies and designing rigorous survey instruments.

The first of these workshops took place on February 21-22, 2009 in Chennai, which was attended by 10 participants. Mr. Justin Oliver, Executive Director- CMF, conducted the first presentation on research questions and methods. He covered the concepts of specific and scientific questions, sources of data, and quantifiable methods. Experimental designs and quasi –experimental designs along with randomization were explained to the participants, and expanded upon with warnings regarding selection bias both on the part of the participant and the researcher. A presentation on weather insurance conducted by Ms. Lakshmi Krishnan, Programme Head-CMF, introduced the theory of rainfall insurance index and illustrated a project on weather insurance which she used to point out the primary and proximate questions and the research methodologies used in the project. Ms. Amy Mowl, Programme Head- CMF, presentation on developing survey instruments marked the beginning of the second half of the session. She covered the four main elements of designing a survey: defining objectives, deciding on modules, drafting modules and coordinating modules.

Classic core modules, units of observation, numeric identifiers and logical flows in the drafting of modules were discussed, followed by the different types of question formats. The importance of coding and observables were also stressed upon followed by discussion on how to choose the order of questions and how to streamline survey instruments. Ms. Mowl ended the presentation by highlighting the ethical considerations of conducting interviews and research. The first day ended with an interactive session, where the participants were divided into two groups and were provided with a theme regarding which they had to frame basic research questions for a project. They then converted these questions into research questionnaires which each group presented and discussed. The interactive session provided the required platform for the participants to brainstorm and implement the

information that they had learnt through the day. A similar workshop was conducted in September 2009 with the objective of imparting basic training in survey methodology with a focus on Randomized Controlled Trials (RCTs). The workshop started with a presentation by Dr. Thomas Bossuroy, Executive Director, J-Poverty Action Lab- South Asia, on Impact Evaluation. Bossuroy spoke about the objectives of impact evaluation and the different types of evaluation such as needs assessment, process evaluation, impact evaluation and cost benefit analysis. After a brief insight into the different methods of impact evaluation,

Bossuroy went on to talk about constructing the counterfactual, covering various methods involving simple difference, multi-variate regression, panel data and matching. He also explained RCTs in detail, starting from the basics of how to conduct such experiments and the key steps involved to the management of threats to randomization. This was followed by a presentation on survey technology by Dr. Ajay Tannirkulam, Programme Head- CMF. He spoke about different data collection tools, design of variable lists and advantages and disadvantages of different types of technology. The third workshop was organized in October 2010. The workshop started with a session on “Introduction to Qualitative Research Methodology” by Ms. Deepti Kc, focusing on demonstrating different techniques of Participatory Rural Appraisal (PRA). This was followed by sessions on “Defining the research objectives and developing effective research questions” and “Introduction to Impact Evaluation” by Dr. Ajay Tannirkulam. The final session “Designing survey questionnaire” by Ms. Aparna Krishnan, Executive Director, J- Pal South Asia, focused on questionnaire formulation, proper coding and drafting modules for the survey instrument.

*Example of workshop agenda*

Day 1	
09:30 AM- 10:00 AM	Welcome and Introduction
10:00 AM- 11:15 AM	Lecture 1: Introduction to different tools of Participatory Rural Appraisal (PRA), Deepti Kc, CMF
11:30 AM- 12:30 PM	Lecture 2: Principles of effective research (how to frame basic research questions, how to select research methodologies), Ajay Tannirkulam, CMF
01:15 PM- 03:15 PM	Lecture 3: What is Impact Evaluation? Introduction to Randomized Control Trials, Ajay Tannirkulam, CMF Case 1: Get out to Vote: Group discussion along with the lecture
03:30 PM -05:00 PM	Case 2: Loan Signing requirements: Group discussion and exercise. Exercise: Develop research questions
Day 2	
09:30 AM- 11:00 AM	Lecture 3: Design a survey questionnaire, Aparna Krishnan, J-PAL South Asia
11:15 AM -12:15 AM	Exercise: Design research questionnaire, using the modules, based on “research questions” developed in the previous exercise
12:15 AM - 01:00 PM	Group presentations (20 minutes each)

## **Workshops conducted through partnerships with external institutions**

CMF partnered with various institutions to provide the MRAP participants with workshops on specific areas of research in order to handle these aspects in greater detail, and for the participants to learn from the leaders in the sector.

**Workshop on Principles of Social Performance Management:** CMF partnered with the EDA Rural Systems to provide a 2-day workshop on the principles of Social Performance Management (SPM) and social rating/reporting in April 2010. EDA trainers Ms. Frances Sinha and others focused their sessions on explaining how SPM as a tool can be used to measure if MFI's social missions have been effectively translated into practice. The workshop also included a session on the Progress out of Poverty Index (PPI) and how PPI could be used to profile clients. Many research questions were discussed, and case studies on microfinance programmes from Cambodia, South Africa and Philippines microfinance were evaluated.

**Workshop on Participatory Rural Appraisal (PRA):** In order to enhance the knowledge of qualitative research methodologies, CMF partnered with Grameen Development Services (GDS) to conduct a training program on Participatory Rural Appraisal (PRA) in Beawar, Rajasthan in March 2011. The participants were introduced to different techniques of PRA tools such as transect walk, social mapping, well being ranking, seasonal mapping, venn diagram and matrix mapping. Several practical PRA exercises were in the field in different villages where participants implemented PRA tools with the local villagers.

## **Seminars**

Research seminars were used for participating researchers to present the progress of their research and receive feedbacks from advisers, CMF research associates, and other experts from the sector. While CMF successfully cultivated a sense of community amongst MRAP participants, competitive streaks and dynamics cropped up from time to time. Such seminars were also used to strengthen ties between MRAP participants so they feel inclined to constructively give and receive criticism. Such seminars were the opportunities to hear the MRAP participants present formally.

The activities conducted at the first seminar organized in October 2009 at Ford Foundation office were devised with a focus on (a) understanding the ideas of each MRAP scholar and their individual plans to execute the research initiative and (b) providing a platform where the scholars could present and receive feedback from the advisors. The advisors of the seminar Dr. Malcolm Harper and Mr. N. Srinivasan provided extensive and tailored feedback to each of the participants, and indicated the need for more focus and specificity in the participants' choice of topics. The partakers were given several weeks after the seminar to incorporate the feedback and revise their plans. The CMF encouraged scholars to send a refined proposal based on the ideas and suggestions they received at the seminar. CMF reviewed and funded these projects, with pre-defined deliverables, budgets and timelines.

The second one-day seminar was held in August 2010 at the IFMR office, which brought together all the researchers pursuing projects along with Mr. N. Srinivasan, Ms. Bindu Ananth (President IFMR Trust) and Mr. Justin Oliver. The main objective of this one-day seminar was to track the progress of the research projects and offer suggestions to researchers. We requested the scholars to present their research studies following a standardized format:

- Objectives of the study
- Research questions and methodology
- Key findings
- Issues while carrying out the research
- Future plans

This seminar made way for healthy exchange of dialogue and suggestions, led not just by the experts, but also among the researchers. It concluded with Bindu Ananth suggesting to researchers to narrow down questions when undertaking research. A point, which N Srinivasan, also reiterated, in addition to suggesting that researchers should set aside their biases while undertaking their studies. The discussion also highlighted that in order to ensure the quality of research, we need to examine the research hypothesis in the beginning and ensure that approach, sample and the research questions are all aligned. After the seminar, we narrowed down the projects that the CMF was interested in pursuing further.

The third seminar was conducted in partnership with the National Institute for Rural Development (NIRD), Hyderabad in April, 2011. Inaugurated by the Director General of NIRD, Mr. Matthew Kunnumkal and attended by several micro finance experts including Mr. N. Srinivasan, the seminar's foremost objective was to highlight the research findings. The fourth and fifth seminars conducted in August 2011 and March 2012 respectively focused on presenting research findings for the State of the Sector report. In order to reward the scholars, CMF decided to bring out working papers series comprising the research papers from MRAP scholars.

## **Exposure visits**

In order to substantiate the MRAP participants' theoretic understanding of microfinance with rigorous research methodologies and ground level research operations, CMF organized exposure visits at its own research project sites. Such trips started with a rigorous discussion with CMF team, which enriched MRAP participants' understanding of the projects' research objectives and implementation process. They discussed the concept of three interventions, first a baseline survey, followed by a first line survey and the finally the end line survey. They were also introduced to the CMF project management system and operations to control the quality of data through a system of random checks, back checks etc. The CMF staff elaborated upon the technique of randomization and the need for treatment and control groups. The discussions were followed by the visit to the respective sites. Each participant, accompanied by a surveyor, went to different households and observed how the survey was conducted. The participants learnt about tracking people who have left the village after the base line survey, back checking etc. There were also presentations and detailed discussions with the researchers at the site.

## **Lessons learnt while conducting seminars, workshops, exposure visits**

### **Workshops:**

Preparation of case studies to encourage group discussion: The training workshop participants should be provided with case studies that are prepared in such a way that they align with the sessions of the entire training programme. During our training workshop, we divided the entire group into 2-3 smaller groups and provided at least 1 hour for group discussions after each session. Such group discussions helped participants to interact with each other and understand the content of the previous session while discussing and exercising the case study. One lesson that we learned from our training

programme is that we should email case studies and reading materials before the scheduled training days so that participants have enough time to read all the case studies. This is also an effective way to judge if any participant came prepared for the workshop or not.

### **Seminars:**

Follow a standardized presentation format during seminars: To ensure that the advisors and other participants understand the content of all the presentations presented during a seminar, it is important to develop a standardized format which all participants should follow. By presenting the research ideas in a format that other participants are aware of ensure the flow and time of the seminar as well as healthy debate among the participants. If standardized format is not followed, there is a possibility of participants' presentations and subsequent discussions going in all places with no concrete conclusion. It is also important to assign a facilitator and a time-keeper to ensure healthy and content related discussions among the participants.

Follow up after the seminar: We followed up with the participants within 48 hours after each seminar by emailing the summary of suggestions that participants received from others and if necessary talking with them over the phone.

Involve the same set of advisors in all seminars: We used seminars as a platform for participating researchers to present the progress of their research and receive feedbacks from advisers. We learned that it is effective if we use the same set of advisers throughout the process. As for example, apart from CMF advisory team, we also involved Mr. N. Srinivasan- author of Microfinance State of the Sector in all seminars from the very beginning. This was helpful for advisors to observe the progress of the participants and thus providing constructive and systematic suggestions.

### **Exposure trips:**

Inform participants not to interrupt during exposure trips: While promoting participants to visit the CMF research sites along with the field surveyors was a novel idea to enable professors' understanding of the field operation, however, we learned that it is important to request professors not to interrupt surveyors with questions and suggestions when surveyors are interviewing respondents. Such interruptions can delay the interview process and respondents might get agitated. Encourage discussion after the interview process is over. In one of our exposure trips, while a surveyor was interviewing a respondent regarding a particular microcredit product, one of the participants suggested to the respondent that the product was not effective. This suggestion created confusion among the respondents who in turn went to the local MFI branch to complain about the product. While such discussions on the impact of any product should be promoted among the participants, however, such sensitive discussion should be avoided in the presence of respondents, especially if we do not have any scientific evidences behind our theories. Such incidences could also sabotage our working relationship with the partner implementing organizations.

# PRACTITIONERS-RESEARCHERS COLLABORATION



Even though MRAP participants had knowledge about microfinance sector through desk research, they had hardly interacted with practitioners, leading to the huge gap between researchers and practitioners. This gap was one of the key reasons that the research questions from these scholars did not stem from insights generated in practice. While the workshops, seminars and exposure visits provided the participants with technical knowledge regarding research methodology, such activities were not effective enough to create local researchers and practitioners' tie-up. Keeping this in mind, we implemented a number of initiatives which are described below:

### **Independent research projects funded by CMF**

CMF provided funds to selected MRAP participants to conduct field-based overview of a particular region intending it to be the impetus for the participants to interact with practitioners and generate research questions for future projects. CMF's role was to facilitate these studies by connecting researchers with practitioners, helping them design research questions and survey questionnaires. At times, CMF staff also accompanied them to the field. The list of studies that MRAP scholars carried out in partnership with practitioners through this initiative is as follows.

<b>Name</b>	<b>State</b>	<b>Main Objective of the Research Project</b>	<b>Partners</b>
Dr. B K Swain	Andhra Pradesh	To evaluate financial inclusion drive in Srikakulam district	Several banks in Srikakulam district
Dr B Mehta	Gujarat	To analyze the strengths and weaknesses of matured SHGs in relation to approaches used in its formation, functions and outcomes	Deepak Foundation and Anandi
Dr. D Lahiri and Dr. S Mukhopadhyay	West Bengal	To understand the factors for beneficiaries to join SHGs.	Pradhan and SHGs formed by Gram Panchayat under SGSY
Dr. D Das	Assam	To understand the penetration of informal microfinance in Nalbari and Baska districts of Assam	ASOMI Finance Pvt Ltd, RGVN-CSP, Prochesta, Nightingale Charitable
Dr. D Acharya / Dr. S Bisht	Orissa , Uttarkhand	To understand the factors affecting the take up of micro-insurance among the poor.	Adhikar Microfinace , LIC, ICICI Lombard
Dr. I R Chowdhury	West Bengal	To understand competition among urban micro-finance institutions	Arohan, Bandhan, Village Welfare Society
Dr. L Kumar	Tamil Nadu	To understand if micro-finance service helps empowering clients.	Hand-in- Hand
Dr. M Nandhi	Delhi	Evaluating the proportion of defaulter clients to repayment clients	Satin Creditcare, Delhi
Dr. M Singh	Rajasthan	Understanding the role of microfinance while coping with drought	CmF- Jaipur; NABARD-Ajmer; Grameen Development Services

## Independent research projects funded by external donors

While running MRAP, CMF connected selected researchers to external donors to receive funds for their independent projects. CMF's role was to provide feedback to the research questions, help with the proposals, and in some cases, CMF played a role of an administrative institution after receiving the grant. Projects that have been financed through other organizations are as follows:

Projects	Donor
The urban poor and their money: A study of Rickshawpullers in Delhi	Institute for Money, Technology and Financial Inclusion (IMTFI), University of California.
Study of Beesi network amongst the urban poor in Lucknow	Institute for Money, Technology and Financial Inclusion (IMTFI), University of California.
Health risks in South Asia: how best to overcome the vulnerability to poverty?	Shastri Indo-Canadian Institute
Evaluation of money management strategies between the urban and rural ultra poor in Tamil Nadu	Institute for Money, Technology and Financial Inclusion (IMTFI), University of California.
The impact of EKO's SimpliBank on the saving behavior and practices of low-income users	Institute for Money, Technology and Financial Inclusion (IMTFI), University of California.
Analysis of monetary problems enshrouding farmers harvesting tobacco in Basti district, UP	Institute for Money, Technology and Financial Inclusion (IMTFI), University of California.
Evolving participatory relationships for up-lifting urban rickshawpullers in Delhi.	Institute for Money, Technology and Financial Inclusion (IMTFI), University of California.

## Collaborative one-one-one practitioners interviews

One research topic that came out from the abovementioned interactions with practitioners was to evaluate current financial behavior of existing MFI clients to understand if the RBI guidelines align with the needs of the clients. Keeping this in mind, we started a CMF-led research project, in which we involved both local practitioners and MRAP scholars in every phase of the research project starting from the design of research questions. Once practitioners, CMF team and MRAP scholars agreed on key research questions, CMF coordinated a research project in five states (Tamil Nadu, West Bengal, Karnataka, West Bengal and Maharashtra) involving MRAP researchers with the resulting analysis focusing on the profiles of MFI clients. We learned that practitioners appreciated the fact that we were involving them from the initial phase of the research project, starting from formulating research questions to implementing the research project. At the conclusion of this field research, the CMF team and MRAP researchers compared and combined results from five states into a holistic and national-level study.

During this research project, we also involved a small group of MBA students of a MRAP researcher. Instead of taking a group of students on traditional field trips, we involved her students as surveyors. As surveyors, students went to the field to collect rigorous quantitative and qualitative data on the effectiveness of microfinance programmes. One of the lessons we learned from this exercise was that such exposure trips could provide students practical insight into actual problems faced by the poor in India. We feel that encouraging primary research and providing students with a chance to observe social organizations in action and boost their awareness about the social sector. We plan to scale up this initiative in the future.

Apart from this research project, one of the other MRAP scholars is the Principal Investigator of the CMF's project titled, "Savings and Self- Control: Conceptual Considerations with Experimental Ap-

plications.” The scholar, along with CMF team, have partnered with Mann Deshi, a non-profit bank in Maharashtra’s Satara district to conduct this study.

### **Sponsoring MRAP scholars to attend conferences, courses and trainings**

Through MRAP, CMF sponsored MRAP scholars to attend courses and national level conferences organized by the Centre for Micro Finance (CMF) as well as other institutions. We sponsored scholars to attend executive course on “Evaluating Social Programs” conducted by J-PAL at Chennai, Rapid Immersion into Microfinance (RIM) course offered by the Centre for Micro Finance (CMF), Microfinance India Summit organised by ACCESS Development Services and Centre for Microfinance (CMF) – College of Agricultural Banking (CAB) conference on “Translating research into practice.”

### **Lessons learnt while promoting researchers-practitioners tie-up**

- 1. Promoting practitioners-researchers interaction through independent research projects:** This initiative of using small independent research project as a medium to bring practitioners and researchers was successful as, first, it occurred as research projects for MRAP researchers, and second, in order to collect data for their respective projects, they visited the field and met with different stakeholders. Such interaction with the practitioners provided MRAP researchers practical insight into actual strengths and challenges of different programmes and products designed for the poor
- 2. Publications of research findings:** From CMF’s perspective, the main objective of financially supporting independent research projects was to motivate participants to meet with practitioners. However we learned that the publication of research findings was the biggest motivation for participants to make trips to the field. Our decision of involving Mr. N. Srinivasan (author, State of the microfinance sector) worked in favor of our initiative as he not only provided sector insights, but also provided information on what kind of information is needed for the sector. That helped MRAP researchers focus their work on those suggested areas and a number of research findings have been featured in his report in the past three years. In addition, CMF also encouraged MRAP researchers to write papers which were published as CMF working papers.
- 3. Filter the researchers:** We learned we needed to filter participants to facilitate motivation among those who are actively involved. The filter should be based on their interest and involvement in the programme as well as behavior and attitude.
- 4. Involving researchers in CMF led projects:** We learned that after certain time, those who are actively involved with the programme should be involved in CMF led projects. From this partnership, we learned that the MRAP researchers benefited from CMF’s existing know-how on conducting systematic ground level research operations in order to collect and analyze quality data and the CMF leveraged MRAP researchers’ local and academic knowledge.
- 5. Communication and coordination for collaborative research projects:** For collaborative research projects where more than two MRAP researchers were involved, CMF acted as a coordinator, whose main responsibility was to maintain communications among the researchers with continuous contact with them to keep the momentum. To ensure effective interaction among the researchers, we arranged conference calls every week during which these researchers exchanged ideas and checked if the previously approved deadlines were met. It was followed by emails with

updates on key decisions and deadlines discussed during the conference calls. In addition, we also encouraged involving everyone in decision-making process. If a certain MRAP researcher suggested changes on certain aspect, we shared that suggestion with others and asked for their feedback. As all of them were carrying out the study in the same topic in different states of India, it was interesting for them to compare results.

- 6. Presentation is the key:** Meeting every once in four month to make researchers present on the progress of the research projects was extremely advantageous. Such meetings were also used for discussing stories generated from the interactions with practitioners and field as well as future plans.

# E-Platform and E-Library

## **E-Platform**

An online platform was created for MRAP participants to facilitate discussions among researchers on current and potential studies.

## **E-Library**

E-library was created for the researchers. The e-library links directly to hundreds of articles, papers and studies. The e-library also has “microfinance in the news” section, which is updated frequently.

## **Challenges**

It was extremely difficult to involve participants to contribute blogs and start online discussion at e-platform. We attempted to engage them by sending frequent emails updating e-platform activities, updates on blogs from other participants, fundraising announcements, postings of articles and other relevant materials. This strategy of keeping them in the loop through emails mostly provoked and motivated them to participate at e-platform to some level, yet, we could not make them involved with E-platform as much as we had wanted in the beginning.

We found that MRAP researchers were hesitant to participate and post blogs using e-platform. Those who did not participate cited that blogging was new to them and they were not comfortable with the technology. Others who tried to participate stopped posting after a time due to lack of participation from others.

We suggest that if participants are not accustomed to online discussion forums, rather than designing a separate online platform where participants have to visit and login to participate, it will be effective if a group email such as google group is created. Once participants' email ids are added, participants can receive messages in their inbox, and communication can be effective over emails.

# ACHIEVEMENTS



The MRAP participants who had undertaken research and presented their findings were encouraged to convert them into formal papers that could be published in journals, and that would contribute to the literature available in the sector of micro finance. Some of these scholars have taken this opportunity to write papers on their respective research topics, and are awaiting publication.

## **Publications**

The following are the papers that have been written by the MRAP participants for Centre for Micro Finance.

1. Effects of Reserve Bank of India (RBI) regulations on priority sector lending for microfinance institutions (Collaboration of seven MRAP researchers)
2. Incidences of loan default in group lending programme- Dr.Mani Nandhi
3. Study of informal microfinance in Assam- Dr. Debabrata Das
4. The illusion of women empowerment in microfinance: A case study- Dr.Lakshmi Kumar.
5. The urban poor and their money: a study of rickshawpullers in Delhi- Dr.Mani Nandhi
6. The impact of SGSY-SHG on the empowerment of SHG members- Dr. Susmita Mukhopadhyay

Most of the research findings from the MRAP scholars were also featured in Microfinance State of the Sector report as mentioned below.

1. "The illusion of women empowerment in microfinance: a case study", Lakshmi Kumar, SOS report 2010, pg 105-106
2. "Incidences of loan default", Mani Nandhi, SOS report 2010, pg 39-40
3. "Urban poor and their money", Mani Nandhi, SOS report 2012, pg 76
4. "Assam- semi formal sector going informal", Debabrata Das, SOS report 2010, pg 75
5. "Survey with MFIs- coping with crisis and regulations", SOS report 2011, pg 39-40 and 43

## **Some of external presentations of MRAP led projects**

- Dr. Mani Nandhi, " Savings Behavior and Financial Inclusion: A case study of Rickshaw pullers in Delhi", 15th conference of the International Association for the Economics of Participation, University of Paris, Paris
- Three MRAP researchers Dr. Mani Nandhi, Dr. Lakshmi Kumar and Dr. Syed Raza presented their respective studies at the conference organised by University of California in November 2010.
- Dr. Mani Nandhi presented her study in the second national seminar on "Microfinance Issues and Challenges" that was held at BIRD office, Lucknow in February 2011.
- Dr. Debashis Acharya and his partners organised a 2-day international workshop at the University of Hyderabad, which was attended by researchers, practitioners, policymakers and donors that are involved in health risks and micro-insurance.

# FEEDBACK FROM MRAP SCHOLARS



MRAP Intern Niranjana Narayan interviewed some scholars to share their experience with the programme.

**Interviewee: Dr. Lakshmi Kumar**

**What is your general opinion about the MRAP program?**

I didn't know much about micro finance or empirical research, which is why I joined. MRAP helped connect with other researchers throughout India. There was definitely a need for a programme like MRAP especially in India.

**How did you generate your research interest/idea, and what tools do you use to refine these ideas? How did MRAP help in refining these ideas, if at all?**

When I was coming up with ideas for research, and when I was reading papers, most MFIs has mission of 'empowering women'. So I wanted to find out if that actually happened. When you go to the field you wonder if its true. As an academic I wanted to see if there was any relation between the theory and actual practices. Empowerment is not explicit. I wanted to explore this is in more detail. I used financial diaries because I thought the method of meeting people repeatedly would be a better was of gauging their empowerment rather than just meeting them once. The research revealed that there was a self selection bias and most of the women were already empowered, and those who are not empowered ever take loans. MRAP helped because of CMF/MRAPs exposure to the latest research, and also the advantages of

being in a large group, where everyone has the same interests, helped.

**How useful did you find the relationships that MRAP helped cultivate with the MFI practitioners?**

For the course I teach at IFMR, I found the relationships with the practitioners very useful. Most of the students in that class wanted to work with MFIs. All books on this subject are from Harvard etc, and are generally not related to India. Because MRAP provides so many contacts with practitioners, I was able to create a practical approach to the class I was teaching.

**How helpful was the e – library and the e-platform? How often do you use it? How can it be improved?**

They are both excellent ideas, but the response and participation on these forms has dwindled down. I would suggest that more topics for discussion are posted, and to update the sites with more recent research. Also, if all the participants received emails with the links to these pages, it may ensure more participation.

**What areas do you think MRAP can improve upon?**

I think that the people who are not actively involved should be phased out. I would also like to see more international researchers participating in this initiative.

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**Interviewee: Dr. Mani Arul Nandhi**

**What were your expectations of the program when you joined? Were these expectations met, not met, or exceeded?**

When I joined MRAP, I was looking forward to learning new research methodologies, as well as gaining exposure to a community of researchers, and hopefully, some access to resources and funds. Overall, I would say my expectations were satisfied well.

**How useful did you find the relationships that MRAP helped cultivate with the MFI practitioners? What have you learnt, and what benefits did you derive from interacting with practitioners?**

In the beginning it was difficult to get hold of them. Most MFIs were not even interested in what I had to say. So CMF was the one who contacted the main people in charge and enabled me to get an appointment to explain my proposal to them. I established a rapport with them as I went many times to the field and met the loan officers, and I met a large number of groups at different centers. I want to share results with practitioners because they should also know, and that's what I told them. Unfortunately, they did not respond to any of my calls or my e mails after I had finished my study. I suppose they were busy as by that time the Malegam Report had come through. Unless the MFIs support me it will be very difficult, and they will help me only if I share.

Where have your research findings been disseminated so far?

One paper is accepted in BIRD conference in Lucknow. I presented another paper in front of Mr. Srinivasan, and both my studies were published in part in the State of the Sector report. My paper is also accepted in the International Association for the Economics of Participation in Paris, and I presented the paper in Paris. A summary of my results was accepted at the International Cooperative Alliance Conference in Finland, which I presented in Finland.

How helpful was the e – library and the e-platform? How often do you use it? How can it be improved?

Very useful, but to be honest I have not used it much in the past few months. I used to be the only main person on the e platform, but due to

the lack of time on the part of other participants too, there was very little response, and I lost the motivation.

What areas do you think MRAP can improve upon?

If the field work had started earlier then maybe we could have done one or two smaller projects. And another area that MRAP could possibly work on is ‘team building’ exercises. In the last workshop we attended in Hyderabad there was better chemistry as compared to some of the previous workshops. It should be easier to do work together now that we have known each other for 3 years. Perhaps MRAP can focus on creating partnerships within the researchers.

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**Interviewees: Dr. Debashis Acharya and Dr. Shailendra Bisht**

What were your expectations of the program when you joined?

Micro finance was a new area of research for us. We had worked in related areas but mf as a research area was new and we got exposed to this. So that was a primary expectation that we should learn more about the sector and this was definitely met. The second expectation was to get exposure to the field reality and also develop research questions and finally settle down with some research questions. Something related to collaboration was another expectation, where we could meet researchers who are interested in the same fields and start working with them. That too was satisfied. In terms of collaboration, MRAP as a programme and as a platform was also helpful for both of us and for me especially to get a partnership project. MRAP had a key role in collaborating and networking.

The two of you are the only MRAP professors who have managed to create a successful partnership – What do you think has contributed to the creation of such a compatible partnership?

Shailendra: We have had a partnership but haven't figured out how it could be termed as a successful partnership. If you talk about the proc-

ess of learning, interacting and collaborative it has been a pretty successful partnership. We are both based in Hyderabad, and we are both in the same stage in life, so all of that would help. We do have a similar style of work and it was serendipity that got us in touch and both of us come from very similar type of backgrounds both educational and family background. There was no agenda as such when we came together except for the fact that we thought we could come up with a good research problem.

Debashis: Also, our core disciplines are different so there is a lot of scope to learn from each other. When you come from diff disciplines you are exposed to different kinds of research methods.

What areas do you think MRAP can improve upon?

Debashis: Collaborative works should be given some importance. Generally I think if some common research areas identified researchers should take the initiative to engage in joint projects. There should also be a review process.

Shailendra: The network should be formalized into a semi permanent thing. Some kind of association should continue within MRAPers and also between MRAPers and CMF.

# Profiles of MRAP Professors

## **Andhra Pradesh**

- Dr. Bijay Kumar Swain, Centre for Rural Credit and Development Banking, National Institute of Rural Development (NIRD), Hyderabad
- Dr. Badrinath Rath, IIT- Hyderabad
- Dr. Debashis Acharya, Department of Economics, University of Hyderabad
- Dr. Shailendra Bisht, ICFAI Business School- Hyderabad
- Dr. Phanindra Goyari, Department of Economics, University of Hyderabad
- Dr. Rosina Nasir, Department of Anthropology, University of Hyderabad

## **Assam**

- Dr. Debabrata Das, Department of Business Administration, Tezpur University, Tezpur

## **Delhi**

- Dr. Indrani Roy Chowdhury, Jamia Millia Islamia (JMI) Central University
- Dr. Mani Arul Nandhi, Jesus and Mary College, University of Delhi

## **Gujarat**

- Dr. Bhavna Mehta, Department of Social Work, University of Baroda

## **Karnataka**

- Dr. Veerashekharappa, Center for Economic Policy and Studies, Institute for Social and Economic Change, Bangalore
- Dr. Chandakavate

## **Maharashtra**

- Dr. Amita Sarang, Department of Economics, University of Pune
- Dr. Manju Singh,

## **Orissa**

- Dr. Biswa Swarup Misra, Department of Economics, Xavier Institute of Management (XIMB)
- Dr. Shridhar Dash, Department of Economics, Xavier Institute of Management (XIMB)

## **Tamil Nadu**

- Dr. Daniel Lazar, Department of Commerce, Pondicherry University
- Dr. Lakshmi Kumar, Institute for Financial Management and Research

## **West Bengal**

- Dr. Debabrata Lahiri, Rural Development Centre at Indian Institute of Technology (IIT), Kharagpur.
- Dr. Susmita Mukhopadhyay, Human Resource Management, Indian Institute of Technology, Kharagpur.

## **Uttar Pradesh**

- Dr. Syed Aiman Raza,
- Dr. Vinita Karla

# KEY RESEARCH FINDINGS FROM SELECTED MRAP PROJECTS



## The urban poor and their money: a study of cycle rickshaw pullers in Delhi

### PROJECT SUMMARY:

This study focused on the financial behavior of rickshaw pullers, many of whom come from rural areas to work in the city, and are chronically poor. The survey of the study started on September 2009 and interviewed 125-150 rickshaw pullers in Delhi through intensive and detailed questionnaires. In addition, 25 key informants drawn from those relating to the rickshaw pulling sector (rickshaw owners/contractors, mechanics, and users of rickshaws) were also interviewed.

### KEY RESEARCH QUESTIONS:

- What are the different types of financial instruments used by urban migrants in managing their money?
- What are the different strategies used by them in saving, payments, credit and in remitting their money?
- What are the diverse practices (storage, concealment and transfers of their earnings and wealth) adopted by them to safeguard their cash and earnings from deception and frauds, theft, temptation to spend on unwanted and unproductive expenditures and other perils and dangers?
- What are the mechanisms available to the urban poor in minimizing their risk and vulnerabilities? Specifically, what are the social practices (nature of social capital and social networks) that are available to them in the migrated place as well as point of destination to fall back on during crises and emergencies?

### KEY FINDINGS:

#### *Earnings:*

- The 'estimated' average daily gross earnings of rickshaw pullers in the sample was Rs. 269 (US \$5.72), compared to a 'reported' average daily gross earnings of Rs.179 (US \$3.80). A gross earnings refers to the earnings of the day without subtracting out rent for rickshaw and daily necessary expenses. Since the difference in earnings could be due to underreporting on earnings or overestimation, the actual daily gross earnings likely lies between the two figures.
- Age was an important factor in determining how much a rickshaw puller earned. The average puller over 50 earns substantially less than the average puller. The average daily gross earnings for the average rickshaw puller over 50 totaled only Rs. 148 (US \$3.15), which is nearly a 20% decrease from the sample average. The maximum daily earnings in the sample was a total of Rs. 500 (US \$10.60) for all pullers, compared to only Rs. 250 (US \$5.32) for pullers over 60. In terms of net earnings, gross minus expenses, the average puller earned about Rs. 81 (US \$1.72), whereas the average puller over 50 earned only Rs. 64 (US \$1.36).
- Most pullers also faced seasonal variation in their earnings, with 75% of pullers feeling that their earnings were more during summer than winters.
- Savings:
- A total of 95% of respondents saved a portion of their earnings. Of the sample, 46% saved every day and another 46% saved only when surplus was available. Nearly 89% of the pullers were dependent on informal saving arrangements. Only 1% of rickshaw pullers reported using a bank account to save. The two most popular informal saving mechanisms were saving with self, on one's person, or at the place of stay, used by 55% of the pullers, and saving with neighborhood shopkeepers, used by 31% of the pullers. Other informal methods, like savings with one's wife, relative or rickshaw owner and burying money under soil, were used by 17% of the sample.

#### *Costs and Expenses:*

- For direct costs like minor repairs, 77% of rickshaw pullers said they generally pay the fee themselves, as they are far away from the rickshaw owner when the repair becomes necessary. Still, 47% of pullers reported that owners sometimes pay minor repairs, or generally spend on them. If they face a penalty, according to 66% of pullers, the rickshaw owners bear those costs. Another 17%, however, said that they have to pay the fine themselves. Some rickshaw owners seem to pool penalty costs; if any driver that rents from him incurs a fine, everyone who rents from him puts in some money to pay it.
- Rickshaw pullers also spend on many things other than operational and vehicle costs. Findings on expenses showed that:
  1. Food: 44% of daily earnings were spent on food by the entire sample
  2. Rent: 9.29% of daily earnings were spent on rental expenses by 55% of pullers.
  3. Toilet: 2% of daily earnings were spent on public toilet/baths by 50% of pullers.
  4. Toiletries: 1.78% of daily earnings were spent on soap and toothpowder/toothpaste by 97% percent of pullers.
  5. Cooking fuel: 3.50% of daily earnings were spent on cooking fuel by 54% of pullers.
  6. Temptation goods: 5.6% of daily earnings were spent on temptation goods by 79% of the sample.
  7. Total: 66.17% of daily earnings spent on basic expenses

#### *Borrowing Behavior:*

- The study found that 74% of respondents lent small sums of money and 81% borrowed on a reciprocal basis from friends and fellow rickshaw pullers.
- At the time of the field survey, 41% of the sample had an outstanding loan. Small loans were not always sufficient, particularly following economic stressors. 59% of the pullers had borrowed a large sum of money in the last year. The main stressors were generally divided into three categories: life cycle needs (marriages, child birth, education), emergencies (medical expenses / illnesses/ death, unspecified contingencies), and assets building opportunities (home construction, purchase of livestock).
- The average loan taken from informal sources (both interest bearing and interest free) was about Rs. 16,261 (US \$346), and the average outstanding loan was Rs.11,963 (US \$255). Of the sample, 16% had access to interest free loans, while 40% had taken loans for interest rates ranging from 2% to 10% per month.

## Proportion of defaulter clients to repayment clients: Two sides to a story

### OBJECTIVES:

- To build interface with a local MFI for a meaningful association between practitioner and academic for healthy research contribution towards the sector.
- To understand a number of issues concerning microfinance clients, role of MFIs in bringing about changes in the economic lives of poor people in the local context.
- To focus on a research area that needed closer investigation in the field to understand on issue/s that eludes reasonably precise direction to identify issues.

### RESEARCH QUESTIONS:

- What is actual number of defaulter clients to repayment clients ?
- How many defaulted, reasons for default, difficulties and costs to the members in the groups where defaults took place?

### KEY FINDINGS:

#### 1. Proportion of Defaulter clients to Repayment Clients

- Total Number of Loan Clients = 339
- Total Number of Repayment Clients = 279
- Total Number of Defaulter Clients = 60
- Total Number of centers = 26
- Proportion of Defaulter Clients to Repayment Clients =  $60 / 279 * 100 = 21.51 = 22 \%$  in one year approx.

### Reasons for Client defaults

1. Willful default
2. Default by design by gauging the method of recovery by the company and defaulting - Implication: seemingly increasing default in the second cycle (CLs running away after few weeks)
3. Well off – Can definitely pay but has no good intention to pay.
4. Collusion between two members (MILI BHAGAT) in the second cycle
5. Moving house away from centre / migration without any information
6. Widowed moving to parental house
7. Inadequate attention to GRT by concerned staff (Client target- possible reason?)
8. Concealment of information about kin relations combined with quick group formation processes to fast track targets?
9. Breach of trust to pay back member/s who helped to fill in EMI, but ultimately such members refuse to pay up, member defaults and the group pays the price.
10. Existence of 'Dalals' who take money from members to form groups, but members who bought membership are members of other MFIs or with a track record of delayed payments or willful defaults.

## **Network linkages and money management: an anthropological purview of the Beesi network**

### **PROJECT SUMMARY:**

This project attempts to study how the poorest of the poor are able to survive and manage their monetary resources with minimal risk. It consists of ethnographic research among conducted among the Shia Zardozi (embroidery) workers in old city area of Lucknow, India, who invest in Beesi networks. Beesi networks are informal groups of 20 women who pool their resources to manage risk.

### **KEY FINDINGS:**

- The mean group size of the Beesi network was 23 in Ghazi Mandi and 60 in Raees Manzil. Out of these 60 members, only 37 members belonged to the Zardozi occupational group. . The Ghazi Mandi group met at an interval of one month and the installment for each participant of the network was Rs 1000 (\$20.83) receiving Rs 23000 (\$ 479.166, while the Raees Manzil Beesi network had 60 members who met every week for a draw and savedRs100 \$ (2.08) per week, resulting in each member getting Rs 6000 (\$ 125). According to the participants, these weekly draws created interest among participants. In both the cases, the draw of the recipients was done in front of all members present throughout the lottery.
- In both the cases, the Zardozi (artisan) found saving in Beesi as uncomplicated, localized and efficient in the absence of any other saving mechanism. The risk levels were low and agents on both sides of transactions mostly knew each other personally.
- If defaults occurred, responsibility to pay the dues of the participant fell upon the organiser of these Beesi. The Organizer of the Beesi paid all the dues, which have been defaulted by the member. Our study also noticed that that the members also took into consideration of the genuineness of the organiser and how he/she had managed money during his/her past stint as a Beesi Organizer.

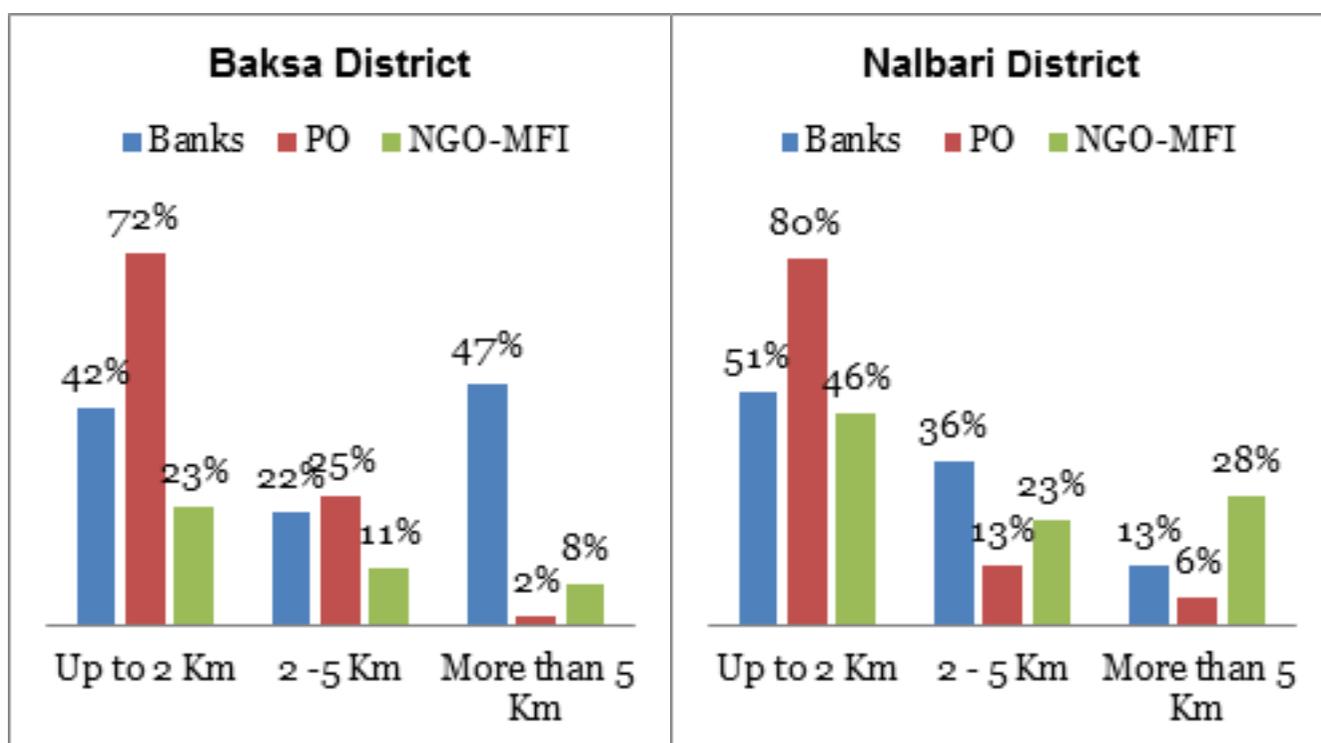
## Informal Micro Finance in Assam: Empirical Evidence from Nalbari and Baksa districts

### OBJECTIVES:

- To understand the organizational structure, operation and function of informal Private Savings Societies (PSS).
- To understand the role of such savings societies in meeting the credit demand in the study areas.

### RESEARCH METHODOLOGY:

- Two districts Nalbari and Baksa chosen. Located in lower part of Assam
- Districts selected based on high concentration of informal microfinance societies revealed by general observation
- Purposive sampling was done
- 5 blocks from Nalbari and 6 blocks from Baksa selected randomly
- Randomly selected informal Private Savings Societies (PSS) from both the districts.



### KEY FINDINGS:

- Informal MFIs occupy a great role due to a lack of banking infrastructure, and a shortage of formal MFIs.
- The research shows that people are more comfortable saving with PSS than banks and post offices.
- A huge client base and their loan portfolios reveal the demand for formal micro finance in these areas, yet there has been hardly any penetration of MFIs.
- Informal MFIs occupy a great role because of lack of banking infrastructure, Very few branches of formal MFIs, Presence of formal rural financial institutions such as cooperatives banks, RRBs etc , however, not functioning in an expected manner.
- Research shows people are more comfortable saving with PSS than banks and post offices. Despite presence of post offices and bank branches within 2 KM, people were acquainted with PSS.
- Huge client base and loan portfolio reveals the demand for formal MF in these areas. Yet no penetration of MFIs.





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